

# QUARTERLY ENGAGEMENT REPORT

## Q1 2017





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This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the first quarter of 2017.



# ABOUT ERSTE ASSET MANAGEMENT

Erste Asset Management is an international asset management company with a strong position in Central and Eastern Europe. Our activities are backed by the financial strength of Erste Group Bank AG.

We offer our clients a broad spectrum of high-quality investment funds and asset management solutions. We apply the highest quality to our clients' assets. This also goes for the comprehensive risk management of Erste Asset Management, which covers all our business areas.

Erste Asset Management attaches particular importance to providing responsible products and services. As a company we have dedicated ourselves to socially and environmentally agreeable behaviour.

We are proud of our employees and have become the employer of choice for specialists who wish to prove their talent in the various departments of Erste Asset Management.

## OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

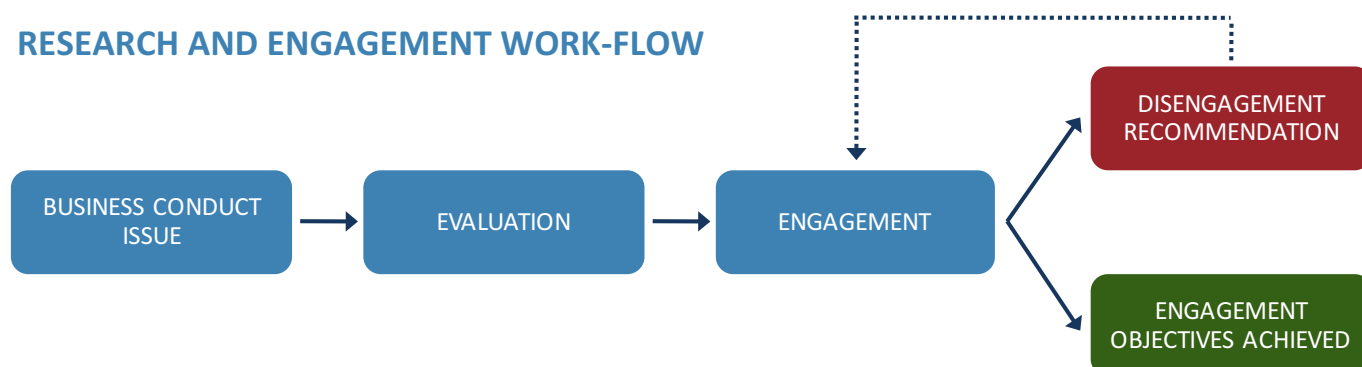
We believe that changes in business conduct drives changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies in collaboration with our service provider GES. 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
- 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



# ENGAGEMENT BRIEF

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### L3 TECHNOLOGIES INC

*Separated from past events*

GES has archived a case on **L3 TECHNOLOGIES INC** (L3). The background is quite complex but the essence is that the company is no longer associated with the original incidents. The incidents took place in units purchased by L3 and the bulk, if not all, of the incidents occurred prior to L3's purchases. These entities were sold off in 2012 and L3 has since not entered the type of business that was the cause of the problems. Substantial time has now passed and GES has not recorded any similar allegations after the sale of the problematic operations. L3 is therefore no longer exposed to risks that would motivate the previously sought after changes in management systems and policies.

For several years, L3 Technologies Inc. (formerly L-3 Communications), was in the spotlight due to the purchase of two companies which provided services to the **US ARMY**. L3 was accused of, and faced several lawsuits, related to human rights violations in Iraq and Croatia. The company **MPRI** was bought by L3 in 2002. MPRI was allegedly involved in genocide in Krajina, Croatia in 1995. According to the displaced ethnic Serbs who sued the company, MPRI assisted the Croatian military in designing and carrying out a military campaign named "Operation Storm" in the region in August 1995. **TITAN**, at the time the largest provider of translators and interpreters to the US military, was bought by L3 in July 2005. About a year earlier, a military investigation described several instances (including in Abu Ghraib in Iraq) and practices of an abusive nature in which Titan employees were allegedly involved. These incidents included detainees being "assaulted, abused and forced to strip off their clothing and perform indecent acts on each other".

There were a number of court cases against L3 as a consequence of the services provided by Titan in Iraq and MPRI in Croatia. Several lawsuits were dismissed in 2011 or ruled in favour of Titan. Also, L3's unit for services, which included the former MPRI and Titan, were spun off as **ENGILITY** in 2012. In January 2013, Engility settled one of the cases and agreed to pay USD 5.28 million to 71 former inmates held at Abu Ghraib between 2003

and 2007. In September 2014, the **US DISTRICT COURT** in a memorandum opinion and order dismissed the international law allegations related to Croatia.

Both the incidents in Iraq and Croatia ended a decade ago or longer. Given that Titan and MPRI were both acquired by L3 after the incidents occurred and that the provision of services was later sold off as a separate entity, L3 is no longer associated with these incidents. L3 has not showed any sign of returning to providing services like those provided by MPRI, Titan and Engility. This indicates that the sale of the service units was a normal change in focus and not primarily a defensive action against the lawsuits. Also, there have been no reports registered by GES of human rights violations since 2012. GES has decided to archive the case instead of resolving it due to the time passed in combination with no particular risk exposure and no reported human rights issues.

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For further information, please contact:



**Flemming Hedén**

*Senior Engagement Manager*

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### STARBUCKS CORP.

*Anti-union practices – resolved*

After three years of engaging with **STARBUCKS CORP.** (Starbucks), GES now regards the case on anti-union practices in Chile as resolved. In 2012, the **CHILEAN SUPREME COURT** fined the Chilean branch of Starbucks for discrediting and firing union leaders, giving false information to workers to avoid strikes, and altering working hours and shifts to hamper voting to strike. The court's verdict required Starbucks to pay a total of USD 50,000 for four different anti-union practices and to sign a collective agreement with the **STARBUCKS WORKERS UNION** in Chile.

In October 2013, the Starbucks Workers Union in Chile alleged that Starbucks Corp. refused to seek an agreement validating the union within the

## GES BUSINESS CONDUCT ENGAGEMENT

company, and was sentenced by the Chilean Supreme Court. According to the union, the company had also made public that it would not negotiate any of the points suggested by the union. The company confirmed to GES that it had decided to decline the union's new collective agreement proposal, without elaborating why.

This led the union to file an **OECD** complaint to the **CHILEAN NATIONAL CONTACT POINT** in May 2014. After some time, both parties agreed to mediation led by the NCP. The case was closed in June 2015, with the NCP giving a set of recommendations to the company. Shortly after the case was closed, the situation improved as the parties announced that they had reached a collective agreement which included wage increases and monthly financial contributions from the company towards union-organised social activities. This agreement was reached independently of the NCP, which updated in the second half of 2015 its Final Statement to note surprise at the sudden turn-around.



*Starbucks outlet in Santiago de Chile*

However, in 2016 the union alleged further anti-union practices from Starbucks' side resulting in a new court case. The ruling came out in favour of Starbucks late 2016, stating that the company had not violated any regulations on union law. With this development, there are no outstanding issues in relation to the company.

In the dialogue with GES, Starbucks discussed its Global Human Rights Policy and its implementation in global operations. With regards

to the situation in Chile, the company has not been able to comment in detail but stated that it considered the collective agreement reached with the union a success. According to the company, it respects its employees' right to affiliate with a union and to voice their opinions and works cooperatively in a manner consistent with its mission statement and guidelines. However, GES will still encourage Starbucks to further improve transparency.

Due to the signing of the collective agreement between Starbucks and the Starbucks Workers Union, GES assesses the company's response to the situation to be satisfactory and regards the case as resolved.

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## DAKOTA ACCESS PIPELINE

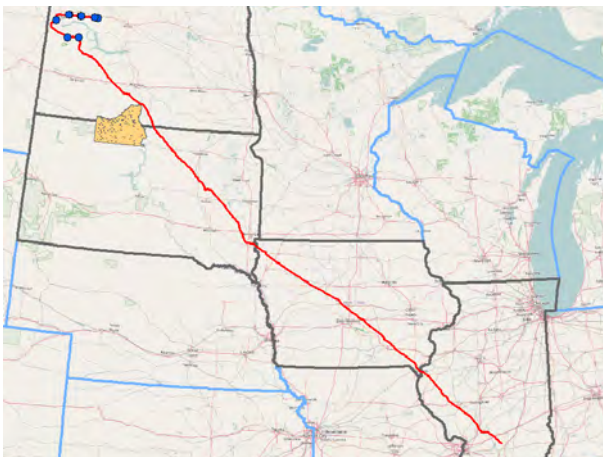
*Analysis, engagement and next steps*

In September 2016, the **OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS** (OHCHR) stated that the US Dakota Access Pipeline project (DAPL) poses significant risks to the Standing Rock Sioux tribe. The pipeline is being developed by **ENERGY TRANSFER PARTNERS** and **SUNOCO LOGISTICS PARTNERS**, subsidiaries of **ENERGY TRANSFER EQUITY LP**, to transport crude oil from oil fields in North Dakota to Illinois. Sunoco Logistics Partners and Energy Transfer Partners together have 38.25 per cent ownership in the project. The remaining partners include **PHILLIPS 66**, which owns 25 per cent of the project, and **ENBRIDGE ENERGY PARTNERS LP**, an affiliate of **ENBRIDGE**, with a 27.6 per cent stake.

The pipeline is planned to pass close to the tribe's reservation and beneath the Missouri River, the reservation's main source of drinking water. The

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pipeline risks include polluting the water and destroying burial grounds and sacred sites. It has also been alleged that the tribe has not been properly consulted and has not given its consent to the current routing of the pipeline. The project has been approved by regulatory agencies in all four states where it will operate. In February 2017, the **US ARMY CORPS OF ENGINEERS**, the US authority which issues permits for the part of the pipeline crossing federal land, granted the final permit needed to complete it.



*DAPL map. Standing Rock reservation in yellow.*

GES is in dialogue with Phillips 66 and Enbridge which, in short, both state they trust sufficient measures have been taken by Energy Transfer Partners in managing environmental and social concerns related to the project and that all necessary permits are in place to complete it. GES has, several times, reached out to Energy Transfer Partners, Energy Transfer Equity and Sunoco Logistics Partners, so far without success. A co-signed investor letter has also been sent to the three companies, to which the companies are yet to respond. Due to the lack of response, GES has shared the letter with the 17 largest lenders to the project, encouraging them to use their leverage towards the three companies.

Going forward, GES will focus the engagement on strengthening the DAPL-owners' human rights due diligence process by suggesting improvements related to human rights policies, human rights assessments as a part of project planning and implementation processes, as well as the implementation of formalised onsite grievance mechanisms for people affected by future projects. Should Standing Rock show a willingness

to engage in direct dialogue with the DAPL-owners on how similar situations can be avoided in the future, GES would encourage the companies to take such an opportunity to engage with the tribe.

After a review process that included consultations with an external expert on indigenous peoples' rights, GES has concluded that the DAPL-owners (Energy Transfer Partners, Sunoco Logistics Partners, Energy Transfer Equity LP, Phillips 66, Enbridge Energy Partners LP and Enbridge) can be linked to a violation of international norms by their involvement in DAPL. This is mainly based on the statements of the UN Special Rapporteur on the rights of indigenous peoples noting that the DAPL threatens to destroy the Standing Rock Sioux Tribe's burial grounds and sacred sites.

The right to maintain cultural manifestations such as historical sites and artefacts is protected under Article 11.1 of the UN Declaration on the Rights of Indigenous Peoples. Moreover, according to Article 7.3 of the International Labour Organization's Convention 169 on Indigenous and Tribal Peoples, studies should be carried out in co-operation with the indigenous peoples concerned to assess the social, spiritual, cultural and environmental impact of planned projects. The results of these studies shall be considered as fundamental criteria for the implementation of these activities. The UN Special Rapporteur stated that the Standing Rock Sioux Tribe was excluded from consultations at the planning stage of the project and denied access to information. The case can be linked to SDG 6 on clean water and sanitation, as the pipeline poses contamination risks of Standing Rock's drinking water.

Contribution to Sustainable Development Goal(s):



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## GES BUSINESS CONDUCT ENGAGEMENT

### KGHM

*Recurring accidents, upgraded to engage*

GES initially opened an evaluate case on **KGHM POLSKA MIEDŹ SA** (KGHM) in 2013, following two years of rising fatality numbers. The case was archived after the introduction of a new health & safety programme by KGHM. GES continued to monitor the company and the number of fatalities remained relatively static until 2016, when the company suffered seven separate fatal accidents with 19 associated casualties. Based upon this significant increase GES decided to upgrade the case to engage in January 2017.

The latest accident in November 2016, was the worst in KGHM's history with eight miners killed as a result of a tremor. The workers were in an area identified as being of "moderate risk".

In 2014, KGHM introduced a uniform health & safety policy – "A programme to improve work safety at KGHM Polska Miedź SA to 2020". The program is reportedly based on the best practices from its subsidiaries. The programme's main targets include: reducing the "lost time injury frequency rate" and improving the safety culture and the quality of training.

In engaging with the company, GES is addressing UN SDG 8 on decent work and economic growth, particularly target 8.8 on the promotion "of safe and secure working environments for all workers". GES wishes to engage upon the implementation of KGHM's health and safety programme, its method of risk assessment and whether additional measures are required as a result of these accidents.

Contribution to Sustainable Development Goal(s):



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**Bruce Jackson**

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### NESTLÉ

*Addressing labour issues in its supply chain*

Over the last two years, GES has been engaging with **NESTLÉ** over allegations of improper labour conditions in the company's seafood supply chain in Thailand. Through constructive dialogue, GES has learnt about actions the company has taken to address the issue.

In November 2015, Nestlé published an action plan presenting its commitment to eliminating labour and human rights abuses in the seafood supply chain in the country. It included a number of actions tailored to protect workers from abuse, to improve working conditions and to eliminate practices including juvenile/underage work on fishing vessels.



*Thai fishing vessel*

Traceability is a crucial element in identifying and eliminating human and labour rights abuses. Hence, in cooperation with its suppliers, the **THAI GOVERNMENT** and **THAILAND'S SHRIMP SUSTAINABLE SUPPLY CHAIN TASK FORCE**, Nestlé has performed traceability tests to verify the origin of finished goods right back to the fishing vessels and farms where they were caught and processed. Currently, over 99 per cent of the seafood ingredients that Nestlé sources from Thailand are traceable back to fishing vessels and farms.

Moreover, Nestlé, its main supplier **THAI UNION GROUP**, and the non-governmental organisation **VERITÉ** are working actively with the Thai Government and **THAILAND'S DEPARTMENT OF FISHERIES** to develop a practical training programme. The main goal is to educate vessel owners, boat captains, and crew members on living and working conditions aboard a fishing vessel and on workers' rights in Thailand.

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The Thai government will equip suppliers with a tool for improving both the availability and the impact of the training. Nestlé and Thai Union Group will contribute to the renovation costs of a typical fishing vessel and to the costs of the training, including setting up facilities, and providing equipment and worker kits. Nestlé recently met with all of partners involved in the initiative, a design of the vessel was approved, renovations are underway, and deployment is expected in 2017.

As another improvement driver, the company has decided to provide workers with a new reporting channel. Nestlé's suppliers are now working with **ISSARA INSTITUTE**, an organisation specialising in worker voice and grievance mechanisms, to provide information on the locations that form part of the supply chain for Nestlé's products. Issara is now in the process of visiting these sites in order to implement its Labour Monitoring Programme.

Undoubtedly, Nestlé has shown its commitment in addressing labour issues in the supply chain. However, the company still needs to ensure effective implementation of its Supplier Code of Conduct. Also, progress should be reported publicly, together with information about challenges and failures identified during independent third party assessments. GES will continue its dialogue with the company to monitor for further developments in closing out such gaps. In doing so, GES is promoting UN Sustainable Development Goal number 8 that aims to protect labour rights and ensure safe and secure working environments for all workers.

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## NINTENDO, SHENMAO, ZTE

*New engage cases – introducing tin mining issue*

Since 2013, GES has been assessing companies which are mining, processing and buying tin and tin-products from the islands of Bangka and Belitung (BB) in Indonesia, where the process has a severe negative impact on both the environment and local communities. Recently, GES upgraded to engage three ongoing tin mining cases – on **NINTENDO**, **SHENMAO** and **ZTE** – due to the severity of the situation and the lack of transparency in acknowledging and addressing the issue in a responsible manner.

It is reported that 90 per cent of tin in Indonesia is sourced from Bangka and Belitung, and Indonesia is the world's second-largest exporter of the metal. Tin is used as solder in phones and electronic devices. On average, four grams of Indonesian tin goes into most of the world's tablet computers, and two grams goes into most smartphones.

In 2012, a media investigation into tin mining in Bangka found links between tin mining companies, solder making manufacturers and buyers of tin, and the devastating effects that the operations have on both the environment and local communities. This led to further investigations by the media and NGOs and the creation of the multi-stakeholder initiative **IDH INDONESIAN TIN WORKING GROUP** (TWG) which aims to improve the situation.

Based on the reporting, GES opened cases on companies which were involved in the practice. Several of the companies assessed by GES have joined the TWG and embraced their responsibility for the situation. The initiative has been working on multiple levels towards finding solution to the negative effects of tin mining in BB. For the last three years, the TWG has undertaken situational analysis and sustainability assessments, and launched the action plan to support responsible practices. The TWG has also met with local stakeholders as well as with the Indonesian government to encourage improvements. GES decided to close the cases on **APPLE** and **PHILIPS**, among nine other companies, which acknowledged their responsibility and addressed

## GES BUSINESS CONDUCT ENGAGEMENT

the situation. Moreover, GES has been in contact with the TWG and discussed the initiative's work and findings. However, a proper assessment of the situation and suggestions on how to improve have been very challenging. This is due to both weak Indonesian legislation and the fact that mining is the primary source of income for local communities. Both islands are dominated by mines and besides mining there is almost no other possibilities for work.

Despite GES' many attempts to engage in a meaningful conversation with Nintendo, Shenmao and ZTE to understand the companies' position on tin mining, none of the companies have been able to provide information on how they will address, manage and improve the tin mining issue.

To consider a company supportive of responsible tin sourcing, GES will acknowledge the following approach:

- collaborating with the government of Indonesia towards harmonising the legal and policy framework, particularly to address the challenges around artisanal and small scale miners;
- developing and implementing guidelines or standards of responsible mining industry practices as well as assurance mechanisms;
- working towards improved equitable revenue governance from tin mining to support responsible practices;
- minimising the environmental impact from mining and smelting;
- enabling the socioeconomic development of the BB community through responsible business practices; and
- lessening dependency on tin.

After several years of intensive work by the TWG, the Roadmap of Sustainable Tin Mining Operations in Indonesia and the Incentives Guide for companies were published in 2016. The goal of the incentives is "to support, engage and drive the upstream industry in Indonesia towards more responsible practices, in addition to, and in support of the efforts already underway within the roadmap". The Roadmap contains information on the status of collaboration with the official bodies and the local stakeholders. It explains the

main challenges in prompting the responsible sourcing mechanisms, and clarifies that the key question in the ongoing discussion over the definition of responsible mining is still unanswered. As of today, there is no definition, methodology, processes or criteria for responsibly mined tin.



*Miners in Bangka, Indonesia*

However, the Incentives Guide advises on what should be considered more responsible sourcing:

- active participation in the TWG and/or public support of TWG projects;
- transparency about tin sourcing and admittance that the company's products might contain tin from BB;
- publishing a statement of taking responsibility for tin sourcing;
- communicating tin sourcing requirements to suppliers. The company should communicate its expectations and demands on responsible tin sourcing through codes of conduct, standards, policies, statements, meetings or other tools that serve for the communication with suppliers. Tools for promotion and tools for the assessment of supplier compliance should be publicly available on the company's website. Furthermore, promotion of responsible tin sourcing should go beyond the scope of conflict minerals issues;
- publishing a list of smelters and/or refiners. The company should publish a list of all smelters and/or refiners that are present in its supply chain, including names and locations. Such a list could be the same as the one required by the Dodd-Frank Act.

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GES' engagements efforts follow the work and findings of the TWG as this is currently the best practise to address and manage the issue. GES will continue its engagements to encourage Nintendo, Shenmao and ZTE to recognise their responsibilities and to strengthen their policies and processes to ensure responsible tin sourcing. Furthermore, GES will continuously assess the performance of companies connected with Indonesian tin mining to ensure that the companies reported on earlier are still active in efforts to improve the situation. Investors are welcomed and encouraged to actively join this engagement.

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### RIO TINTO

*Corrupt practices, upgrade to engage*

**RIO TINTO** (Rio) is one of the world's largest diversified mining companies operating in 35 countries. In early November 2016, Rio reported to the UK, US, and Australian authorities, a 2011 payment of USD 10.5 million. The payment, made to a French banking consultant and personal friend of the Guinean President, was in relation to a USD 700 million "settlement" with the **GUINEAN GOVERNMENT** to secure the rights to the Simandou concession, the biggest untapped iron ore deposit in the world. Rio had exited the project two weeks earlier in October 2016.

Emails, exchanged between the then CEO, his successor who was the then Head of Rio's Iron Division and the Head of the Guinean project, discuss the consultant's fee for services in relation to Simandou agreeing the sum of USD 10.5 million.

Following Rio's reporting, further allegations were made: that Rio had known about the emails for over a year prior to reporting. Then the Guinean Mining Minister has stated that Rio's Head of Guinea operations approached him, in early 2010, with "the backing of senior management", to ask how much was required to win back control of the Simandou concession.

Rio has initiated an investigation into this specific payment but with an "eyes wide open" approach to other suspicious activity. The investigation will run parallel to those conducted by the **UK SERIOUS FRAUD OFFICE**, the **US DEPARTMENT OF JUSTICE** and **SECURITIES AND EXCHANGE COMMISSION** and authorities in Australia.

GES upgraded the case, due to the seniority of the personnel implicated, and in doing so GES is promoting UN Sustainable Development Goal target 16.5 to "substantially reduce corruption and bribery in all their forms". GES will assess Rio's anti-corruption policies and their enforcement, request a wider remit to their investigation and, request the enforcement of clawback provisions within the individual's remuneration packages. Rio's 2016 annual report has stated that they have deferred payment of bonuses to one former CEO whilst the investigation is being conducted.

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### PETROBRAS

*Better practices, but continuous high-risk context*

In October 2014, a former **PETROBRAS** executive admitted in a Brazilian federal court the existence of a kickback scheme at the company between 2004 and 2012. Since then, former Petrobras executives have been convicted for their involvement in the scheme and four are under criminal charges. Allegedly, as part of that scheme, Petrobras' suppliers paid kickbacks to a number of company executives and channelled a portion of the money from contracts to Brazilian politicians. The **BRAZILIAN FEDERAL POLICE** launched an investigation targeting the company's employees and subcontractors, as well as Brazilian politicians. Over 100 persons have so far been indicted on charges of corruption, money laundering and cartel formation.

Since the scandal was revealed to the general public in 2014, the company has taken several measures to strengthen its efforts on ethics and compliance. Among other things, Petrobras' Board of Directors approved the creation of a new division; the Directorate of Governance, Risk and Compliance. It is now operating at full scale with substantial resources at hand. Employees suspected to be involved in the scheme have been suspended. All employees, except those on sick leave or similar, have gone through ethics and compliance training. More such training is planned for this year.

A whistle-blower function is up and running by an independent third party, and judging from employee surveys, it is gaining more traction internally at the company. Internal control mechanisms have been strengthened, for example, by having contracts pass through more reviews and a mandatory requirement that at least two people sign a contract. Anti-corruption and strengthened internal control mechanisms are spelled out as the top priorities in the company's strategic plan for 2017-2021.

GES, recognises the progress made by the company and concluded in March 2017 that the first out of four revision criteria has been fulfilled. The revision criteria states "Petrobras should ensure that the violation has been investigated

thoroughly and that the Lava Jato bribery scheme has ended. The company should cooperate fully with the investigating authorities." The fact that the duration of the scheme is commonly reported to have taken place between 2004 and 2012 and that there are no indications that it is still ongoing at Petrobras (in combination with the company actions) were the fundamental circumstances that lead to this conclusion. Furthermore, the company is fully cooperating with investigations in Brazil and the US. Petrobras has also hired two law firms to investigate the scheme on its behalf company.

Going forward, GES will focus its engagement with Petrobras on further improvements related to internal control mechanisms, ethics and compliance assessments of suppliers, training of employees in "high-risk" positions, as well as ethics and compliance risk management at operations outside of Brazil. GES intends to continue dialogues with anti-corruption experts with regard to corporate operations in high-risk contexts. Due to its size and position in Brazil, Petrobras is well positioned to leverage a positive development on corruption prevention in the country. The context makes it a necessity to have a continuous high level of attention to the matter from the company's side. A high level of integrity to stay out of similar situations going forward is also important. Building alliances within the private sector against corruption would also send clear signals that companies are tackling the seriousness of the situation and step-by-step will work to change the nature of business as usual.

This case can be linked to SDG 16 on peace, justice and strong institutions, as combatting corruption requires effective and accountable institutions.

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### METALLURGICAL CORPORATION OF CHINA

*Environmental impacts from waste practices, move to disengage*

The **METALLURGICAL CORPORATION OF CHINA** (MCC) owns 61 per cent of **MCC RAMU NICO LTD**, which owns 85 per cent of the Ramu NiCo mine and smelter operation in Papua New Guinea. The operation utilises a waste disposal practice known as Deep Sea Tailings Placement (DSTP). DSTP is the practice in which tailings are deposited at depth (below 1000 metres) in the marine environment. This leads specifically to a loss of bottom-dwelling fauna – much of which has never been studied – and the spread of toxic chemicals across a wide ocean footprint. If the correct conditions are not present, upwelling can cause sediment to rise and impact the marine environment at more shallow depths, such as the abundance and diversity of fish species. It is a practice which is arguably in contravention of the London Convention (1972) and its update, the London Protocol (1996). It is also widely considered a contravention of UN Global Compact Principles 7 and 9 on the environment and corresponding Guideline VI of the OECD Guidelines for Multinational Enterprises.

GES commenced dialogue with MCC in December 2010, following our identification of their intended use of DSTP at their proposed Ramu NiCo operation. A first meeting took place in March 2011 and three more calls followed over the next two years with little development or clarity surrounding the company's environmental impact studies or any intention to change waste management practices at the site. GES has used native Chinese speakers throughout the process to attend meetings, calls and attempt to arrange further meetings.

Construction of the Ramu NiCo project was largely completed by 2012 with operations and deep sea tailing placement commencing shortly after. No response to dialogue has been received since a meeting in September 2013. GES is aware that other stakeholders, such as investors, have also tried to establish contact with MCC without success.

In October and November 2016, GES attempted to resume dialogue through MCC's minority partner at Ramu NiCo, **HIGHLANDS PACIFIC**. Despite two calls and several email exchanges no progress could be made. The contacts provided for Ramu NiCo did not respond.

MCC has encountered numerous problems at the Ramu NiCo site since operations began. In January 2016, there were strikes over reported low health and safety standards, followed by a fatal accident in April 2016 with a subsequent two-month closure of operations. A slurry pipe burst in March 2016 causing slurry to cover a number of gardens used for crops, which consequently led to complaints from the affected community members over a lack of compensation. In May 2016, 51 local workers were allegedly unfairly dismissed; their dismissals were suspected to be due to their involvement in earlier strikes. Then, in July 2016, there were allegations that the DSTP pipe itself was leaking causing pollution at shallow depths, an accusation denied by MCC. The project has an estimated life of some 50 years, until 2062.

According to GES' processes, after two years of low performance – i.e. the company does not make progress or respond in a meaningful way – GES can consider disengaging with the company. We have therefore concluded that GES should disengage from the Metallurgical Corporation of China.

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For further information, please contact:

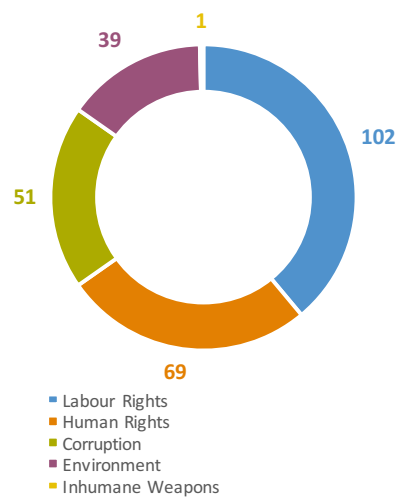


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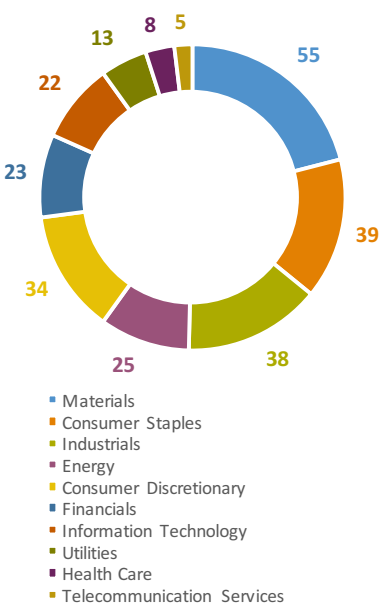
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# ENGAGEMENT SUMMARY REPORT

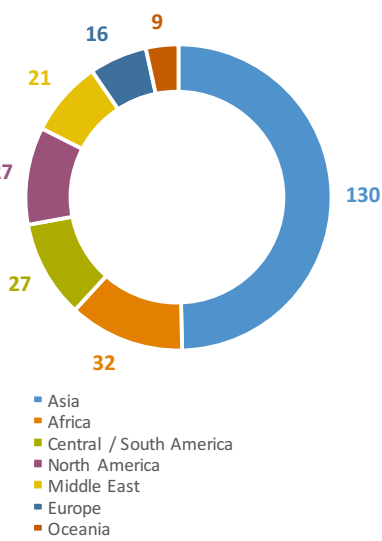
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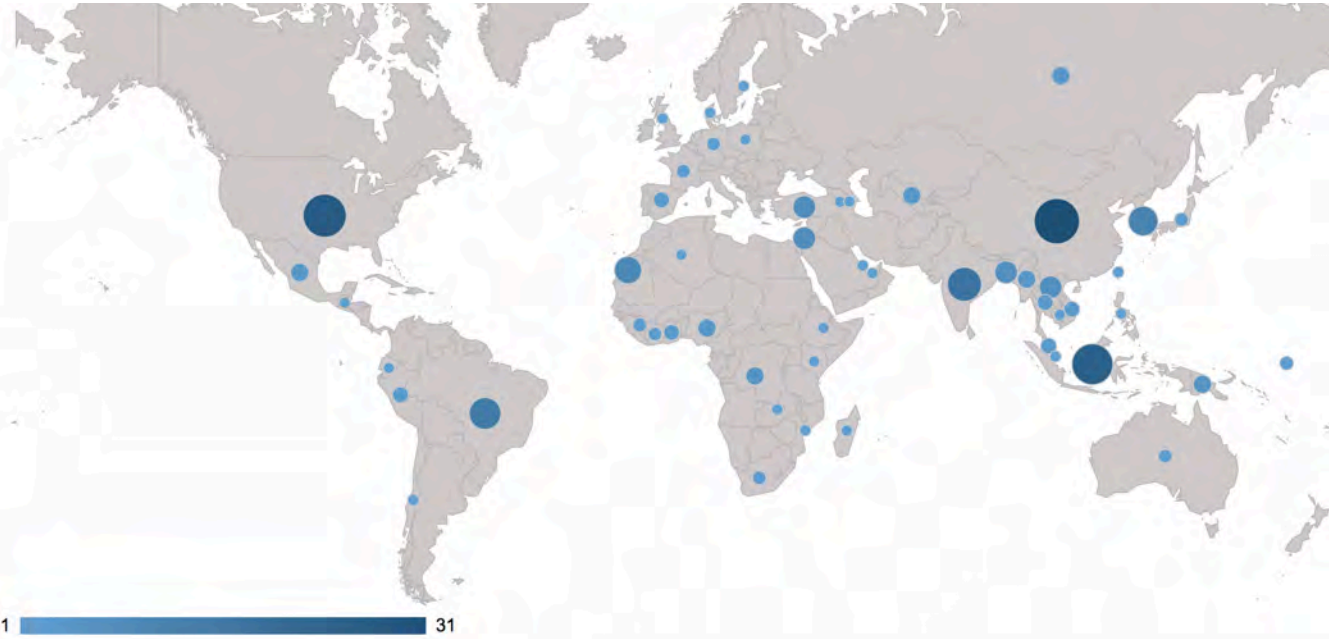
INDUSTRY SECTOR BREAKDOWN



GEOGRAPHIC BREAKDOWN



ENGAGEMENT MAP




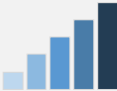
During Q1 2017 GES has been in active dialogue with companies as well as external sources associated to **262** business conduct issues.

In **93** “engage” cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **169** “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 GES' 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</b>, same, better or worse – indicates the change in development 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>  <p>After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective.</p> </div>
<b>Milestone</b>	<p>The indicator describes the milestone achieved.</p> <div>  <ul style="list-style-type: none"> <li>Milestone 1: Initial communication sent to the engagement company</li> <li>Milestone 2: Dialogue established</li> <li>Milestone 3: Company commits to address issue</li> <li>Milestone 4: Company develops a strategy to address issue(s)</li> <li>Milestone 5: Issue(s) resolved / strategy effective</li> </ul> </div>

# AFRICA

## EVALUATE LIST

ANGLOGOLD ASHANTI, IMPALA PLATINUM

## ENGAGE LIST

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

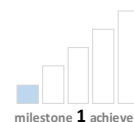
India



● poor → poor ▼ same

### Change objective

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.

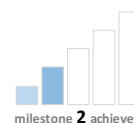


**BANGKOK BANK PUBLIC (2014)**  
Financing of a dam project with environmental and human rights risks

Laos

● standard → poor ► same

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.



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

Ecuador

● standard → standard ► same

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.

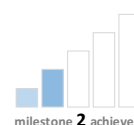


**CHINA RAILWAY GROUP (2014)**  
Recurring fatal workplace accidents

China

● standard → poor ► same

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.



**COAL INDIA LIMITED (2016)**  
Deadly accidents at workplace

India

● standard → standard ► same

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.



**FAST RETAILING CO (2016)**  
Labour rights violations in supply chain

China

● standard → standard ► same

Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain, and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk, and addressing any shortcomings in this area

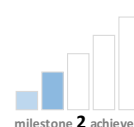


**HON HAI PRECISION INDUSTRY CO (2017)**  
Environmental and human rights impacts caused by purchasing tin

Indonesia

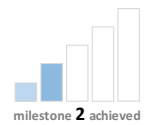
● standard → standard ► new

Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.



**HON HAI PRECISION INDUSTRY CO (2017)** China  
*Poor working conditions*

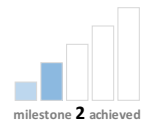
Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.



● standard → standard ► new

**HYUNDAI HEAVY INDUSTRIES CO LTD (2016)** South Korea  
*Recurring workplace accidents*

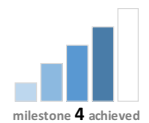
Hyundai Heavy Industries should fully address and improve gaps in the company's health & safety management systems. It should also be more transparent with regards to publicly available information on its HSE performance.



● standard → standard ► same

**KASIKORNBANK (2014)** Laos  
*Financing of a dam project with environmental and human rights risks*

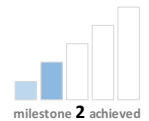
Kasikornbank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental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



● good → standard ▲ same

**KRUNG THAI BANK (2014)** Laos  
*Financing of a dam project with environmental and human rights risks*

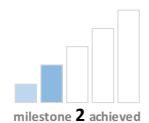
Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental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



● standard ↓ none ► same

**NINTENDO CO (2017)** Indonesia  
*Environmental and human rights impacts caused by purchasing tin*

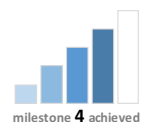
Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.



● standard ↘ poor ► new

**PEGATRON (2015)** China  
*Poor working conditions*

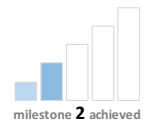
Pegatron should prevent labour rights violations and ensure that it follows industry standards, such as the EICC's Code of Conduct. The company should be more transparent about actions it takes towards incidents, enforcement and remedial measures as well as audits. The company should also strengthen its reporting practices and disclose more viable information.



● good ↗ good ▲ better

**POSCO (2010)** India  
*Environmental and human rights violations in steel project*

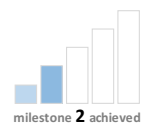
POSCO should conduct comprehensive environmental and human rights impact assessments in consultation with local communities and ensure that it takes all steps to become aware of, prevent and address the adverse environmental and human rights impacts linked to the Odisha project. It should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights.



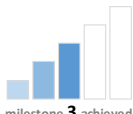
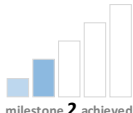
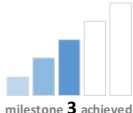
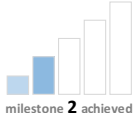
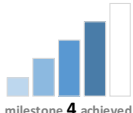
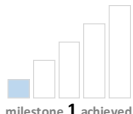
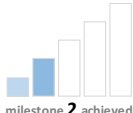

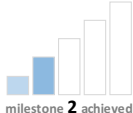
● standard ↘ poor ► same

**POSCO (2010)** Burma/ Myanmar  
*Human rights and environmental violations in a pipeline project*

POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project, and 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.



● standard ↘ poor ► same

<b>POSCO (2012)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	<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>	
● standard → standard ► same			
<b>POSCO DAEWOO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	<p>Daewoo 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>	
● standard → standard ► same			
<b>POSCO DAEWOO (2010)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	<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>	
● standard → standard ► same			
<b>PTT PCL (2011)</b> <i>Biodiversity and food security impacts related to dam project on the Mekong River</i>	Laos	<p>PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.</p>	
● standard → standard ► same			
<b>SAMSUNG ELECTRONICS (2014)</b> <i>Poor working conditions in various countries</i>	China	<p>Samsung should ensure that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and its suppliers. The company should strengthen its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company should be more transparent with reporting.</p>	
● standard → standard ► worse			
<b>SAMSUNG ELECTRONICS (2017)</b> <i>Corrupt practices</i>	South Korea	<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>	
● poor → standard ► new			
<b>SEVEN &amp; I HOLDINGS CO (2015)</b> <i>Labour rights violations at franchisees</i>	United States	<p>7&amp;i should ensure its franchisees are aware and follow the company's Corporate Action Guidelines and Code of Corporate Conduct. Moreover, the company should expand the scope of its Business Partner Action Guidelines to include franchisees. 7&amp;i should also develop better monitoring systems to detect, inter alia, potential labour law violations or payroll frauds within franchisees' operations.</p>	
● poor ↓ none ▼ same			
			
<b>SIAM COMMERCIAL BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	<p>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.</p>	
● standard ↘ poor ► same			

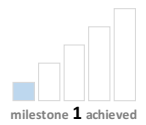
**SUN HUNG KAI PROPERTIES (2016)**  
Human rights violations in various countries

Nauru

Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.



● poor ↘ poor ▼ same

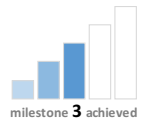


**TOKYO ELECTRIC POWER COMPANY (2011)**  
Unsafe nuclear power production

Japan

TEPCO should ensure it operates its nuclear power plants safely, safely decommissions Fukushima Dai-ichi and that the negative effects from the Fukushima Dai-ichi nuclear accidents are remediated and compensated. Ensure that the company considers all options for future power production in order for nuclear to get a balanced role.

● standard → standard ► same

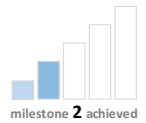


**YAHOO JAPAN CORP (2016)**  
Environmental impact caused by online trade of endangered species

Japan

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.

● standard ↓ none ► worse

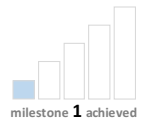


**ZIJIN MINING GROUP (2015)**  
Environmental impacts from waste practices

Papua New Guinea

Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.

● none → standard ► same

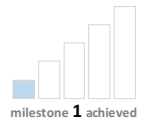


**ZIJIN MINING GROUP (2015)**  
Human rights violations in mining operation

Papua New Guinea

Zijin Mining Corp should demonstrate that an effective remedy framework is in place to compensate women who were sexually abused by security personnel at Porgera. The company should also demonstrate compliance with the Voluntary Principles on Security and Human Rights. Policies and procedures should be aligned with international standards on resettlement and compensation.

● none ↗ good ► same

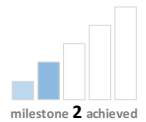


**ZTE CORP (2017)**  
Environmental and human rights impacts caused by purchasing tin

Indonesia

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.

● poor ↘ poor ▼ new



## EVALUATE LIST

ADARO ENERGY PT, AGRICULTURAL BANK OF CHINA, ALUMINUM CORPORATION OF CHINA, ASUSTEK COMPUTER INC, BHARAT HEAVY ELECTRICALS LIMITED, BYD COMPANY, CHINA COMMUNICATIONS CONSTRUCTION CO, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP, CHINA STEEL, COAL INDIA LIMITED, DMCI HOLDINGS, ELECTRIC POWER DEVELOPMENT, ELECTRICITY GENERATING, FELDA GLOBAL VENTURES, GUANGZHOU AUTOMOBILE GROUP, HANWHA CHEMICAL CORP, HINDALCO, HINDUSTAN PETROLEUM CORP, HONDA MOTOR CO, HTC CORP, HYUNDAI HEAVY INDUSTRIES CO LTD, HYUNDAI MOTOR COMPANY, INDOFOOD SUKSES MAKMUR, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, ITOCHU CORP, KOREA ELECTRIC POWER CORPORATION, KT&G, KUALA LUMPUR KEPONG, LG CHEMICAL, LG CORP, LG ELECTRONICS, NTPC, OIL & NATURAL GAS CORPORATION, OLYMPUS CORP, PANASONIC CORPORATION, PETROCHINA, POSCO, POSCO DAEWOO, RELIANCE INDUSTRIES, SAMSUNG C&T, SAMSUNG ELECTRONICS, SAMSUNG SDI, SINA CORP, SINGAPORE TECHNOLOGIES ENGINEERING, SK HOLDINGS, TATA POWER, TATA STEEL, TDK CORP, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, WILMAR INTERNATIONAL LIMITED, ZTE CORP

**DISENGAGE LIST**

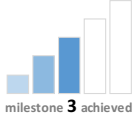
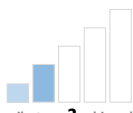
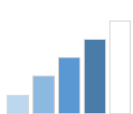

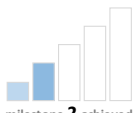
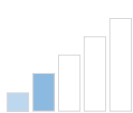
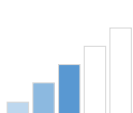
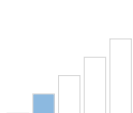
**HANWHA CORPORATION**


*Involvement in cluster munitions*

South Korea

# CENTRAL / SOUTH AMERICA

## ENGAGE LIST

		Change objective	
CEMEX (2016)	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.	<div> <div>● standard → standard ► same</div>  </div>
ILETTOBRAS (2016)	Brazil	Eletrobras 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.	<div> <div>● standard → standard ► same</div>  </div>
ILETTOBRAS (2011)	Brazil	Eletrobras should recognise the rights of indigenous peoples as stipulated in relevant international norms. The company should also ensure that resettled people and other people affected by the dam are compensated and consulted in accordance with international norms. Appropriate environmental mitigation programmes should be carried out and verified by an independent third party.	<div> <div>● good ↗ good ▲ same</div>  </div>
GRUPO MEXICO (2016)	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.	<div> <div>● poor ↘ poor ▼ worse</div>   </div>
JBS SA (2015)	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.	<div> <div>● standard ↘ poor ► same</div>  </div>
PETROBRAS (2015)	Brazil	Petrobras 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.	<div> <div>● standard → standard ► same</div>  </div>
SOUTHERN COPPER CORPORATION (2016)	Peru	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.	<div> <div>● standard ↘ poor ► worse</div>  </div>

<b>VALE SA (2016)</b> <i>Environmental and human rights violations caused by dam collapse</i>	Brazil	Vale should identify the cause(s) of the dam failure, assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.	
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● good
→ standard
▲ same

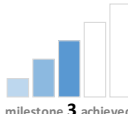
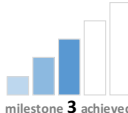
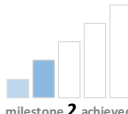
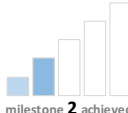
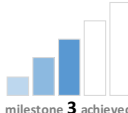
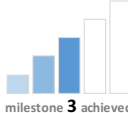
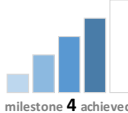
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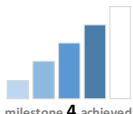
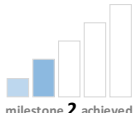
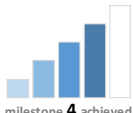
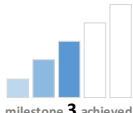
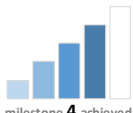
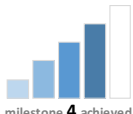

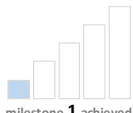
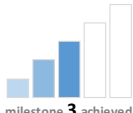
BRASKEM SA, BRF SA, COMPANHIA SIDERURGICA NACIONAL, GERDAU PN, GRUPO MEXICO, MEXICHEM SAB DE CV, PETROBRAS, SUZANO PAPEL E CELULOSE

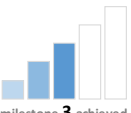
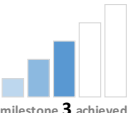
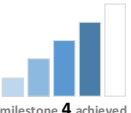

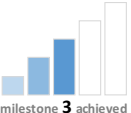
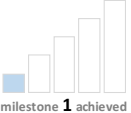
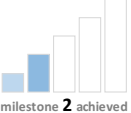
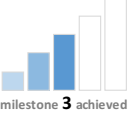
# EUROPE

## ENGAGE LIST

### Change objective

<b>ANDRITZ AG (2010)</b> <i>Supplying to dam projects resulting in breaches of international standards</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.	 milestone 3 achieved
● standard → poor ► same			
<b>BARRY CALLEBAUT AG (2010)</b> <i>Child labour in the cocoa industry</i>	Ivory Coast	Barry Callebaut should show that its farmer programmes and other initiatives are effective in increasing income for cocoa farmers, improving access to school for children in cocoa communities and strengthening child labour remediation systems. The company should increase such efforts to reach more farmers and should be ready to discuss and disclose future plans for further scale-up.	 milestone 3 achieved
● standard → standard ► same			
<b>DEUTSCHE POST (2015)</b> <i>Anti-union practices</i>	India	Deutsche Post should ensure its Code of Conduct is observed throughout its global operations, including subsidiaries. This refers to the CoC generally and freedom of association specifically. DP should ensure it has accurate processes to manage employee complaints, and report more transparently on the number of complaints and the measures taken to ensure compliance with the code.	 milestone 2 achieved
● standard → standard ► same			
<b>DEUTSCHE TELEKOM (2016)</b> <i>Anti-union practices at subsidiary</i>	United States	Deutsche Telekom should ensure that the alleged practices of hindering freedom of association at T-Mobile US (TMUS) will cease and the subsidiary will engage in a dialogue with employees supporting unionisation. Deutsche Telekom should assure that TMUS' management of labour rights is aligned with the ILO core conventions.	 milestone 2 achieved
● standard → standard ► same			
<b>ENI (2015)</b> <i>Corrupt practices</i>	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.	 milestone 3 achieved
● standard → standard ► same			
<b>FERROVIAL (2015)</b> <i>Human rights violations in various countries</i>	Nauru	Ferrovial should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.	 milestone 3 achieved
● standard → standard ► same			
<b>G4S (2011)</b> <i>Human rights violations in occupied territories</i>	Palestine	G4S should properly investigate and address its activities allegedly in breach of International Humanitarian Law. The company should implement measures to prevent such allegations in the future and improve the risk assessment of its activities in high risk zones.	 milestone 4 achieved
● excellent ↗ good ▲ same			

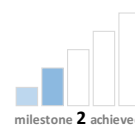
<b>GLAXOSMITHKLINE (2015)</b> <i>Corrupt practices</i>	China	GlaxoSmithKline should improve its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.	<div> <div>● standard → standard ► same</div>  <div>milestone 4 achieved</div> </div>
<b>GLENCORE PLC (2015)</b> <i>Operations in occupied territory</i>	Western Sahara	Glencore 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.	<div> <div>● standard ↓ none ► same</div>  <div>milestone 2 achieved</div> </div>
<b>GLENCORE PLC (2013)</b> <i>Environmental impact from pollution incidents</i>	Australia	Glencore should show that lead from the Mt Isa Mine is no longer a concern to the local community and should manage any issues in an appropriate manner. At McArthur River, there should be a costed and practical remediation plan for the mine addressing potential legacy issues e.g. acid rock discharge.	<div> <div>● standard → standard ► same</div>  <div>milestone 4 achieved</div> </div>
<b>HEIDELBERGCEMENT (2015)</b> <i>Violations of international law in occupied territories</i>	Palestine	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.	<div> <div>● excellent ↗ good ▲ same</div>  <div>milestone 3 achieved</div> </div>
<b>HENNES &amp; MAURITZ (2010)</b> <i>Recurring violations in the cotton supply chain</i>	Uzbekistan	H&M should take all appropriate measures to trace its cotton back to the source in order to proactively address social risks at different stages within its supply chain. In particular, the company should ensure that it does not source any cotton originating from Uzbekistan, or otherwise produced using forced labour.	<div> <div>● good ↗ good ▲ same</div>  <div>milestone 4 achieved</div> </div>
<b>HSBC HOLDINGS (2016)</b> <i>Recurring incidents of money laundering in various countries</i>	United States	HSBC should implement systems and controls that prevent financial crime and money laundering and demonstrate that they are robust and universally applied.	<div> <div>● good → standard ▲ same</div>  <div>milestone 4 achieved</div> </div>
<b>KGHM (2017)</b> <i>Recurring fatal accidents</i>	Poland	The company should ensure it has internationally recognised health and safety policies, procedures and training for its workforce and suppliers.	<div> <div>● poor ↓ none ▼ new</div>   <div>milestone 1 achieved</div> </div>
<b>LEONARDO SPA (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.	<div> <div>● good ↗ good ▲ same</div>  <div>milestone 3 achieved</div> </div>

<b>LINDT &amp; SPRUENGLI AG (2011)</b> <i>Child labour in cocoa industry</i>	Ghana	Lindt and Spruengli should show that its farmer programmes and other initiatives are effective in increasing income for cocoa farmers, improving access to school for children in cocoa communities and strengthening child labour remediation systems. The company should increase such efforts to reach more farmers and should be ready to discuss and disclose future plans for further scale-up.	 milestone 3 achieved
● excellent   ↗ good   ▲ same			
<b>NESTLÉ SA (2009)</b> <i>Child labour in cocoa industry</i>	Ghana	Nestlé should show that its farmer programmes and other initiatives are effective in increasing income for cocoa farmers, improving access to school for children in cocoa communities and strengthening child labour remediation systems. The company should increase such efforts to reach more farmers and should be ready to discuss and disclose future plans for further scale-up.	 milestone 3 achieved
● excellent   ↗ good   ▲ same			
<b>NESTLÉ SA (2017)</b> <i>Labour rights violations</i>	Thailand	Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third party assessments.	 milestone 4 achieved
● good   → standard   ▲ new			
<b>NORDEA BANK (2015)</b> <i>Money laundering</i>	Sweden	Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority is 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>NORILSK NICKEL (2010)</b> <i>Environmental and health impacts from metal extraction operations</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 CBD.	 milestone 3 achieved
● standard   → standard   ► same			
<b>NOVARTIS AG (2017)</b> <i>Corrupt practices</i>	Turkey	Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level, and reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.	 milestone 1 achieved
● standard   → standard   ► new			
<b>ROYAL DUTCH SHELL (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 2 achieved
● standard   → standard   ► same			
<b>ROYAL DUTCH SHELL (2009)</b> <i>Human rights violations resulting from pollution and environmental damage</i>	Nigeria	Shell should have a detailed program in place to address the recommendations of the UNEP's Environmental Impact 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 3 achieved
● good   → standard   ▲ same			

## SIEMENS (2017)

Operations in occupied territory

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.



● standard    ↘ poor    ► new

## TELIA COMPANY AB (2012)

Corrupt practices

Uzbekistan

Telia Company should deploy an anti-corruption programme adapted to 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.



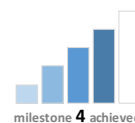
● excellent    ↗ good    ▲ same

## VINCI (2015)

Exploitation of migrant workers

Qatar

Vinci should adopt a human rights policy in line with the UN Global Compact and the basic ILO conventions on labour rights. The policy should cover the company's worldwide operations, including subsidiaries and subcontractors. In addition, the company should make sure it has the appropriate systems in place to make sure the policy is followed at all its operations.



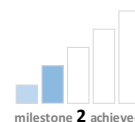
● good    ↗ good    ▲ same

## VOLKSWAGEN (2016)

Environmental impact caused by emissions defeat device

United States

VW should ensure the Supervisory Board has the necessary skills and independence and ensure oversight of the company's risk and its management systems. Furthermore, VW needs to appoint a management board executive accountable for environment and consumer protection.



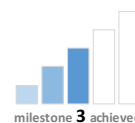
● standard    ↘ poor    ► same

## VTB BANK (2011)

Financing of project with environmental risks

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.



● standard    → standard    ► better

## EVALUATE LIST

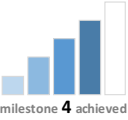
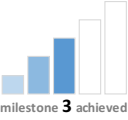



AIRBUS GROUP, ALSTOM, AP MOLLER MAERSK, ARCELORMITTAL, BAE SYSTEMS, BASF, BOLIDEN, BRAIT SE, BRITISH AMERICAN TOBACCO, DANSKE BANK A/S, DEUTSCHE BANK, ELECTRICITE DE FRANCE, ENEL, ENGIE, ENI, FIAT CHRYSLER AUTOMOBILES, GLENCORE PLC, HEIDELBERGCEMENT, HENNES & MAURITZ, INVESTOR AB, LUKOIL, NESTLE SA, RECKITT BENCKISER, RENAULT, REPSOL SA, ROSNEFT, ROYAL BANK OF SCOTLAND, SAINSBURY, SAIPEM, SHIRE PLC, STANDARD CHARTERED PLC, TENARIS SA, THALES, THYSSENKRUPP, UNILEVER, WARTSILA OYJ ABP, VOLKSWAGEN AG

# DISENGAGE LIST

<b>AIRBUS GROUP</b> <i>Nuclear weapons programmes</i>	France
<b>BAE SYSTEMS</b> <i>Nuclear weapons programmes</i>	United Kingdom
<b>LEONARDO SPA</b> <i>Nuclear weapons programmes</i>	France
<b>SAFRAN GROUP</b> <i>Nuclear weapons programmes</i>	France

# MIDDLE EAST

## ENGAGE LIST

		Change objective	
<b>AKBANK (2010)</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	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.	 milestone 4 achieved
● standard    ↘ poor    ► same			
<b>BANK HAPOALIM (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>BANK LEUMI (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>MIZRAHI TEFAHOT BANK LTD (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>TURKIYE GARANTI BANKASI (2010)</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	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.	 milestone 4 achieved
● good    → standard    ▲ same			

## EVALUATE LIST

GLOBAL TELECOM HOLDING SAE

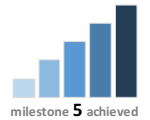
**DISENGAGE LIST**

<b>ELBIT SYSTEMS</b> <i>Security systems for illegal separation barrier 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

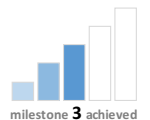
## RESOLVED LIST

<b>STARBUCKS CORP</b> <i>Anti-union practices</i>	Chile	<p><b>Change objective</b></p> <p>With the signing of the collective agreement between Starbucks and the Starbucks Worker's Union in Chile, the violation has ceased. The company's Global Human Rights policy is applied to all stores in all countries of operation, emphasising Starbucks commitment to human rights and explicitly mentioning freedom of association.</p>
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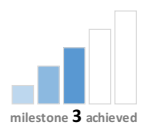
## ENGAGE LIST

<b>AGRIUM (2014)</b> <i>Operations in occupied territory</i>	Western Sahara	<p><b>Change objective</b></p> <p>Agrium 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>
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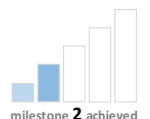
● standard → poor ► same

<b>APPLE INC (2009)</b> <i>Labour rights violations at suppliers</i>	Taiwan	<p>Apple should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.</p>
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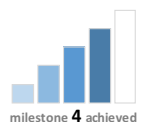
● poor ↗ good ► better

<b>BARRICK GOLD CORP (2009)</b> <i>Human rights violations in mining operation</i>	Papua New Guinea	<p>Barrick should demonstrate that an effective remedy framework is in place to compensate women who were sexually abused by security personnel at Porgera. The company should also demonstrate compliance with the Voluntary Principles on Security and Human Rights. Policies and procedures should be aligned with international standards on resettlement and compensation.</p>
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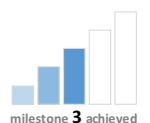
● good ↗ good ▲ better

<b>BARRICK GOLD CORP (2009)</b> <i>Environmental impacts from waste practices</i>	Papua New Guinea	<p>Barrick should manage its tailings at Porgera responsibly and commit to remediating the impacted environment. Barrick should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges.</p>
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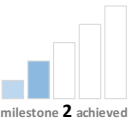
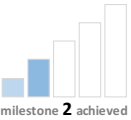
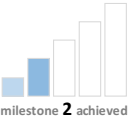
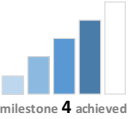
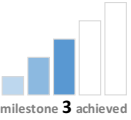

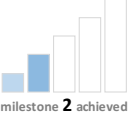
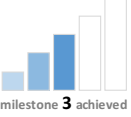



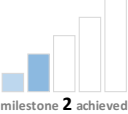

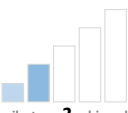
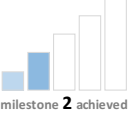
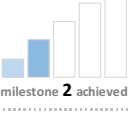

● standard → standard ► same

<b>CROWN HOLDINGS (2016)</b> <i>Anti-union practices in several countries</i>	Turkey	<p>Crown Holdings needs to make sure that its policies and processes are in compliance with ILO conventions referring to the right to organise and collective bargaining.</p>
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● poor → standard ► same

<b>ENBRIDGE (2016)</b> <i>Violations of indigenous peoples' rights</i>	United States	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.	
● standard    ↓ none    ► same			
<b>FREEPORT MCMORAN (2009)</b> <i>Environmental impacts from waste practices</i>	Indonesia	Freeport should manage its tailings at Grasberg responsibly and commit to remediating the impacted environment. Freeport should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges.	
● good    → standard    ▲ better			
<b>FREEPORT MCMORAN (2009)</b> <i>Human rights violations by security forces</i>	Indonesia	Freeport should demonstrate that its regular payments to Indonesian police and military are being administered in a fully transparent manner and do not contribute to human rights abuses. The company should demonstrate implementation of the Voluntary Principles on Security and Human Rights.	
● standard    → standard    ► better			
<b>GOLDCORP (2008)</b> <i>Violations of indigenous peoples' rights</i>	Guatemala	Goldcorp should, as a part of integrating human rights due diligence at its operations, ensure adequate representation of indigenous communities in all consultation processes and implement grievance mechanisms. As requested in the revised precautionary measures by the Inter-American Commission on Human Rights, Goldcorp should provide local communities with potable water of good quality.	
● good    ↗ good    ▲ same			
<b>HERSHEY (2010)</b> <i>Child labour in cocoa industry</i>	Ivory Coast	Hershey should show that its farmer programmes and other initiatives are effective in increasing income for cocoa farmers, improving access to school for children in cocoa communities and strengthening child labour remediation systems. The company should increase such efforts to reach more farmers and should be ready to discuss and disclose future plans for further scale-up.	
● standard    → standard    ► same			
<b>MATTEL (2010)</b> <i>Poor working conditions at supplier factories</i>	China	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.	
● standard    → standard    ► same			
<b>MCDONALD'S CORP (2015)</b> <i>Labour rights violations at franchisees</i>	United States	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.	
● standard    ↘ poor    ► same			
<b>MONDELEZ INTERNATIONAL (2009)</b> <i>Child labour in the cocoa industry</i>	Ghana	Mondelez should show that its farmer programmes and other initiatives are effective in increasing income for cocoa farmers, improving access to school for children in cocoa communities and strengthening child labour remediation systems. The company should increase such efforts to reach more farmers and should be ready to discuss and disclose future plans for further scale-up.	
● excellent    ↗ good    ▲ same			

<b>MOTOROLA SOLUTIONS (2010)</b> <i>Human rights violations in occupied territories</i>	Palestine	Motorola Solutions should cease the provisioning of surveillance systems for protecting illegal Israeli settlements in the OPT. The company should also widen the scope of its Human Rights policy to fully conform to international human rights and IHL and address specific risks associated to how its products are used.	 <div> <span>● poor</span> <span>↓ none</span> <span>▼ same</span> </div>	
<b>PHILLIPS 66 (2016)</b> <i>Violations of indigenous peoples' rights</i>	United States	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.	 <div> <span>● standard</span> <span>↓ none</span> <span>▶ same</span> </div>	
<b>POTASH CORP SASKATCHEWAN (2010)</b> <i>Operations in occupied territory</i>	Western Sahara	PotashCorp 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.	<div> <span>● poor</span> <span>↓ none</span> <span>▼ better</span> </div>	
<b>T-MOBILE US (2016)</b> <i>Anti-union practices</i>	United States	T-Mobile US (TMUS) should cease the alleged practices of hindering freedom of association at the company and engage in a dialogue with employees supporting unionisation. The company should adhere to the US National Labor Relations Board's decisions. TMUS' management of labour rights should be aligned with the ILO core conventions.	<div> <span>● standard</span> <span>→ standard</span> <span>▶ same</span> </div>	
<b>WELLS FARGO &amp; CO (2016)</b> <i>Workplace harassment and retaliation</i>	United States	Wells Fargo should ensure that it implements and monitors systems and procedures that protect employees from workplace harassment and from retaliation in cases where misconduct is reported. To support these systems and procedures, Wells Fargo should re-align its corporate culture so as to regain a sense of purpose and integrity, to redefine banking and restore trust with customers, employees and other stakeholders.	<div> <span>● standard</span> <span>↓ none</span> <span>▶ better</span> </div>	

## EVALUATE LIST

AMAZON.COM, ARCHER DANIELS MIDLAND, BOMBARDIER INC, BRISTOL-MYERS SQUIBB CO, BUNGE LIMITED, CISCO SYSTEMS, COGNIZANT TECHNOLOGY SOLUTIONS, COLGATE-PALMOLIVE, COSTCO WHOLESALE CORP, EXXON MOBIL, GENERAL ELECTRIC, GENERAL MOTORS, GOODYEAR TIRE & RUBBER, HASBRO, HEWLETT PACKARD ENTERPRISE, JM SMUCKER COMPANY, JOHNSON & JOHNSON, KELLOGG CO, LOCKHEED MARTIN, MCDONALD'S CORP, MERCK & CO, PEPSICO, PROCTER & GAMBLE CO, RESTAURANT BRANDS INTL INC, THE WILLIAMS COMPANIES, TWENTY-FIRST CENTURY FOX, TYSON FOODS, VF CORP, ZIMMER BIOMET HOLDINGS INC

## DISENGAGE LIST

**BOEING CO**  
*Nuclear weapons programmes*
United States

**CHEVRON**  
*Environmental damage in Amazon jungle*
Ecuador

**FLUOR CORP**  
*Nuclear weapons development*
United States

**GENERAL DYNAMICS CORP**  
*Nuclear weapons programmes*
United States

**HONEYWELL INTERNATIONAL**  
*Nuclear weapons programmes*
United States

**HUNTINGTON INGALLS INDUSTRIES**  
*Nuclear weapons development*
United States

**JACOBS ENGINEERING GROUP**  
*Nuclear weapons programmes*
United Kingdom

**LOCKHEED MARTIN**  
*Nuclear weapons programmes*
United Kingdom

**NORTHROP GRUMMAN CORP**  
*Nuclear weapons programmes*
United States

**RAYTHEON COMPANY**  
*Nuclear weapons programmes*
United States

**TEXTRON**  
*Involvement in cluster munitions*
United States

**WAL-MART STORES INC**  
*Dangerous sandblasting practice in supply chain*
China

**WAL-MART STORES INC**  
*Inadequate workplace safety at suppliers*
Bangladesh

**WAL-MART STORES INC**  
*Inadequate pay in supply chain*
Haiti

**WAL-MART STORES INC**  
*Labour rights violations in various countries*
United States

# OCEANIA

## ENGAGE LIST

**BHP BILLITON (2016)**  
Environmental and human rights violations caused by dam collapse

Brazil

### Change objective

BHP needs to identify the cause(s) of the dam failure; assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.

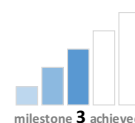


● good ↗ good ▲ better

**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.



● poor ↓ none ▼ better



**RIO TINTO (2008)**  
Environmental impacts from waste practises

Indonesia

Rio Tinto should exert pressure on Freeport to ensure responsible management of tailings and to address potential long-term legacy issues at Grasberg. Rio Tinto should adopt a policy of prohibiting the future use of riverine tailings disposal.

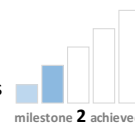


● good → standard ▲ same

**RIO TINTO (2017)**  
Corrupt practices

Guinea

Rio Tinto should ensure it has anti-corruption policies and procedures in place that are sufficient to prevent similar payments in the future. Encourage the internal investigation to assess similar operational circumstances for the period 2008 to July 2015 (the period when the two implicated CEOs were in charge). Confirm that there is a “claw-back” mechanism within senior management’s remuneration packages should similar breaches of procedures be identified in the future.



● standard → standard ► new

**WESFARMERS (2007)**  
Operations in occupied territory

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, 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 ▲ same

## EVALUATE LIST

RIO TINTO, WOOLWORTHS LTD

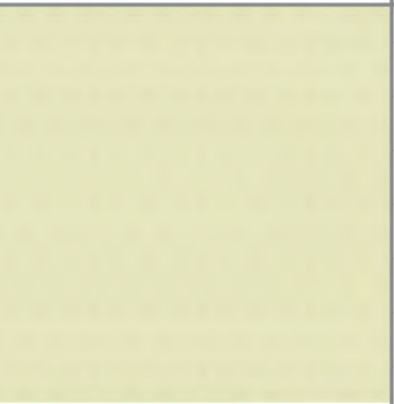


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**QUARTERLY ENGAGEMENT REPORT**  
**Q2 2017**





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ENGAGEMENT BRIEF	5
ENGAGEMENT SUMMARY REPORT	16
COMPANY DIALOGUE & PROGRESS SUMMARY	17

This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the second quarter of 2017.



# ABOUT ERSTE ASSET MANAGEMENT

Erste Asset Management is an international asset management company with a strong position in Central and Eastern Europe. Our activities are backed by the financial strength of Erste Group Bank AG.

We offer our clients a broad spectrum of high-quality investment funds and asset management solutions. We apply the highest quality to our clients' assets. This also goes for the comprehensive risk management of Erste Asset Management, which covers all our business areas.

Erste Asset Management attaches particular importance to providing responsible products and services. As a company we have dedicated ourselves to socially and environmentally agreeable behaviour.

We are proud of our employees and have become the employer of choice for specialists who wish to prove their talent in the various departments of Erste Asset Management.

## OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

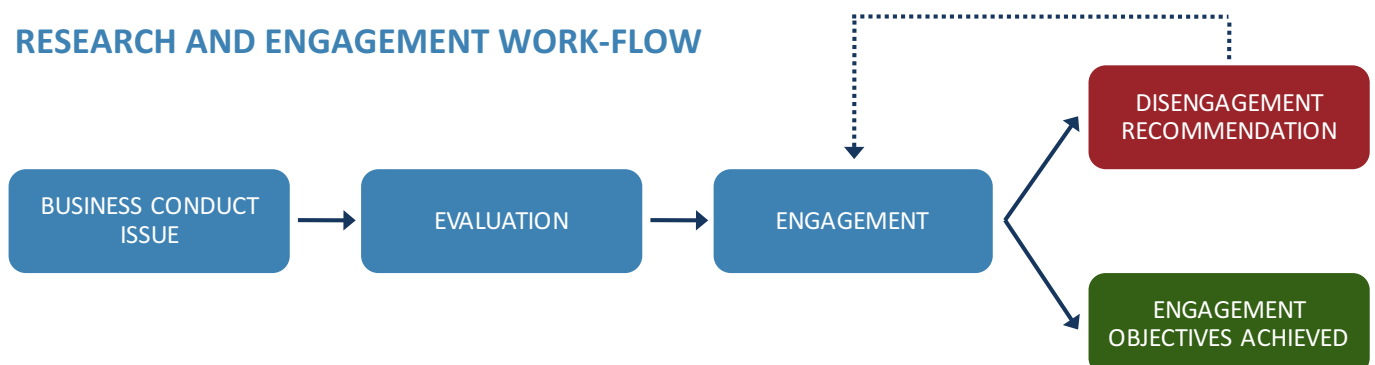
We believe that changes in business conduct drives changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies in collaboration with our service provider GES. 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
- 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



# ENGAGEMENT BRIEF

*Index of companies mentioned in this engagement brief*

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## GES BUSINESS CONDUCT ENGAGEMENT

### ACACIA MINING PLC

*Human rights violations by security forces - resolved*

**ACACIA MINING PLC (ACACIA)**, a subsidiary of **BARRICK GOLD CORPORATION**, was confronted by revelations of sexual assault against local women by security staff at its North Mara mine in Tanzania during 2011. An investigation by Acacia revealed that over a period of time, about 14 local women had been arrested at the mine site and then sexually assaulted by either company security guards or Tanzanian police.

Following the company investigation, which involved more than 200 interviews, Acacia instituted numerous changes including: changing the internal security provider, ensuring 24/7 management of security personnel, improving site fencing and surveillance and establishing a remedy mechanism. The remedy mechanism was criticised by NGOs, among other things, for not reaching all victims of sexual abuse.



*North Mara mining site, Acacia*

Acacia has since addressed many of the criticisms. North Mara also experienced regular mine intrusions by illegal miners, which resulted in several fatal clashes with mine security; the aforementioned changes in security arrangements, with the change from an open pit to a fully underground mine and the consequent downscaling of the operational area have resulted in a significant decrease in the number of intruders.

GES has been in dialogue with the company for a number of years via email exchanges and a number of face-to-face meetings. Although Acacia was originally occasionally defensive, the dialogue

has been generally constructive and Acacia has positively reacted to criticism with revisions to procedures. After NGOs complained about the lack of communication by the company of the grievance mechanism, Acacia now communicates the grievance mechanism through community liaison officers.

During a meeting in December 2016, the company agreed to increased transparency in its sustainability reporting, which was undertaken in April 2017.

Acacia also described the proactive approach that the company had undertaken at its prospective mine in Kenya, which includes community liaison over the exploratory works and agreements on working times with local communities (including night working where agreed), a compensation scheme for the exploratory works, remediation of exploratory areas, employment of a local Head of CSR, implementation of a grievance mechanism, employment of a team of local community liaison officers to raise awareness of the grievance mechanism and to educate local communities on the mine operations and to keep in check any unrealistic expectations.

Based on the improvements that the company has made, GES decided in June 2017 to resolve the case.

For further information, please contact:



**Bruce Jackson**

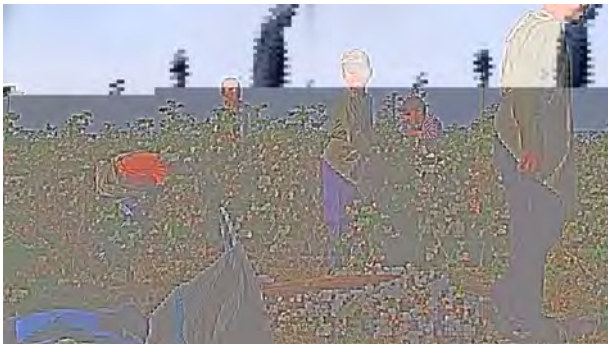
*Senior Engagement Manager*

## GES BUSINESS CONDUCT ENGAGEMENT

### HENNES & MAURITZ

*Addressing labour issues in its supply chain - resolved*

GES has been engaging with **HENNES & MAURITZ (H&M)** since 2009 over recurring allegations of labour rights violations in the company's supply chain. The case initially focused on Uzbek cotton, as H&M was accused of sourcing the material through a Bangladeshi supplier, but the engagement subsequently expanded to cover the risks and impacts of non-certified cotton in general as well as the working conditions throughout the value chain. Thanks to the commitment and leadership displayed by the company, GES decided to resolve the case in May 2017.



*Uzbek cotton field, Speaking Cotton film*

The garment sector has elevated social risks and as one of the largest players, H&M's operations are more in the spotlight of NGOs – and investors – than many of its peers. This reflects the fact that the company has more responsibility and power to address sector-wide problems than almost any other actor. Indeed, the risks have kept materialising over the years, and H&M is a constant target for reports highlighting labour rights and human rights violations in the garment supply chain. Apart from Uzbekistan, where forced labour and child labour in cotton cultivation are a long-standing problem, GES' analysis has included incidents in India, Ethiopia, Turkmenistan, Turkey, Cambodia and Burma.

H&M has generally addressed the reported breaches appropriately and progressively strengthened its supplier requirements and processes. It also provides one of the industry's most transparent supplier disclosure and frequently issues statements explaining its related actions. The incidents, nevertheless, illustrate a typical pattern for H&M:

violations within its supply chain in different countries surface intermittently, followed by the company responding promptly, accepting responsibility for rectifying the problem and stating its intention to use its leverage to push for broader improvements.

While GES expects this trend to continue, it recognises that the challenges are sector-wide and cannot be solved overnight, and overall H&M is a sector leader in corporate responsibility efforts. GES has had several written and in-person discussions with the company about various aspects of the issue to underline investor concerns and has obtained details about H&M's internal priorities and practices. The company is committed to leading the industry towards becoming more sustainable and responsible, and has backed this up with an ambitious strategy and concrete efforts. GES feels confident that H&M wants to utilise its size and leverage to effect improvements both individually, through its relationships with suppliers, and through cooperating with unions, NGOs, authorities and other stakeholders. Furthermore, it is clear that the company will do this regardless of investor engagement.

While H&M is not perfect and could do even more, GES is satisfied that the company is acting responsibly and strives to constantly mitigate risks and improve conditions within its sphere of influence. GES anticipates that H&M will continue to be associated with more incidents and will carefully assess any such allegations. However, given H&M's responsible approach to cotton sourcing and supply-chain working conditions, we now regard this case resolved. Should any new information emerge that calls this conclusion into question, GES will reconsider its stance.

Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Tytti Kaasinen**  
*Senior Engagement Manager*

### LONMIN PLC

*Fatal police violence in South Africa - resolved*

**LONMIN PLC (LONMIN)** is the operator of the Marikana platinum mine located close to Johannesburg, South Africa. In August 2012, about 3,000 workers at the Marikana mine went on an unofficial strike over wages and a lack of adequate housing. Violent clashes between rival unions, mine security guards and police resulted in 44 fatalities and over 70 injured.

On 15 June 2017, GES resolved the case due to the actions the company has undertaken since the strike of August/September 2012; including:

- Appointment of an Executive Manager of Sustainability and an Executive Vice President of Public Affairs and Communication;
- The provision of compensation packages for the families of the deceased;
- Joining the **UN GLOBAL COMPACT'S** Business for Peace initiative, and initiated a gap analysis of company operations against the UN Guiding Principles for Business and Human Rights;
- Improved union relations including a change in the representative union from the **NATIONAL UNION OF MINE-WORKERS (NUM)** to the **ASSOCIATION OF MINeworkERS AND CONSTRUCTION UNION (ACMU)**;
- Improved community relations between: the company, communities, and police, including regular community forums to address community and security concerns;
- The internal security personnel undertaking training in the Voluntary Principles, and;
- The current Memoranda of Understanding with the **SOUTH AFRICAN POLICE SERVICE**, which reportedly encourages the use of non-lethal force.

Lonmin has ring-fenced around USD 500 million for housing development between 2014 and the end of 2018, which shows Lonmin's renewed level of commitment to address the issue. The on-going housing construction and the ring-fencing of resources is a positive change, in comparison to a history of broken company promises in this area.

Efforts include:

- Conversion of 128 hostel units into a mixture of family and single units, completed in November 2014. From 2014 until 2018, the company is providing USD 100 million each year for new accommodation for its permanent employees with an aim of providing housing to 11,500 (approximately half its permanent workforce) by end of 2018.
- Lonmin has stated its aim to house the remaining 11,500 by the end of 2023. This will effectively make Lonmin the platinum mining industry leader in housing for its workers and their families.

The evidence would indicate that relations with the unions have improved since 2012. First of all, even though there was a prolonged official strike at the beginning of 2014, it ended peacefully. Following the strike, the company and the union worked together to ensure that operations were safely ramped-up to full production. Secondly, there have been at least two negotiated wage settlements conducted between Lonmin and AMCU without violence or strikes. And thirdly, at the end of 2015 almost 6,000 workers were laid-off. This was undertaken in consultation with AMCU and was completed without strikes or violence. The laid-off workers were given training opportunities and negotiated settlements. Fourthly, Lonmin has a Housing Forum with the union to discuss the strategy for the provision of housing for the Lonmin workforce.

Other improvements at Lonmin include the company establishing a "human rights working group" in August 2015, comprising representatives from all areas of the business including risk, security, health and safety, environment, labour, community, supply chain, legal, company secretarial and communications. Lonmin's Board adopted its current human rights policy in November 2015. The website states that the "policy is explicitly informed by the United Nations Guiding Principles on Human Rights, as well as the United Nations Universal Declaration of Human Rights and other international instruments".

## GES BUSINESS CONDUCT ENGAGEMENT

Lonmin has also requested that it holds biannual updates with GES, in order to inform GES and its investors on how its implementation of the Social and Labour Plan is progressing and in order for any other issues to be discussed.

Based on the improvements that the company has made, GES decided in June 2017 to resolve the case.

For further information, please contact:



**Bruce Jackson**

*Senior Engagement Manager*

### SEVEN & I HOLDINGS

*Labour rights violations at franchisees - resolved*

After three years of engaging with **SEVEN & I HOLDINGS**, GES now regards the case on labour rights violations at its franchisees as resolved. In 2013, US authorities seized 14 franchise stores of **7-ELEVEN INC.**, a subsidiary of Seven & I, because they had been employing illegal immigrants. Allegedly, the owners of these 14 franchisees had hired dozens of illegal immigrants and equipped them with identities stolen from US citizens and were taking substantial portions of their wages, generating over USD 182 million in proceeds from the 7-Eleven franchise stores. In 2015, allegations also emerged that **7-ELEVEN AUSTRALIA** was implicated in exploiting immigrant workers by using a systematic scheme in which workers had to put in longer hours than permitted but only received half of their pay.

After previously being slow, dialogue improved in late 2016, when Seven & I provided GES with its view on the labour rights issues at its franchisees and the measures it had implemented to address them.

In the US, several steps to train and encourage franchisees to comply with immigration and labour laws have been taken, such as advising them on wage laws and payroll information and pro-

viding online resources on minimum labour compliance. The company has also worked with the **US DEPARTMENT OF LABOR** and the **NATIONAL COALITION OF FRANCHISE OWNERS ASSOCIATION** to host training sessions and help educate franchisees regarding immigration forms and wage-and-hour requirements. In Australia, 7-Eleven implemented the **AUSTRALIAN FAIR WORK OMBUDSMAN'S** recommendations and launched a Wage Repayment Programme to identify and repay those franchisee staff that had not been paid their full entitlements.

While in dialogue with GES, the company also explained that it has a number of so-called Operation Fields Consultants (OFCs) in each market in which it operates. OFCs are responsible for providing a number of stores with store management consulting. These consultants are trained to constantly inform franchisees of their obligations under the franchise agreement to comply with all laws, including wage and hour laws. Also, the payroll system is designed to ensure that payments to franchisee employees comply with minimum wage requirements.

Due to the measures taken to address the situations at its franchisees in the US and Australia, GES assesses the company's response to the situation as satisfactory and regards the case as resolved.

For further information, please contact:



**Ellinor Hagebrink**

*Engagement Manager*

## GES BUSINESS CONDUCT ENGAGEMENT

### TRANSOCEAN

*Fatal explosion and major oil spill - resolved*

**TRANSOCEAN** has made material progress in the aftermath of the Macondo spill and from 5 June 2017, GES considers all revision criteria fulfilled. The company's earlier reluctance to respond to more detailed enquiries improved in the first half of 2017. GES is satisfied with the company's responses regarding improvements in HSE management systems, reporting, and due diligence across Transocean's operations.



*Deepwater Horizon burning, Wikimedia*

GES was in dialogue with Transocean after the accident happened in April 2010. The company described its role as a drilling contractor to **BP** as that of a tool and manpower provider, and that the responsibility for risks associated with well design and the execution of the drilling were BP's. The company has said that government focus on the blowout preventer during investigations since the Macondo blowout was misplaced. Transocean said it mainly agreed with the causes identified in BP's incident investigation report, but disagreed with the assigning of blame to Transocean and contractors.

During 2014, Transocean communicated to GES that improvements to the company's HSE management systems were underway and would soon be published on the company's website. The motivation for this was that Transocean was being forced to improve its systems under two special agreements with the **US ENVIRONMENTAL PROTECTION AGENCY** and **US DEPARTMENT OF JUSTICE** following the loss of Deepwater Horizon, the semi-submersible offshore drilling rig owned by Transocean. The changes applied to the US operations, and the agreements were posted on Transocean's website. Transocean at the time said it was rolling out a new global HSE

management system but did not provide further details.

GES tried to engage with the company in 2015 and 2016 through teleconference and email, but the company did not reply until April 2017, when GES coordinated and sent an investor letter to Transocean, requesting more details on the improvements within its HSE standards and culture. Following that letter, a telephone conference between Transocean's heads of HSE management and investors was arranged by GES. All of GES' and the investors' outstanding questions were satisfyingly answered by Transocean during the call.

GES received credible assurances by the company that, although the Consent Decree applies to US waters only, Transocean's HSE management system is global in its entirety. The company has a HSE adviser on every vessel. That role is very important in coaching the company's senior and junior people on how to properly use HSE tools on the job. The advisers report directly to the managers on a weekly basis.

When Transocean enters a drilling contract with one of its customers as part of a tender process, the company ensures the customer understands Transocean's HSE system. To secure its implementation, a bridging document is created between the customer's HSE management system and Transocean's, with Transocean taking primacy on the vessels. The company will use the customer's safety system wherever there are gaps, and so looks to meet the highest expectations of both management systems.

The company also described its plans to issue a sustainability report in the future, aggregating relevant reporting that is already public but presented in a format that is more helpful for investors.

Based on the improvements that the company has made, GES has decided in June 2017 to resolve the case.

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For further information, please contact:



**Flemming Hedén**

*Senior Engagement Manager*

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### BRITISH AMERICAN TOBACCO

*Facing labour issues in its supply chain*

Over the last couple of years, the media and non-governmental organisations have drawn attention to labour rights violations within **BRITISH AMERICAN TOBACCO'S (BAT)** supply chain in Indonesia and Bangladesh. In June 2016, the Stockholm-based organisation **SWED-WATCH** issued a report based on research carried out in three of BAT's tobacco cultivation areas in Bangladesh. The report found instances of child labour and debt bondage, as well as adverse health impacts of pesticides on workers.



*Tobacco cultivation, Indonesia*

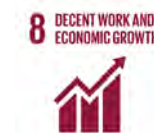
Tobacco harvesting and production is labour intensive. Harvesting is generally done manually, and work in tobacco production is hazardous for both adults and children. Workers use dangerous tools and may be exposed to intense heat and pesticides, including neurotoxins. Workers who harvest tobacco leaves without adequate protective equipment are also vulnerable to Green Tobacco Sickness, a condition caused by absorption of nicotine through the skin, which can cause nausea, weakness, headaches, and respiratory symptoms. Children are most vulnerable to these risks, as their bodies are still developing. As the Swedwatch report revealed, children often help their parents for extended hours during the harvest season and therefore cannot fully attend school.

GES has been in dialogue with BAT following the reports indicating improper labour practices in BAT's supply chain in Bangladesh. BAT stated it had verified the allegations with its local subsidiaries in Bangladesh, and explained that its

internal investigation had not provided any evidence to support the allegations presented in the Swedwatch report. In addition, BAT highlighted the fact that the annual self-assessment and on-site reviews conducted every four years by an independent body, **AB SUSTAIN**, had not revealed any noncompliance either. Furthermore, the company explained that it addressed social and environmental issues associated with growing and processing tobacco through the **SUSTAINABLE TOBACCO PROGRAMME**, an industry-wide initiative developed in collaboration with other manufacturers. The programme sets expectations of working conditions and labour standards for farmers, their families and hired workers, with a specific focus on child labour. It also provides a framework for improvement through annual self-assessments and on-site reviews. These on-site reviews include analysis of supplier policies, processes and practices.

BAT has expressed its commitment in addressing labour issues in its supply chain. However, the company still needs to ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular training on the main pillars of the Programme, including child labour prevention, safe working environments, fair treatment, and forced labour prevention. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks, and include the use of unannounced inspections. GES will continue to engage with the company. By doing so, GES is addressing SDG 8 on decent work and economic growth.

Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Ewelina Łukasik-Morawska**  
*Engagement Manager*

### THAI UNION GROUP

*Addressing labour issues in its supply chain*

For the last few years, Thailand has been identified as one of the countries with the highest incidence of human trafficking. The employment of low-cost migrant labour has provided a challenge for the country's authorities and the lack of proper enforcement of safety and labour standards has left many migrant workers vulnerable to human trafficking. **THAI UNION GROUP (TUG)** produces seafood and operates mainly in Thailand, but it is also present in other South East Asian countries, and is comparably exposed to human and labour rights risks. Given the severity of the human rights allegations, GES decided to engage with the company. Over the last three years, TUG has demonstrated a commitment to eradicating modern slavery and remaining actively engaged with industry, civil society and governments.



*Thai fishing vessels, Wikimedia Commons*

In 2015, TUG released a revised Business Ethics and Labour Code of Conduct, which was designed to guide employees, suppliers and business partners. TUG conducts internal and third-party audits to inspect manufacturing facilities and interview employees to ensure that suppliers and their sub-suppliers are in full compliance with TUG standards. TUG identifies the potential risks in its supply chain through supply-chain mapping and risk analysis. The company conducts an activity-based risk analysis for all its suppliers so that it can establish which suppliers are potentially high-risk for certain activities. Moreover, TUG is working with the **THAI GOVERNMENT** to drive port-state measures to eliminate Illegal, Unregulated and Unreported (IUU) seafood from its supply chain. In

Thailand, the company has implemented a vessel-to-processor traceability system that cross-references Marine Catch Purchase Documentation with the **THAI DEPARTMENT OF FISHERIES**. In addition to addressing IUU, this process works to ensure that labour is legal.

Migration and recruitment of migrant workers has been recognised as one of the highest risk areas in which workers often become involved in forced labour or debt bondage. Therefore, TUG has focused on reducing the potential for abuse and extortion by agents and brokers. The company has mapped recruitment processes, in cooperation with the **MIGRANT WORKER RIGHTS NETWORK** and the **ISSARA INSTITUTE** providing oversight of the process and assisting with effective communication with workers on safe and legal migration. In 2016, TUG issued an Ethical Migrant Worker Recruitment Policy and eliminated recruitment fees for all workers in its factories and processing plants, effective for all future recruitment of workers both from Thailand and overseas.

TUG has demonstrated its commitment in addressing labour issues in its supply chain. However, the company still has to ensure effective implementation of its Code of Conduct and Recruitment Policy. Also, progress should be reported publicly, together with information about any challenges and failures identified during independent third-party assessments. GES will continue to engage with the company and monitor for further developments in closing such gaps. In doing so, GES is promoting UN Sustainable Development Goal 8 that aims to protect labour rights and ensure safe and secure working environments for all workers.

Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Ewelina Łukasik-Morawska**  
*Engagement Manager*

### WAL-MART STORES

*Labour rights violations in various countries*

In May 2017, GES decided to restore the Engage recommendation for **WAL-MART STORES (WAL-MART)**. The labour rights case against the company started in 2003 and GES had been recommending disengaging from Wal-Mart since April 2014. This was due to the company's persistent low performance and poor responsiveness over several years, the severity and systematic nature of the incidents, and the fact that it was continuously being linked to new breaches of labour rights in different parts of its business and in various geographies. In GES' view, not only did Wal-Mart have significant outstanding issues it had not rectified, but also the company's approach to labour standards left it exposed to further material incidents in the future. Furthermore, Wal-Mart had appeared largely uninterested in responding to investor concerns and, consequently, there was very little to no opportunity to positively influence its corporate behaviour through engagement.



*Walmart store exterior, Flickr*

However, in 2015, there began to be indications that meaningful changes in Wal-Mart's labour risk management were under way, with the company starting to take concrete measures to tackle legacy issues as well as to proactively mitigate further incidents. GES succeeded in re-establishing contact with Wal-Mart and conference calls were held in November 2015 and January 2016, but this responsiveness did not last. During 2016, however, the company continued to announce further improvements relating to working conditions both in its stores and supply chain. Unfortunately, its non-responsiveness also continued, and in early 2017, GES coordinated an investor letter to seek a

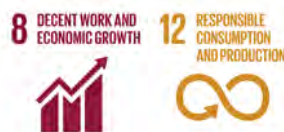
renewed dialogue with the company. Signed by twelve GES' clients, the letter to Wal-Mart's VP of Investor Relations acknowledged the encouraging developments but also underlined the importance of two-way communications with investors.

A constructive call discussing Wal-Mart's approach to managing social issues was subsequently held in mid-April 2017. In a conversation with GES ahead of the call, Wal-Mart pointed out that it is unable to respond to all enquiries but recognised the value and effectiveness of reaching several investors through the GES-coordinated dialogue. Wal-Mart further followed up the call by sending additional material and reiterating its interest in a continued dialogue.

Given the positive developments in Wal-Mart's performance and responsiveness, GES deems there to be potential for investors to have an impact through active ownership. Accordingly, GES concludes it to be appropriate to revise its recommendation to Engage. The next step is to seek more reassurance from the company, encourage further improvements, and assess if its actions might satisfy some of the revision criteria. GES' change objective for this case is for Wal-Mart to cease and mitigate non-compliance in areas related to labour rights and to strengthen its corresponding policies and guidelines.

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Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Tytti Kaasinen**

*Senior Engagement Manager*

### MOTOROLA SOLUTIONS

*Human rights violations in the occupied  
Palestinian territories*

After years of multifaceted engagement, **MOTOROLA SOLUTIONS (MOTOROLA)** clearly communicated to GES that it sees no need to change how it manages human rights or how it operates. This follows a pattern of how the company has reacted to related shareholder resolutions and other types of engagement in the past.

Motorola's US head office earlier confirmed to GES that it "has sold radar surveillance systems in Israel" but due to "security reasons", the company "cannot comment on the exact locations where the systems are deployed". The company also stated that the systems "are designed and used for defensive protection in limited areas by providing early warning of an offensive intrusion". It further stated that all of Motorola's global activities were "conducted in strict accordance with U.S., local, country and all other applicable laws, as well as the company's own code of business conduct which is designed to ensure that operations worldwide are conducted using the highest standards of integrity and ethical business conduct applied uniformly and consistently". Motorola has declined to comment on the issue further.

GES tried unsuccessfully to set up a meeting with the company in Chicago in spring 2015. GES' CEO, and subsequently a number of investors, sent letters to Motorola's CEO and Chairman of the board in attempts to make the dialogue meaningful. At no point has the company changed or offered to discuss human rights impacts on the occupied Palestinian territories (OPT) from its operations. When GES pointed to a need to manage more general human rights issues, such as the need to cover the use of products, the company responded that it saw no need to revise how it manages human rights. GES does not see any positive outcomes from investor engagement with the company. Although there have been meetings with the company, they have not moved any discussed issues forward.

When faced with the risk of investor disengagement as a result of this the company stated:  
*"...there are no effective gaps between Motorola*

*Solutions' Human Rights Policy ("Policy") and internationally recognized human rights standards. Our Policy aligns, in every material respect, with the tenets of the ILO's fundamental conventions and the UN Declaration of Human Rights. Motorola Solutions' practices and policies comply with the laws of the countries in which we operate, and we are an active member of the EICC, whose mission is consistent with internationally recognized human rights principles."*

In 2015, to avoid any misunderstandings regarding the nature of Motorola Solutions' ongoing involvement in operations in the OPT, GES secured pictures of Motorola-labelled radar-fence equipment. The photos were dated and geotagged to places that could be independently verified as illegal settlements.



*Motorola-labelled equipment on an entrance road to the Hayovel outpost, GES*

GES presented this information to Motorola and encouraged the company to correct any misunderstanding from GES' side. The company has chosen not to comment on this. When GES visited illegal settlements in the OPT, equipment resembling the Motoeagle surveillance system was seen. GES asked the settlement representative about this, but the representative declined to comment.

In June 2017, GES decided to disengage from the company. GES is prepared to reengage with the company if it becomes open to revising its position on the matter.

For further information, please contact:



**Flemming Hedén**  
*Senior Engagement Manager*

### HEWLETT PACKARD ENTERPRISE

*GES assessment and updated conclusion*

GES has researched and evaluated **HEWLETT PACKARD ENTERPRISE** known as **HPE**, (formerly Hewlett-Packard Co) and its involvement in the **BASEL SYSTEM**, an automated biometric access control system for checkpoints in the occupied Palestinian territories (OPT). Reportedly, the system was provided through **EDS ISRAEL**, a subsidiary of Hewlett-Packard, to the **ISRAELI MINISTRY OF DEFENCE**. The Palestinians living in the West Bank and Gaza are affected daily by the checkpoint system and the separation wall. In 2004, the **INTERNATIONAL COURT OF JUSTICE** found the construction of a wall in the OPT and in East Jerusalem to be illegal under international law and called on Israel to cease it.



*GES visit at the Bethlehem checkpoint in April 2013, GES*

In the research and dialogue with GES, HPE stated that the system was designed to help the people passing through the settlement wall. When GES visited Israel and Palestine in 2013, this was one of the issues GES researched. The findings at that stage was that the system in use did not make any difference for the people passing through, it neither helped or hindered them. The context itself is controversial and GES has continuously encouraged HPE to hold a stakeholder dialogue to

ensure that their understanding of how the system makes the passing easier is supported, however a stakeholder dialogue has never taken place. Meanwhile, GES has not had sufficient information to confirm that HPE was violating international norms even though the company was present in a complex and controversial context. The Basel contract expired in December 2016 and was not renewed, and there is no service contract to support the system once the contract ended.

Since January 2017, HPE does not have any existing contracts regarding the Basel system. Furthermore, in April 2017, HPE spun-off its **ENTERPRISE SERVICES** group (the entity supporting the Basel system) which then merged with **CSC** to form **DXC TECHNOLOGY**. At the time of the spin/merge, the Basel system did not belong to, and was not supported by, any of the companies. However, if there were any questions regarding the Basel system from its users, HPE assumes that they would be directed towards DXC Technology. HPE clarified that since the contract expired, there is no expectation from HPE/DXC to provide any further technical support. This information was communicated to GES in a meeting held with HPE in June 2017. Due to this new information, GES has decided to archive the case.

GES is aware than many other stakeholders have, in various ways, confirmed that HPE is compliant in violating international norms due to its, now, former involvement in the checkpoints. However, in GES' view of assessing companies operating in this context, the information and involvement has not been assessed as strong enough to confirm a violation.

Contribution to Sustainable Development Goal(s):

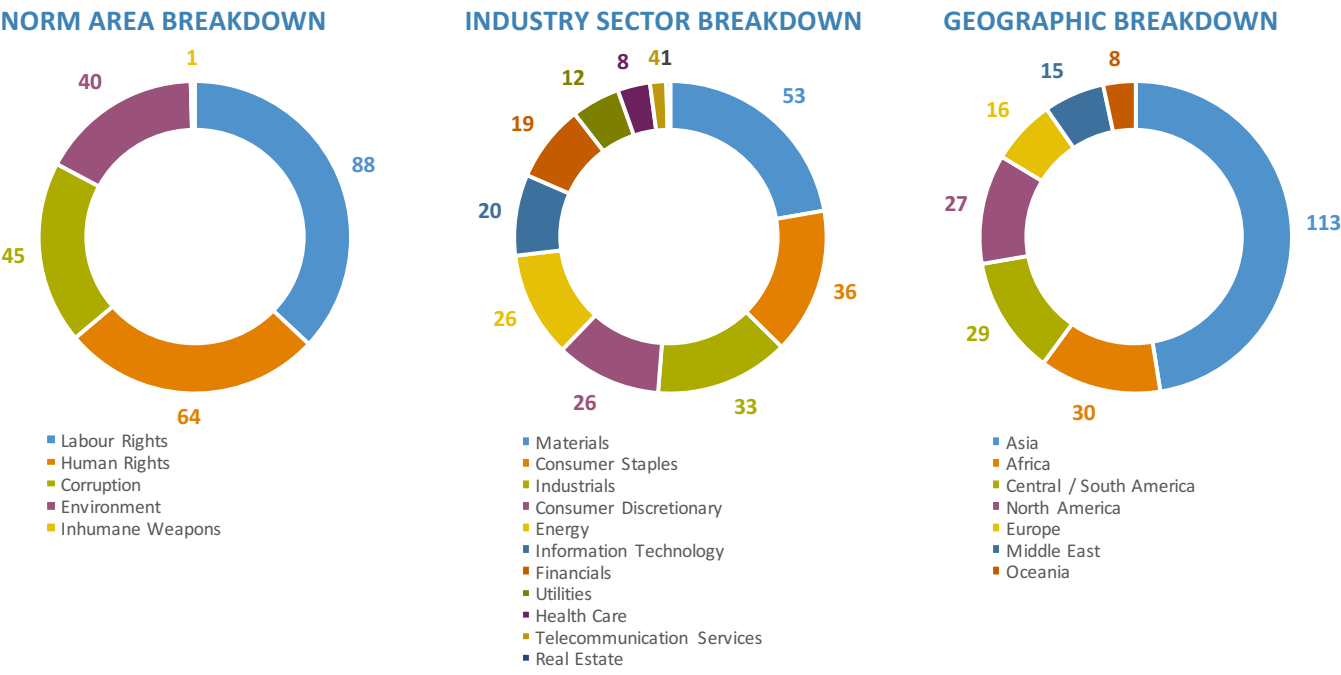


For further information, please contact:



**Aurora Samuelsson**  
*Senior Engagement Manager*

# ENGAGEMENT SUMMARY REPORT



## ENGAGEMENT MAP



During Q2 2017 GES has been in active dialogue with companies as well as external sources associated to **238** business conduct issues.

- In **94** “engage” cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.
- In **144** “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

Country	<p>The country in the list indicates where the business conduct issue occurred.</p> <p>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>
Year	<p>The year shows when the case was upgraded to Engage status.</p>
Response	<p>The indicator describes how the company responds to GES' inquiries.</p> <div><div></div> excellent</div> <div><div></div> good</div> <div><div></div> standard</div> <div><div></div> poor</div> <div><div></div> none</div>
Progress	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> <div><div></div> excellent</div> <div><div></div> good</div> <div><div></div> standard</div> <div><div></div> poor</div> <div><div></div> none</div>
Performance	<p>The indicator describes the combined company progress and response performance.</p> <div><div></div> High performance: good or excellent response and / or progress of the business conduct issue</div> <div><div></div> Medium performance: standard level of response and progress</div> <div><div></div> Low performance: poor or no response in combination with poor or no progress</div> <p><b>new</b>, same, better or worse – indicates the change in development since the last quarterly report.</p>
Time	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div><div></div><p>After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective.</p></div>
Milestone	<p>The indicator describes the milestone achieved.</p> <div><div></div><p>Milestone 1: Initial communication sent to the engagement company Milestone 2: Dialogue established Milestone 3: Company commits to address issue Milestone 4: Company develops a strategy to address issue(s) Milestone 5: Issue(s) resolved / strategy effective</p></div>

# AFRICA

## ENGAGE LIST

ANGLOGOLD ASHANTI, IMPALA PLATINUM

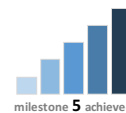
## RESOLVED LIST

**SEVEN & I HOLDINGS**  
*Labour rights violations*

India

### Change objective

GES has decided to resolve this case as Seven & I has shown how it works to ensure franchisees are aware of and follow its Code of Corporate Conduct, along with monitoring systems to detect potential labour law violations within franchisees' operations.



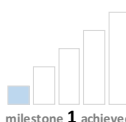
## ENGAGE LIST

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

India

### Change objective

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.



● poor

↘ poor

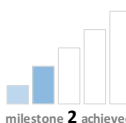
▼ same



**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.



● standard

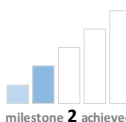
↘ poor

▶ 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

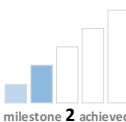
→ standard

▶ 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.



● standard

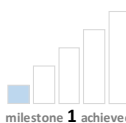
↘ poor

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**COAL INDIA LIMITED (2016)**  
*Deadly accidents at workplace*

India


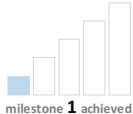
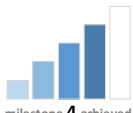
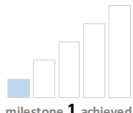
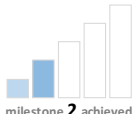
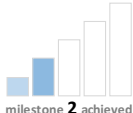
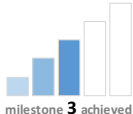

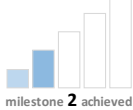
Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently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

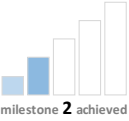
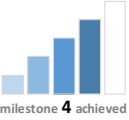
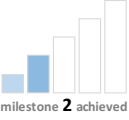
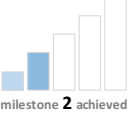

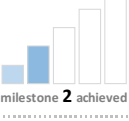
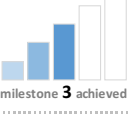
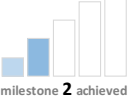



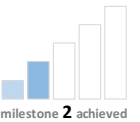
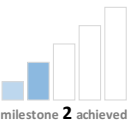
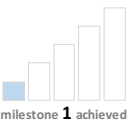

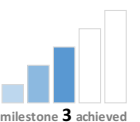
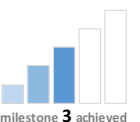
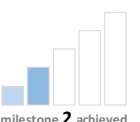
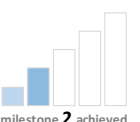
● standard

→ standard

▶ same

<b>COAL INDIA LIMITED (2017)</b> <i>Human rights violations</i>	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.		 milestone 1 achieved
● poor ↘ poor ▼ new				
<b>FAST RETAILING CO (2016)</b> <i>Labour rights violations in supply chain</i>	China	Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain, and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk, and addressing any shortcomings in this area.		 milestone 4 achieved
● standard → standard ► same				
<b>FELDA GLOBAL VENTURES (2017)</b> <i>Human rights violations</i>	Malaysia	Felda should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused/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.		 milestone 1 achieved
● good ↗ good ▲ new				
<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.		 milestone 2 achieved
● standard → standard ► same				
<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Poor working conditions</i>	China	Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.		 milestone 2 achieved
● standard → standard ► same				
<b>HYUNDAI HEAVY INDUSTRIES CO LTD (2016)</b> <i>Recurring workplace accidents</i>	South Korea	Hyundai Heavy Industries should fully address and improve gaps in the company's health & safety management systems. It should also be more transparent with regards to publicly available information on its HSE performance		 milestone 3 achieved
● good → standard ▲ better				
<b>KASIKORNBANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	Kasikornbank 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.		 milestone 4 achieved
● good → standard ▲ same				
<b>KRUNG THAI BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	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.		 milestone 2 achieved
● standard ↓ none ► same				

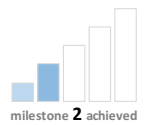
<b>NINTENDO CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.	<div> <div>● standard</div> <div>↘ poor</div> <div>▶ same</div> </div> 
<b>PEGATRON (2015)</b> <i>Poor working conditions</i>	China	Pegatron should prevent labour rights violations and ensure that it follows industry standards, such as the EICC's Code of Conduct. The company should be more transparent about actions it takes towards incidents, enforcement and remedial measures as well as audits. The company should also strengthen its reporting practices and disclose more viable information.	<div> <div>● good</div> <div>↗ good</div> <div>▲ same</div> </div> 
<b>POSCO (2010)</b> <i>Environmental and human rights violations in steel project</i>	India	POSCO should conduct comprehensive environmental and human rights impact assessments in consultation with local communities and ensure that it takes all steps to become aware of, prevent and address the adverse environmental and human rights impacts linked to the Odisha project. It should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights.	<div> <div>● standard</div> <div>↘ poor</div> <div>▶ same</div> </div> 
<b>POSCO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project, and 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.	<div> <div>● standard</div> <div>↘ poor</div> <div>▶ same</div> </div> 
<b>POSCO (2012)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ same</div> </div> 
<b>POSCO DAEWOO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	Daewoo 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.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ same</div> </div> 
<b>POSCO DAEWOO (2010)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ same</div> </div> 
<b>PTT PCL (2011)</b> <i>Biodiversity and food security impacts related to dam project on the Mekong River</i>	Laos	PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ same</div> </div> 

<b>SAMSUNG ELECTRONICS (2014)</b> <i>Poor working conditions in various countries</i>	China	<p>Samsung should ensure that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and its suppliers. The company should strengthen its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company should be more transparent with reporting.</p>	
● standard → standard ► same			
<b>SAMSUNG ELECTRONICS (2017)</b> <i>Corrupt practices</i>	South Korea	<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>	
● standard → standard ► better			
<b>SIAM COMMERCIAL BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	<p>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.</p>	
● standard ↘ poor ► same			
<b>SUN HUNG KAI PROPERTIES (2016)</b> <i>Human rights violations in various countries</i>	Nauru	<p>Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.</p>	
● poor ↘ poor ▼ same			
			
<b>THAI UNION GROUP (2017)</b> <i>Environmental impact caused by online trade of endangered species</i>	Thailand	<p>TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy, Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	
● good ↗ good ▲ new			
<b>TOKYO ELECTRIC POWER COMPANY (2011)</b> <i>Unsafe nuclear power production</i>	Japan	<p>TEPCO should ensure it operates its nuclear power plants safely, safely decommissions Fukushima Dai-ichi and that the negative effects from the Fukushima Dai-ichi nuclear accidents are remediated and compensated. Ensure that the company considers all options for future power production in order for nuclear to get a balanced role.</p>	
● standard → standard ► same			
<b>YAHOO JAPAN CORP (2016)</b> <i>Environmental impact caused by online trade of endangered species</i>	Japan	<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>	
● standard ↓ none ► same			
<b>ZIJIN MINING GROUP (2015)</b> <i>Environmental impacts from waste practices</i>	Papua New Guinea	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	
● poor → standard ► better			

**ZIJIN MINING GROUP (2015)**  
Human rights violations in mining operation

Papua New Guinea

Zijin Mining Corp should demonstrate that an effective remedy framework is in place to compensate women who were sexually abused by security personnel at Porgera. The company should also demonstrate compliance with the Voluntary Principles on Security and Human Rights. Policies and procedures should be aligned with international standards on resettlement and compensation.

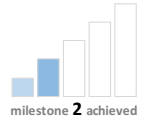


● poor    ↗ good    ► better

**ZTE CORP (2017)**  
Environmental and human rights impacts caused by purchasing tin

Indonesia

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.



● poor    ↘ poor    ▼ same

low performance

## EVALUATE LIST

AGRICULTURAL BANK OF CHINA, ALUMINUM CORPORATION OF CHINA, ASUSTEK COMPUTER INC, BHARAT HEAVY ELECTRICALS LIMITED, BYD COMPANY, CHINA COMMUNICATIONS CONSTRUCTION CO, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP, ELECTRICITY GENERATING, GUANGZHOU AUTOMOBILE GROUP, HANWHA CHEMICAL CORP, HINDALCO, HONDA MOTOR CO, HTC CORP, HYUNDAI MOTOR COMPANY, INDOFOOD SUKSES MAKMUR, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, KOREA ELECTRIC POWER CORPORATION, KT&G, LG CHEMICAL, LG CORP, LG ELECTRONICS, NTPC, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, OLYMPUS CORP, PANASONIC CORPORATION, PETROCHINA, POSCO, POSCO DAEWOO, RELIANCE INDUSTRIES, SAMSUNG ELECTRONICS, SAMSUNG HEAVY INDUSTRIES, SAMSUNG SDI, SINA CORP, SINGAPORE TECHNOLOGIES ENGINEERING, SK HOLDINGS, SUMITOMO CORP, TATA POWER, TATA STEEL, TDK CORP, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, WILMAR INTERNATIONAL LIMITED, ZTE CORP

**DISENGAGE LIST**

**HANWHA CORPORATION**

*Involvement in cluster munitions*

South Korea

# CENTRAL / SOUTH AMERICA

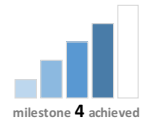
## ENGAGE LIST

**CEMEX (2016)**  
*Illegal settlements in occupied territories*

Palestine

### Change objective

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.

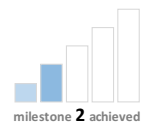


● good ↗ good ▲ better

**ELETROBRAS (2016)**  
*Corruption practices*

Brazil

Eletrobras 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.

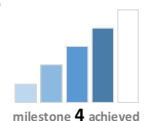


● standard → standard ► same

**ELETROBRAS (2011)**  
*Violation of indigenous peoples' rights*

Brazil

Eletrobras should recognise the rights of indigenous peoples as stipulated in relevant international norms. The company should also ensure that resettled people and other people affected by the dam are compensated and consulted in accordance with international norms. Appropriate environmental mitigation programmes should be carried out and verified by an independent third party.



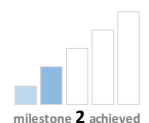
● good ↗ good ▲ same

**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.

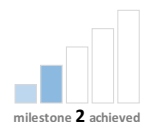


● poor ↘ poor ▼ same

**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.

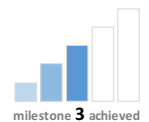


● standard ↘ poor ► same

**PETROBRAS (2015)**  
*Corrupt practices*

Brazil

Petrobras 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.

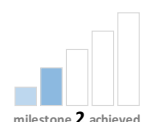


● standard → standard ► same

**SOUTHERN COPPER CORPORATION (2016)**  
*Human rights violations in mining project*

Peru

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.



● standard ↘ poor ► same

VALE SA (2016)

*Environmental and human rights  
violations caused by dam collapse*

Brazil

Vale should identify the cause(s) of the dam failure, assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.

● good

→ standard

▲ same



## EVALUATE LIST

BRASKEM SA, BRF SA, COMPANHIA SIDERURGICA NACIONAL, ECOPETROL, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SAB DE CV, PETROBRAS, SUZANO PAPEL E CELULOSE

# EUROPE

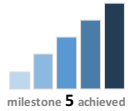
## RESOLVED LIST

**HENNES & MAURITZ (2010)**  
Recurring violations in the cotton supply chain

Uzbekistan

### Change objective

H&M has taken appropriate measures to trace its cotton back to the source in order to proactively address social risks at different stages within its supply chain. The company has tried to ensure that it does not source any cotton originating from Uzbekistan, or otherwise produced using forced labour.



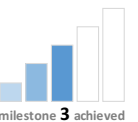
## ENGAGE LIST

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

Turkey

### Change objective

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.

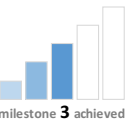


● standard → poor ► same

**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.

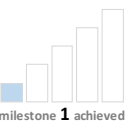


● standard → standard ► same

**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.

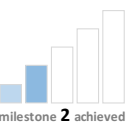


● good → standard ▲ new

**DEUTSCHE POST (2015)**  
Anti-union practices

India

Deutsche Post should ensure its Code of Conduct is observed throughout its global operations, including subsidiaries. This refers to the CoC generally and freedom of association specifically. DP should ensure it has accurate processes to manage employee complaints, and report more transparently on the number of complaints and the measures taken to ensure compliance with the code.

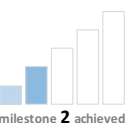


● standard → standard ► same

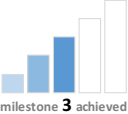
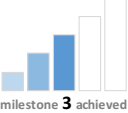






**DEUTSCHE TELEKOM (2016)**  
Anti-union practices at subsidiary

United States

Deutsche Telekom should ensure that the alleged practices of hindering freedom of association at T-Mobile US (TMUS) will cease and the subsidiary will engage in a dialogue with employees supporting unionisation. Deutsche Telekom should assure that TMUS' management of labour rights is aligned with the ILO core conventions.



● standard → standard ► same

<b>ENI (2015)</b> <i>Corrupt practices</i>	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.	 milestone 3 achieved
● standard → standard ► same			
<b>FERROVIAL (2015)</b> <i>Human rights violations in various countries</i>	Nauru	Ferrovial should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.	 milestone 3 achieved
● good → standard ▲ better			
<b>G4S (2011)</b> <i>Human rights violations in occupied territories</i>	Palestine	G4S should properly investigate and address its activities allegedly in breach of International Humanitarian Law. The company should implement measures to prevent such allegations in the future and improve the risk assessment of its activities in high risk zones.	 milestone 4 achieved
● excellent ↗ good ▲ same			
<b>GLAXOSMITHKLINE (2015)</b> <i>Corrupt practices</i>	China	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.	 milestone 4 achieved
● standard → standard ► same			
<b>GLENCORE PLC (2015)</b> <i>Operations in occupied territory</i>	Western Sahara	Glencore 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 3 achieved
● standard → standard ► better			
<b>GLENCORE PLC (2013)</b> <i>Environmental impact from pollution incidents</i>	Australia	Glencore should show that lead from the Mt Isa Mine is no longer a concern to the local community and should manage any issues in an appropriate manner. At McArthur River, there should be a costed and practical remediation plan for the mine addressing potential legacy issues e.g. acid rock discharge.	 milestone 4 achieved
● standard → standard ► same			
<b>HEIDELBERGCEMENT (2015)</b> <i>Violations of international law in occupied territories</i>	Palestine	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.	 milestone 3 achieved
● excellent ↗ good ▲ same			
<b>HSBC HOLDINGS (2016)</b> <i>Recurring incidents of money laundering in various countries</i>	United States	HSBC should implement systems and controls that prevent financial crime and money laundering and demonstrate that they are robust and universally applied.	 milestone 4 achieved
● good → standard ▲ same			

<b>KGHM (2017)</b> <i>Recurring fatal accidents</i>	Poland	KGHM should ensure it has internationally recognised health and safety policies, procedures and training for its workforce and suppliers.	<div><div></div><div>3 months</div><div>low performance</div></div>	<div><div></div><div></div><div></div><div></div></div> <div>milestone 1 achieved</div>
<div><div>● poor</div><div>↓ none</div><div>▼ same</div></div>				
<b>LEONARDO (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.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 3 achieved</div>
<div><div>● good</div><div>↗ good</div><div>▲ same</div></div>				
<b>LINDT &amp; SPRUENGLI AG (2011)</b> <i>Child labour in cocoa industry</i>	Ghana	Lindt and 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, 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.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 3 achieved</div>
<div><div>● excellent</div><div>↗ good</div><div>▲ same</div></div>				
<b>NESTLÉ SA (2009)</b> <i>Child labour in cocoa industry</i>	Ghana	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, 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.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 3 achieved</div>
<div><div>● excellent</div><div>↗ good</div><div>▲ same</div></div>				
<b>NESTLÉ SA (2017)</b> <i>Labour rights violations</i>	Thailand	Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 4 achieved</div>
<div><div>● good</div><div>→ standard</div><div>▲ same</div></div>				
<b>NORDEA BANK (2015)</b> <i>Money laundering</i>	Sweden	Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority is 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.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 4 achieved</div>
<div><div>● standard</div><div>→ standard</div><div>▶ same</div></div>				
<b>NORILSK NICKEL (2010)</b> <i>Environmental and health impacts from metal extraction operations</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 CBD.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 4 achieved</div>
<div><div>● good</div><div>↗ good</div><div>▲ better</div></div>				
<b>NOVARTIS AG (2017)</b> <i>Corrupt practices</i>	Turkey	Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level, and reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.		<div><div></div><div></div><div></div><div></div></div> <div>milestone 1 achieved</div>
<div><div>● standard</div><div>→ standard</div><div>▶ same</div></div>				

<b>ROYAL DUTCH SHELL (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.	<div> <div>● standard → standard ► same</div> </div>
<b>ROYAL DUTCH SHELL (2009)</b> <i>Human rights violations resulting from pollution and environmental damage</i>	Nigeria	Shell should have a detailed program in place to address the recommendations of the UNEP's Environmental Impact 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.	<div> <div>● good → standard ▲ same</div> </div>
<b>SIEMENS (2017)</b> <i>Operations in occupied territory</i>		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.	<div> <div>● standard → poor ► same</div> </div>
<b>TELIA COMPANY AB (2012)</b> <i>Corrupt practices</i>	Uzbekistan	Telia Company should deploy an anti-corruption programme adapted to 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.	<div> <div>● excellent ↗ good ▲ same</div> </div>
<b>VINCI (2015)</b> <i>Exploitation of migrant workers</i>	Qatar	Vinci should adopt a human rights policy in line with the UN Global Compact and the basic ILO conventions on labour rights. The policy should cover the company's worldwide operations, including subsidiaries and subcontractors. In addition, the company should make sure it has the appropriate systems in place to make sure the policy is followed at all its operations.	<div> <div>● good ↗ good ▲ same</div> </div>
<b>VOLKSWAGEN (2016)</b> <i>Environmental impact caused by emissions defeat device</i>	United States	VW should ensure the Supervisory Board has the necessary skills and independence and ensure oversight of the company's risk and its management systems. Furthermore, VW needs to appoint a management board executive accountable for environment and consumer protection.	<div> <div>● standard → standard ► better</div> </div>
<b>VTB BANK (2011)</b> <i>Financing of project with environmental risks</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.	<div> <div>● standard → standard ► same</div> </div>

# EVALUATE LIST

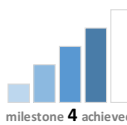
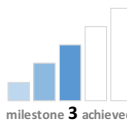
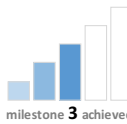
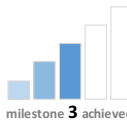

AIRBUS GROUP, ALSTOM, AP MOLLER MAERSK, BOLIDEN, BRAIT SE, BRITISH AMERICAN TOBACCO, DEUTSCHE BANK, ELECTRICITE DE FRANCE, ENEL, ENGIE, ENI, FIAT CHRYSLER AUTOMOBILES, GAMESA CORPORACION TECNOLOGICA SA, HEIDELBERGCEMENT, INVESTOR AB, LAFARGEHOLCIM, LUKOIL, NESTLE SA, RECKITT BENCKISER, RENAULT, REPSOL SA, ROSNEFT, SHIRE PLC, TENARIS SA, THALES, THYSSENKRUPP, TOTAL SA, UNILEVER, WARTSILA OYJ ABP, VEOLIA ENVIRONNEMENT SA, VOLKSWAGEN AG

# DISENGAGE LIST

<b>AIRBUS GROUP</b> <i>Nuclear weapons programmes</i>	France
<b>BAE SYSTEMS</b> <i>Nuclear weapons programmes</i>	United Kingdom
<b>LEONARDO SPA</b> <i>Nuclear weapons programmes</i>	France
<b>SAFRAN GROUP</b> <i>Nuclear weapons programmes</i>	France

# MIDDLE EAST

## ENGAGE LIST

		Change objective	
<b>AKBANK (2010)</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	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.	
<div> <span>● standard</span> <span>→ poor</span> <span>▶ same</span> </div>			
<b>BANK HAPOALIM (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	
<div> <span>● good</span> <span>↓ none</span> <span>▶ same</span> </div>			
<b>BANK LEUMI (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	
<div> <span>● good</span> <span>↓ none</span> <span>▶ same</span> </div>			
<b>MIZRAHI TEFAHOT BANK LTD (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	
<div> <span>● good</span> <span>↓ none</span> <span>▶ same</span> </div>			
<b>TURKIYE GARANTI BANKASI (2010)</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	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.	
<div> <span>● good</span> <span>→ standard</span> <span>▲ same</span> </div>			

## EVALUATE LIST

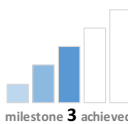

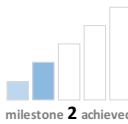

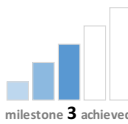
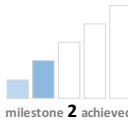
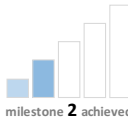
GLOBAL TELECOM HOLDING SAE

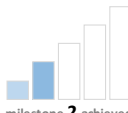
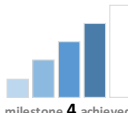
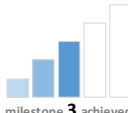
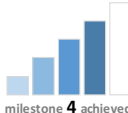
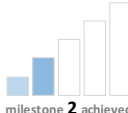
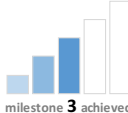
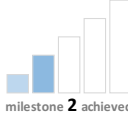
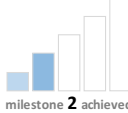
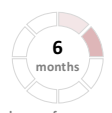
# DISENGAGE LIST

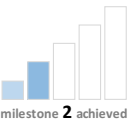
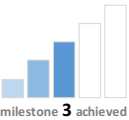
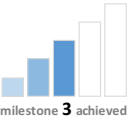
<b>ELBIT SYSTEMS</b> <i>Security systems for illegal separation barrier in occupied territories</i>	Palestine
<b>TURKIYE HALK BANKASI</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey

# NORTH AMERICA

## ENGAGE LIST

		Change objective	
<b>AGRIUM (2014)</b> <i>Operations in occupied territory</i>	Western Sahara	Agrium 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.	 milestone 3 achieved
● standard   ➤ poor   ▶ same			
<b>APPLE INC (2009)</b> <i>Labour rights violations at suppliers</i>	Taiwan	Apple should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.	 milestone 4 achieved
● poor   ↗ good   ▶ same			
<b>BARRICK GOLD CORP (2009)</b> <i>Human rights violations in mining operation</i>	Papua New Guinea	Barrick should demonstrate that an effective remedy framework is in place to compensate women who were sexually abused by security personnel at Porgera. The company should also demonstrate compliance with the Voluntary Principles on Security and Human Rights. Policies and procedures should be aligned with international standards on resettlement and compensation.	 milestone 2 achieved
● good   ↗ good   ▲ same			
<b>BARRICK GOLD CORP (2009)</b> <i>Environmental impacts from waste practices</i>	Papua New Guinea	Barrick should manage its tailings at Porgera responsibly and commit to remediating the impacted environment. Barrick should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges.	 milestone 4 achieved
● standard   → standard   ▶ same			
<b>CROWN HOLDINGS (2016)</b> <i>Anti-union practices in several countries</i>	Turkey	Crown Holdings needs to make sure that its policies and processes are in compliance with ILO conventions referring to the right to organise and collective bargaining.	 milestone 3 achieved
● poor   → standard   ▶ same			
<b>ENBRIDGE (2016)</b> <i>Violations of indigenous peoples' rights</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 2 achieved
● good   ➤ poor   ▶ better			
<b>FREEPORT MCMORAN (2009)</b> <i>Environmental impacts from waste practices</i>	Indonesia	Freeport should manage its tailings at Grasberg responsibly and commit to remediating the impacted environment. Freeport should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges.	 milestone 2 achieved
● good   → standard   ▲ same			

<b>FREEPORT MCMORAN (2009)</b> <i>Human rights violations by security forces</i>	Indonesia	Freeport should demonstrate that its regular payments to Indonesian police and military are being administered in a fully transparent manner and do not contribute to human rights abuses. The company should demonstrate implementation of the Voluntary Principles on Security and Human Rights.	
● standard → standard ► same			
<b>GOLDCORP (2008)</b> <i>Violations of indigenous peoples' rights</i>	Guatemala	Goldcorp should, as a part of integrating human rights due diligence at its operations, ensure adequate representation of indigenous communities in all consultation processes and implement grievance mechanisms. As requested in the revised precautionary measures by the Inter-American Commission on Human Rights, Goldcorp should provide local communities with potable water of good quality.	
● standard ↗ good ▲ worse			
<b>HERSHEY (2010)</b> <i>Child labour in cocoa industry</i>	Ivory Coast	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, 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.	
● standard → standard ► same			
<b>MATTEL (2010)</b> <i>Poor working conditions at supplier factories</i>	China	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.	
● good → standard ▲ better			
<b>MCDONALD'S CORP (2015)</b> <i>Labour rights violations at franchisees</i>	United States	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.	
● standard ↘ poor ► same			
<b>MONDELEZ INTERNATIONAL (2009)</b> <i>Child labour in the cocoa industry</i>	Ghana	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, 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 ↗ good ▲ same			
<b>PHILLIPS 66 (2016)</b> <i>Violations of indigenous peoples' rights</i>	United States	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.	
● standard ↓ none ► same			
<b>POTASH CORP SASKATCHEWAN (2010)</b> <i>Operations in occupied territory</i>	Western Sahara	PotashCorp 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.	
● poor ↓ none ▼ same			
	 6 months low performance		

<b>T-MOBILE US (2016)</b> <i>Anti-union practices</i>	United States	T-Mobile US (TMUS) should cease the alleged practices of hindering freedom of association at the company and engage in a dialogue with employees supporting unionisation. The company should adhere to the US National Labor Relations Board's decisions. TMUS' management of labour rights should be aligned with the ILO core conventions.	 milestone <b>2</b> achieved
● standard → standard ► same			
<b>WAL-MART STORES (2017)</b> <i>Labour rights violations in various countries</i>	United States	Wal-Mart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.	 milestone <b>3</b> achieved
● standard → standard ► better			
<b>WELLS FARGO &amp; CO (2016)</b> <i>Workplace harassment and retaliation</i>	United States	Wells Fargo should ensure that it implements and monitors systems and procedures that protect employees from workplace harassment and from retaliation in cases where misconduct is reported. To support these systems and procedures, Wells Fargo should re-align its corporate culture so as to regain a sense of purpose and integrity, to redefine banking and restore trust with customers, employees and other stakeholders.	 milestone <b>3</b> achieved
● good → standard ▲ better			

## EVALUATE LIST

AMAZON.COM, ARCHER DANIELS MIDLAND, BARRICK GOLD CORP, BOMBARDIER INC, BRISTOL-MYERS SQUIBB CO, BUNGE LIMITED, CISCO SYSTEMS, COGNIZANT TECHNOLOGY COLGATE-PALMOLIVE, COSTCO WHOLESALE CORP, EXXON MOBIL, GENERAL ELECTRIC, GENERAL MOTORS, GOODYEAR TIRE & RUBBER, HASBRO, JM SMUCKER COMPANY, JOHNSON & JOHNSON, KELLOGG CO, LOCKHEED MARTIN, MCDONALD'S CORP, MERCK & CO, PEPSICO, PROCTER & GAMBLE CO, RESTAURANT BRANDS INTL INC, THE WILLIAMS COMPANIES, TRANSCANADA CORP, TWENTY-FIRST CENTURY FOX, TYSON FOODS, WAL-MART STORES, VF CORP, ZIMMER BIOMET HOLDINGS INC

## DISENGAGE LIST

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<b>BOEING CO</b> <i>Nuclear weapons programmes</i>	United States
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<b>CHEVRON</b> <i>Environmental damage in Amazon jungle</i>	Ecuador
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<b>FLUOR CORP</b> <i>Nuclear weapons development</i>	United States
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<b>GENERAL DYNAMICS CORP</b> <i>Nuclear weapons programmes</i>	United States
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<b>HONEYWELL INTERNATIONAL</b> <i>Nuclear weapons programmes</i>	United States
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<b>HUNTINGTON INGALLS INDUSTRIES</b> <i>Nuclear weapons development</i>	United States
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<b>INNOPHOS HOLDINGS</b> <i>Operations in occupied territory</i>	Western Sahara
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<b>JACOBS ENGINEERING GROUP</b> <i>Nuclear weapons programmes</i>	United Kingdom
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<b>LOCKHEED MARTIN</b> <i>Nuclear weapons programmes</i>	United Kingdom
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<b>MOTOROLA SOLUTIONS</b> <i>Human rights violations in occupied territories</i>	Palestine
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<b>NORTHROP GRUMMAN CORP</b> <i>Nuclear weapons programmes</i>	United States
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<b>RAYTHEON COMPANY</b> <i>Nuclear weapons programmes</i>	United States
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<b>TEXTRON</b> <i>Involvement in cluster munitions</i>	United States
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# OCEANIA

## RESOLVED LIST

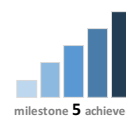
**RIO TINTO**

*Corrupt practices*

Guinea

### Change objective

Rio Tinto has provided evidence of implementation of the anti-corruption policy through structural reorganisation and improved training programmes and monitoring. The internal investigation into the Simandou payments has the scope to review any other irregular payments made between 2008 and 2015. The company has acted upon “claw-back” conditions within a former CEO’s remuneration package, subject to the findings of the internal investigation.



## ENGAGE LIST

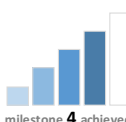
**BHP BILLITON (2016)**

*Environmental and human rights violations caused by dam collapse*

Brazil

### Change objective

BHP needs to identify the cause(s) of the dam failure; assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.



● good ↗ good ▲ same

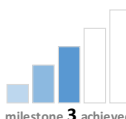
**INCITEC PIVOT LTD (2009)**

*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.



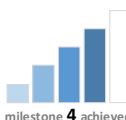
● poor ↓ none ▼ same

**RIO TINTO (2008)**

*Environmental impacts from waste practises*

Indonesia

Rio Tinto should exert pressure on Freeport to ensure responsible management of tailings and to address potential long-term legacy issues at Grasberg. Rio Tinto should adopt a policy of prohibiting the future use of riverine tailings disposal.



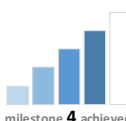
● good → standard ▲ better

**WESFARMERS (2007)**

*Operations in occupied territory*

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, 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 ▲ same

## EVALUATE LIST

RIO TINTO, WOOLWORTHS LTD



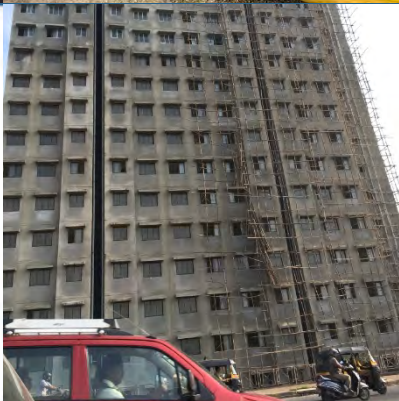
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# G · E · S

GLOBAL ENGAGEMENT SERVICES

## QUARTERLY ENGAGEMENT REPORT

Q3 2017



This report summarises the shareholder engagement activities that GES has performed on behalf of investor clients during the third quarter of 2017.



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ENGAGEMENT BRIEF	5
ENGAGEMENT SUMMARY REPORT	21
COMPANY DIALOGUE & PROGRESS SUMMARY	22
ENGAGEMENT CALENDAR	48

# ABOUT GES

GES is a leading provider of responsible investment and engagement services to institutional investors. We support asset owners and asset managers in developing and implementing integrated investment strategies with regard for environmental, social and governance (ESG) considerations.

Representing €1,5 trillion of investments worldwide, GES acts as an owner-advocate by evaluating material ESG risks in clients' portfolios, providing voting support at general meetings and engaging with company representatives. GES is an independent company founded in 1992 with over 60 employees globally, of which 40 are dedicated to corporate engagement.

We have offices in the UK, Sweden, Denmark, Poland and Switzerland with engagement professionals based in a number of other European countries, as well as a strategic business partnership with oekom research in Germany.

## OUR APPROACH

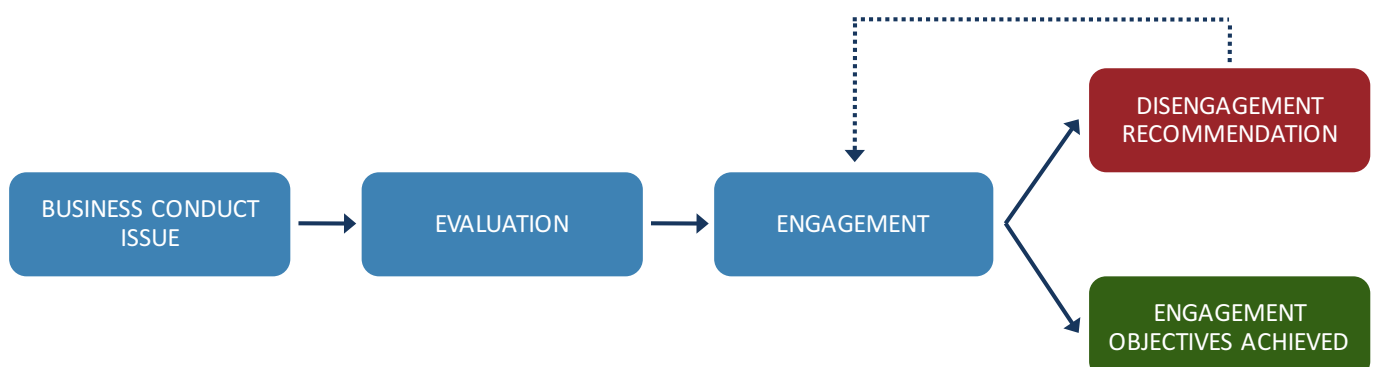
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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



# ENGAGEMENT BRIEF

Index of companies mentioned in this engagement brief

21ST CENTURY FOX.....	10	GOLDCORP .....	10
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## BARRICK GOLD CORP

*Human rights violations in mining operation - Resolved*

For several years, GES has been engaging with **BARRICK GOLD CORP** over alleged human rights violations in relation to its **PORGERA MINE** in Papua New Guinea. GES acknowledges a number of actions Barrick Gold Corp has taken to address key concerns. As of July 2017, GES therefore regards the case to be *Resolved*.

The Porgera mine, in Papua New Guinea, has contributed to a range of serious human rights problems in the vicinity of the mine. The problems related to mine encroachment into local communities; pollution impacts; ore thieves trespassing into the mine area resulting in violent (sometimes fatal) conflict with mine security guards; and sexual abuse of local women by mine site security guards and external security forces. Since the human rights issues were revealed, Barrick has taken a number of remedial measures. **BARRICK (NIUGINI) LTD** is the 95 per cent owner of the Porgera Joint Venture and is the manager of the operation. Barrick Gold Corp and **ZIJIN MINING GROUP** each own 50 per cent of Barrick (Niugini) Ltd, since October 2015.

During 2011/12 Barrick Gold Corp acknowledged sexual harassment by security personnel had taken place and as a response the company developed a remediation framework to compensate the victims. While this framework was a first-of-its-kind effort in the private sector, the framework has been criticised by NGOs and academics at the same time been. Critics claim the framework did not reach all victims, that compensation was not sufficient, that the enforced use of “waiver agreements” prevented claimants from taking further legal actions against the company. **THE OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR HUMAN RIGHTS (OHCHR)** assessed the framework’s compliance with the UNGPs in 2013. Although it did not conclude that the framework was not compliant to the UNGPs, it stated that the use of “waiver agreements” was questionable. A third-party review of the framework was conducted in 2015/16, commissioned by Barrick Gold Corp; the review gave a forward-looking

recommendation to Barrick Gold Corp to strengthen its onsite grievance mechanism at Porgera and ensure it was able to receive and process gender-based violence claims. Barrick Gold Corp has since implemented these improvements.

All public security personnel operating on or around the Porgera Mine are provided with Human Rights awareness training. The company’s security department is required to conduct an annual validation in the company’s Security Code of Conduct, training in the Voluntary Principles on Security and Human Rights and a training program on the Use of Force. Community members are actively encouraged by the mine Community Liaison staff to formally report any alleged misconduct via the mine’s grievance mechanism.

Given that the company has taken sufficient measures to address key human rights issues at the mine, GES has decided to resolve this case. However, should new information emerge on potential human rights violations, GES will reconsider this conclusion.

GES has decided to keep the case open on Zijin Mining Group as the company has very poor preparedness to manage human rights related risks.

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## ELETROBRAS

*Violation of indigenous peoples' rights - Resolved*

For several years, GES has been engaging with **ELETROBRAS** over alleged violations of indigenous peoples' rights, in relation to the company's ownership in the Belo Monte hydropower project. Through a constructive dialogue, including an onsite visit to the hydropower project in 2015, GES acknowledges a number of actions the company has taken to address key concerns. As of July 2017, GES therefore regards the case to be *Resolved*.



*GES visiting the resettlement site near the Belo Monte dam, Northern Brazil*

In April 2011, **THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS (IACHR)** requested the Brazilian government to stop the licensing and construction of the Belo Monte hydroelectric dam complex. The **NORTE ENERGIA** consortium, which is led by Eletrobras with a 49.98 per cent stake, constructed the dam on the Xingu River in Northern Brazil. The request from IACHR was a result of a complaint submitted in November 2010 on behalf of indigenous communities in the area. According to the complaint, consultations with indigenous communities were inadequate. The complaint also argued that the dam would cause irreversible social and environmental damage, including the forced displacement and devastation of rain forests. In July 2011, the IACHR dropped its earlier request to suspend the construction and instead recommended Brazil to adopt measures to protect the life, health and safety of indigenous communities. Since then, Norte Energia has taken several measures to comply with the

environmental and social requirements imposed by **IBAMA**, the Brazilian National Environmental Agency. Construction is now complete and the hydropower dam is expected to be working at full capacity in 2019.

GES visited the Belo Monte hydropower project in February 2015, hosted by Norte Energia. Norte Energia transparently showed GES around the various construction sites and how it was mitigating environmental and social impacts. Norte Energia was on track to fulfil the specific requirements regarding indigenous people's rights, with an on-going dialogue with the indigenous communities, as well as meetings with other project affected community members.

As proposed by GES, Eletrobras has developed and publicly disclosed its revised Social Responsibility Policy, which has been strengthened with reference to international norms such as the ILO convention 169 on Indigenous and Tribal Peoples.

In May 2017, Eletrobras communicated to GES, it issues formal bi-annual progress reports to IBAMA, in relation to the environmental and social requirements. IBAMA has established a permanent office close to Belo Monte in order to specifically follow-up on the fulfilment of the requirements. Eletrobras also confirmed that the resettlement of an affected neighbourhood had been completed.

GES recognises that the company has taken sufficient measures on key human rights issues and environmental issues related to the hydropower dam and has therefore decided to resolve this case.

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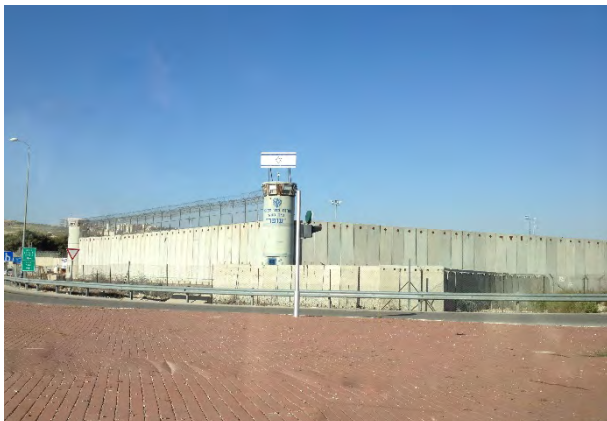
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## G4S

*Managing human rights in difficult settings - Resolved*

For several years **G4S ISRAEL**, a subsidiary of **G4S**, delivered security equipment to Israeli prisons that were known to torture Palestinian prisoners and also delivered and maintained baggage scanners to Israeli checkpoints that restrict free Palestinian movement. In June 2015, the UK **NATIONAL CONTACT POINT** concluded that company's actions were inconsistent with the OECD Guidelines for Multinational Enterprises.

There are many difficult risks to manage in the security sector. It is, for example, an industry where threats and violence occur regularly. Sometimes there is also a need to operate close to governments, including in situations where governments try to outsource to security companies the inconvenient consequences of their own politics, such as offshore detainment centres.



*Ofer prison*

GES has been engaging with G4S on various issues since 2007. Through the engagement, we therefore knew that G4S was in the process of substantially transforming in terms of managing their human rights risks. GES has analysed the implementation process closely.

During the engagement, there were also other human rights related incidents. On each occasion, GES was able to have an open dialogue with G4S on how to correct, improve and prevent recurrences. While the initial incident concerned the OPT, the fallout resulted in improved human

rights management globally. G4S has managed to avoid the most serious incidents that some of its peers have struggled with. GES believes that this should be understood in the light of strong management systems.

A requirement for GES to conclude that a case can be *Resolved* is to see that the violation has ceased. In this case, it turned out to be complicated because G4S was locked into a contract with the Israeli Prison Service. The contract kept being extended although G4S had expected it to expire at a much earlier date.

GES' remaining concern was that the prison contract that never seemed to expire. G4S' other business operations in Israel were not of concern. In December 2016, G4S announced that it had found a buyer for its Israeli subsidiary. The sale went through regulatory approval, and eventually the final transaction took place in June 2017, at which point GES decided to resolve the case.

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## PROSEGUR

*Anti-union practices - Resolved*

Over the last years, GES has been engaging with **PROSEGUR** over allegations of anti-union practices in the company's operations in several South American countries. Through constructive dialogue, GES has learnt about actions the company has taken to address the issue and has decided to resolve the case.

In 2012, the **COLOMBIAN SUPREME COURT** ruled that the Pacto Colectivo, an

agreement parallel to a union-negotiated contract introduced by Prosegur was illegal and discriminatory towards unionised workers. The company faced similar allegations in Paraguay where, in 2012, more than 300 unionised employees were dismissed after a strike demanding better working conditions.



*A Prosegur lorry in the streets of Buenos Aires*

In 2013, **UNI GLOBAL UNION (UNI)** filed a complaint to the Spanish **NATIONAL CONTACT POINT**, accusing the company of having repeatedly violated the OECD Guidelines for Multinational Enterprises referring to the situations in Colombia and Paraguay. Moreover, **THE INTERNATIONAL LABOUR ORGANISATION (ILO)** in December 2014 suspended Prosegur from its programme that promotes good labour relations in Colombia. In Paraguay, the government was asked by the ILO to investigate alleged anti-union discrimination by Prosegur following a complaint filed by a Paraguayan union and UNI in 2012.

After an initial slow start, in which Prosegur did not show much responsiveness, GES managed to establish a good dialogue with the company. An initial meeting was held in Madrid in early 2016, and dialogue has been fruitful since. In Colombia, all lawsuits have been solved and there are no outstanding issues. Due to a change of scope of the ILO programme to companies no bigger than 250 employees, re-inclusion was not an option for Prosegur despite the positive development. In November 2016, a court in Paraguay ruled in favour of Prosegur, stating that the termination of contracts of employees in 2012

was not a breach of freedom of association from the company's side.

In early 2017, UNI filed a supplementary complaint to the NCP in Madrid with regards to alleged on-going anti-union activities in Latin American operations and at a joint venture in India. This case was rejected by the NCP in August 2017, with the explanation that it was not substantial. At the same time, the NCP gave its final statement to the initial OECD complaint filed in 2013; without pointing to any wrong-doings by the company, the NCP still advised Prosegur to carry out on-going due diligence at its global operations to ensure respect for human rights additional to relevant practices the company already has in place.

Prosegur has a due diligence system and internal control elements to detect and prevent human rights infringements and irregularities. The company has formal policies and procedures on human rights, and a risk assessment addressing human rights risks like breaches of personal freedom (such as freedom of association). Due diligence is carried out through various types of trainings, a monitoring and risk management system, and a whistle-blower channel for complaints which go directly to the Board of Directors.

As there are no outstanding issues and Prosegur has provided information on its human rights due diligence system, GES assesses the company's response to the situation as satisfactory and regards the case as *Resolved*.

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## VINCI

### *Workers conditions in Qatar - Resolved*

**VINCI**, a French construction company, which employs 183,000 people in around 100 countries, has been operating in Qatar for a number of years. Vinci owns 49 per cent of **QDVC**, a Qatari joint venture. QDVC won infrastructure projects in Qatar, including a new metro line in Doha, a light rail line in the new city of Lusail, a highway on Doha's periphery, an underground car park as well as a landscaping park at the Doha Sheraton hotel. Over the last three years, GES has been engaging with Vinci over allegations of improper labour conditions in the company's Qatari joint venture. A constructive dialogue between GES and Vinci has enabled us to learn more about the key actions the company has taken to address the issue.

The case started in March 2015 when **SHERPA**, a French NGO, accused QDVC of committing several labour rights violations in Qatar, including poor working and living conditions, bonded labour, confiscation of workers' passports and threats to workers who were demanding better working conditions.

Vinci appointed **BSR** in October 2015 to audit its operations in Qatar and shared the outcome of the audit results with GES in December 2015.

GES was in dialogue with Vinci between September 2015 until June 2017 via conference calls and meetings both in London and Paris. GES' discussions with Vinci mostly related to: (i) labour issues (ii) and results of BSR's audit for its operations in Qatar. BSR's audit outcome showed that, despite a challenging context, QDVC had good systems in place. However, BSR also identified gaps in the company's systems relating to workers' payment of illegal recruitment fees and a number of subcontractors' practices. The company remedied the gaps. In addition, following Vinci's collaboration with NGOs and the Bangladeshi government, the company was able to recruit 900 Bangladeshi workers without the workers having to incur unnecessary recruitment fees. Vinci then started working on ensuring that similar rules would from then on apply in Nepal and other migrants' countries of origin. More

importantly, Vinci developed a human rights policy applicable to its operations worldwide and throughout its supply chain, including subcontractors. The policy was published at the end of June 2017. The policy was split into five main themes that reflect both the reality of the company's businesses as well as the main issues that it needs to deal with. The main themes are:

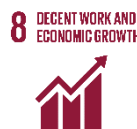
1. labour migration and recruitment practices;
2. working conditions;
3. living conditions;
4. human rights practices in the value chain and;
5. local communities

Vinci has adopted a human rights policy in line with the UN Global Compact and the basic ILO conventions on labour rights that is also applicable to subcontractors. In addition, the company has put in place appropriate systems to ensure that the policy is implemented at all its operations. As a result of the company's initiatives, GES decided in July 2017 to resolve this case.

Vinci has demonstrated its commitment to address labour issues in Qatar. However, as the country and the sector are considered high-risk in relation to labour violations, GES will continue to monitor further developments in relation to this specific issue. In doing so, GES is promoting UN Sustainable Development Goal number 8 that aims to protect labour rights and ensure safe and secure working environments for all workers.

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## 21<sup>ST</sup> CENTURY FOX

*Allegations of sexual harassment and discrimination – upgraded to Engage*

Over recent years, **21<sup>ST</sup> CENTURY FOX** has been accused of systematic sexual harassment and discrimination at one of its subsidiaries, **THE FOX NEWS CHANNEL**. Although the company has taken a number of initiatives to resolve the issues, it is yet to be seen if there has been a cultural shift at the company so as not to tolerate sexual harassment or discrimination incidents.

In July 2016, 21<sup>st</sup> Century Fox conducted an investigation into sexual harassment claims against the CEO of the Fox News Channel that led to his resignation that same month. Furthermore, a number of people from top management have resigned or have been dismissed in the past year due to sexual harassment and discrimination claims indicating that the work culture at the Fox News Channel has allowed such wrongdoings to continue for years without any consequences. Over the last year, more than 20 current or former employees came forward claiming they have been victims of sexual harassment or discrimination. The company has paid out more than USD 50 million in the past year to victims of sexual harassment and discrimination at its Fox News Channel division. In February 2017, **THE US JUSTICE DEPARTMENT** opened an investigation into the Fox News Channel focused on whether or not it failed to inform shareholders about settlements made with employees accusing the CEO of sexual harassment.

In addition to introducing personnel changes and a new leadership structure, the company has also taken measures to strengthen its HR team and practices. The company has replaced both its Chief HR Officer as well as the Head HR at the Fox News Channel. It has increased its diversity-focused recruitment and conducted a review of its HR training practices.

GES has recently stepped up its efforts to engage with the company. In the latest development, GES received a public statement detailing personnel changes and actions taken to improve the HR team and practices over the past year. GES will try

to schedule a conference call with the company to discuss those initiatives in more detail.

GES has decided to upgrade this case to engage due to the number and severity of wrongdoings in its workplace. In doing so, GES is promoting UN Sustainable Development Goal target 5.1 to “end all forms of discrimination against women and girls everywhere”.

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## BARRICK GOLD

*Recurring pollution incidents – upgraded to Engage*

There has been a recurring problem with cyanide pollution incidents over the last five years at different **BARRICK GOLD** operations, located in the Dominican Republic, Argentina and Chile. GES has recently upgraded the case to *Engage* in order to address what appear to be systemic failures in the company's systems.

Initial concerns were raised as far back as 2012 when the company became the majority partner with **GOLDCORP** in **PUEBLO VIEJO DOMINICANA CORPORATION (PVDC)** in the Dominican Republic. In doing so, it took on the responsibility for cleaning up the state-owned Rosario Mine upon which the PVDC operation was based. In 2013, the residents protested against the operation alleging that their cattle and water were suffering from pollution from the mine. One of the identified pollutants was cyanide. Legacy issues are always a concern when taking on an established mine, and need to be addressed in

order to avoid harm and win trust with the local communities. In this case, PVDC appears to have addressed many of the legacy issues with improved infrastructure, including water collection, and measures taken to clean the nearby river.

At the same time, Barrick was in trouble with the Chilean Government in relation to their Pascua Lama operation on the Chilean-Argentine border. In May 2013, Chilean authorities halted operations at the mine and imposed a USD 16.5 million fine for environmental violations, including illegal cyanide-containing discharges from leach pads into local rivers. In addition, Barrick is one of four mining companies accused of detrimentally impacting some 37 glaciers in the region. Barrick shuttered the operation in late 2013, but in February 2017 announced that: “following a detailed review of (...) Pascua Lama (...) we have initiated a pre-feasibility study to evaluate the construction of an underground mine at Lama”.



*Barrick’s Veladero Mine in Argentina, the site of three cyanide pollution incidents*

Lastly the Veladero Mine in Argentina has suffered three cyanide-related pollution incidents. In September 2015, a cyanide spill from the heap leach pad occurred. Barrick initially misreported the quantity leaked, and that local watercourses were unaffected and that it did not pose any threat to the health of employees, communities or the environment. It was subsequently fined USD 9.8 million by the Argentine authorities. In September 2016, an icefall broke a process pipe at the heap leach, resulting in another cyanide leak and the temporary closure of operations. In March 2017, yet another pipe leakage occurred.

Authorities closed operations again, whilst the company submitted a remedial package priced at some USD 500 million.

GES has engaged with the company in order to monitor the effectiveness of the Veladero remedial package and whether the lessons learnt from Pueblo Viejo can be applied to both Veladero and potentially to Pascua Lama. In doing so, GES is promoting UN Sustainable Development Goals 6 on clean water, 12 on responsible production and 15 on life on land.

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## CHINA NATIONAL PETROLEUM CORPORATION, PETROCHINA COMPANY LIMITED

*Corrupt practices – upgraded to Engage*

### PETROCHINA COMPANY LIMITED

**(PETROCHINA)** is a listed subsidiary of state-owned **CHINA NATIONAL PETROLEUM CORP (CNPC)**. GES has recently upgraded its cases on corrupt practices to engage in order to address what appear to be systemic failures in the company’s systems.

The size of the companies is overwhelming compared to their western equivalents, with PetroChina having over 520,000 employees and CNPC employing 1.5 million people. They have operations in 18 and 37 countries respectively. The ties between both companies are highly complex and interrelated. It is common that people employed at PetroChina work at CNPC as well. Currently, the Chairman of CNPC is

simultaneously the Chairman of PetroChina, and CNPC's Director is at the same time PetroChina's Vice-Chairman and Non-Executive Director. It is also common for the top executives from state-owned companies to become significant officials in the Chinese government.



PetroChina setting-out its prices.

In recent years, the Chinese authorities have started a strict anti-corruption campaign to combat corruption primarily in state-owned entities, as well as in their listed subsidiaries, such as CNPC and PetroChina. The current Chinese president announced that steps had been taken both against high-level officials and regular employees.

Since 2013, a number of former employees of CNPC, PetroChina and their subsidiaries have been either sentenced or investigated on corruption charges. According to the report published by the **NORWEGIAN COUNCIL ON ETHICS**, around 65 senior executives and managers formerly employed by PetroChina and its subsidiaries are under investigation for allegedly receiving bribes in various countries, among others China, Canada and Indonesia.

The former employees were alleged to have accepted bribes, partly in return for the award of oil and gas contracts to subcontractors. About 18 of them are believed to have already been formally sanctioned and convicted of corruption in China. In some of the cases, the allegations of corruption pertain to the period from 1980 until 2014. Here are some examples:

## In August 2013, the **CHINESE STATE-OWNED ASSETS SUPERVISION AND ADMINISTRATION COMMISSION**

announced that four senior officials, including two of PetroChina's vice-presidents, a chief geologist and CNPC's vice-president, had been under investigation for severe breaches related to bribery. A month later, they were joined by five additional prominent employees, although the companies denied these allegations.

In October 2013, the Chinese government allegedly launched an investigation into the former head of PetroChina's Indonesian operations. He was removed from his post, when the official probe started.

In December 2014, the Government's former security chief of the Chinese government, who had held various significant positions in CNPC until 1998, was arrested. He still retained influence at the company with a reportedly close relationship with CNPC's and PetroChina's senior executives. In June 2015, he was sentenced to life imprisonment having been found guilty of accepting CNY 129 million (USD 19 million) in bribes. Meanwhile, during 2014, a former CEO of **BRION ENERGY CORP**, a subsidiary of PetroChina in Canada, was covered by the anti-corruption investigation. There have been numerous incidences since 2015 and as recent as January 2017.

GES is in dialogue with PetroChina and is seeking to secure a meeting in the near future. At the time of writing, we are still seeking a response from CNPC to our request for a meeting. In doing so, GES is promoting UN Sustainable Development Goals 16 on strong institutions.

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## ESKOM

*Corrupt practices – upgraded to Engage*

In 2001, **ESKOM** was named power company of the year at the Financial Times Global Energy Awards in New York, with all of its 78 production units considered to be in good working condition. Since then it has been a slow, painful decline, highlighted by power outages, massive increases in electricity costs and, more recently, corruption.

There have been numerous allegations of corruption associated with the company and in particular its relationship with one family, the Guptas. The family is closely linked with the South African President, whom it has used to the advantage of itself and its friends. For example:

In March 2015, following numerous questions about efficiency, rising budgets and increasing costs, the Eskom board took the positive step of commissioning an independent investigation of the company's procurement process and contract management, which was to last a year. The Board stopped the investigation after two months. Eskom did not publish the report; although an unofficial copy is available on the internet. The report states that examples were provided of "senior executives seeking opportunities ostensibly for the benefit of themselves at the expense of Eskom".

In October 2016, South Africa's Public Protector alleged that the Gupta family used its links with the President to appoint or remove directors of state-owned enterprises (including Eskom) and gain a competitive advantage over competitors in their dealings with the companies. For example, the measures used by Eskom to strip **GLENCORE** of its Optimum mine. First, Eskom penalised Glencore SAR 2.17 billion (approximately USD 168 million) for providing poor quality coal. The then Eskom CEO pressured a Minister to revoke all of Glencore's 14 licences in South Africa, whilst the CEO refused to renegotiate a long-term supply contract. Glencore eventually sold the mine to a Gupta-owned **TEGETA**, who was then advanced SAR 578 million (approximately USD 38.2 million) to guarantee supplies of what had allegedly been "poor quality" coal, at grossly inflated prices.



*South Africans protesting the influence of one family in South Africa's politics and business.*

In June 2017, an independent report for the Chairperson of **TRILLIAN CAPITAL PARTNERS** (owned by a Gupta associate) showed Eskom made some SAR 266 million (approximately USD 20 million) in payments for "professional fees" to a Trillian subsidiary, although Eskom could not provide evidence of the work. In March 2017, Trillian recommended Eskom award a contract to **DONG FANG ELECTRIC** that was "substantially higher bid than its competitors".

GES has secured a face-to-face meeting with Eskom in October as part of our Business Conduct Engagement and Emerging Markets Engagement. In doing so, GES is promoting UN Sustainable Development Goals 16 on peace, justice and strong institutions.

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## GERDAU PN

*Corrupt practices – upgraded to Engage*

Severe allegations of corrupt practices have been reported in relation to the Brazilian steel producer **GERDAU PN (GERDAU)**. GES has therefore, as of August 2017, decided to upgrade the case to engage.



*Gerdau's Colina plant*

Since May 2016, the CEO and other executives of Gerdau have been accused of corruption, money laundering and influence peddling by the Brazilian government. An official investigation revealed that the company might have made payments to third-party companies which allegedly bribed officials of Brazil's **ADMINISTRATIVE COUNCIL OF TAX APPEALS (CARF)** to ensure that decisions in tax disputes were judged to Gerdau's advantage. Reportedly, the company might thus have benefited to the tune of BRL 1.5 billion (USD 429 million).

In January 2017, it was also revealed that a now-ex Brazilian minister allegedly assisted the chairman of Gerdau to change tax amendments so that they would better benefit companies with business abroad, such as Gerdau. In April 2017, the chairman gave testimony to the federal police regarding the allegations; however, no further details have been disclosed.

In August 2017, Gerdau stated that its founding family will exit from the group's executive management, although they will retain directorships on the boards. For example, the current CEO will step down in January 2018, in favour of the head of the company's Brazilian operations.

Federal prosecutors have filed charges against a tax director at Gerdau and several other consultants and lawyers linked to the company, alleging that they agreed to bribe officials as part of a nationwide tax-evasion scheme. Gerdau denies any wrongdoing. Prosecutors accused the group of concocting a scheme to pay about USD 13 million in bribes to officials between 2011 and 2014, which led to a significant reduction in the company's tax bill.

The company has responded to GES' queries stating that neither Gerdau nor any of its executives have ever promised, offered or given any undue benefit to government officials or third-party companies to ensure that appeals filed at CARF were considered in favour of the company.

Gerdau also claimed that it had always used third-party firms to ensure high-quality advisory services of a strictly technical nature for its cases filed at CARF and that the contracts with those companies contained clauses that determined respect for the law. Furthermore, the contracts with third-party companies were rescinded when it was reported by the media that the companies might have been involved in illegal practices with CARF.

Due to the severity of the allegations and the ongoing investigation, GES has decided to upgrade this case to engage.

This case can be linked to SDG 16 on peace, justice and strong institutions, as combatting corruption requires effective and accountable institutions.

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## JBS SA

*Corrupt practices – upgraded to Engage*

GES has changed its recommendation on the corruption case to *Engage*. Dialogue was already on-going with **JBS SA (JBS)** about this and other topics including the company's association with repeated labour rights violations, and the labour rights case was upgraded to *Engage* in November 2015.

As one of the largest companies in Brazil, it is perhaps unsurprising that JBS, too, has been involved in the widespread corruption troubling the country. JBS became linked to bribery in March 2017 after the federal police launched a large-scale investigation targeting several Brazilian meatpacking companies. The companies were said to have arranged bribes and favours for federal agricultural inspectors and politicians to overlook unsanitary practices, falsify documentation and secure certification for products which might have been rotten or contaminated. Seven executives of JBS and its holding company **J&F INVESTIMENTOS SA (J&F)**, including brothers Joesley and Wesley Batista, the then-chairman and then-CEO respectively of JBS. The brothers subsequently entered into a plea bargain agreement with the Brazilian **FEDERAL PROSECUTION OFFICE** in May. The agreement involved the Batistas avoiding prosecution if they turned in evidence and assisted in unravelling the bribery scheme. Some 1,900 politicians are alleged to have benefitted from the payments authorised by the brothers, including the Brazilian President Michel Temer. A separate leniency deal required the Batistas to pay a BRL 10.3 billion (USD 3.1 billion) fine over 25 years.

As of August, the Batista family owned 42.37 per cent of JBS shares through J&F and the patriarch and company founder José Batista Sobrinho was appointed CEO in September following his son Wesley's arrest. The brothers were both detained on suspicion of trading on insider knowledge relating to the plea agreement. There is a significant risk that the disclosures regarding the controlling family's corrupt practices will have long-term material implications on JBS' balance sheet and growth prospects. There are also

serious concerns about its corporate governance and even though the company has taken some measures to strengthen its compliance functions since the allegations came to light, its response to the scandal and approach to anti-corruption are still far from reassuring.

GES is in dialogue with JBS and most recently met the company in São Paulo, Brazil, in June 2017. In August, GES also endorsed a collaborative letter to JBS co-signed by investors with a combined USD 4.1 trillion in assets under management, expressing concern about the company's weak board and management oversight of a number of material issues.

Going forward, GES' engagement will reflect the fact that JBS has shortcomings in several areas of ESG and also take into account the challenges posed by its home country's political and business culture. In terms of the latter, GES' expectations for JBS are aligned with those for the other Brazilian companies being engaged with over corrupt practices. JBS should hence not only ensure that its involvement in bribery has been investigated thoroughly, strengthen its anti-corruption programme, introduce a suitable due diligence process throughout the group and report to investors on progress, but also address the elevated risks in its operating environment and leverage its influence on a national level to improve integrity and corruption prevention.

This case can be linked to SDG 16 on peace, justice and strong institutions, as combatting corruption requires effective and accountable institutions.

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### Contribution to Sustainable Development

Goal(s):



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## NTPC, BHARAT HEAVY ELECTRICALS LIMITED

*Addressing labour issues in its supply chain –  
upgraded to Engage*

In October 2016, **UNESCO's WORLD HERITAGE COMMITTEE (WHC)** together with **THE INTERNATIONAL UNION FOR THE CONSERVATION OF NATURE (IUCN)** criticised a coal-fired power plant project in Rampal, Bangladesh, for its potential impact on the world's largest mangrove forest and UNESCO World Heritage site, which provides habitat for the Bengal tiger, the freshwater dolphin, and many other protected species.



*A Bengal tiger*

The project dates back to 2012 when a joint-venture agreement between the power utility **NTPC**, almost 70 per cent owned by the Indian government, and the **BANGLADESH POWER DEVELOPMENT BOARD (BPDB)**. The construction contractor, **BHARAT HEAVY ELECTRICALS LIMITED (BHEL)**, officially began constructing the plant this year and it is expected take at least four years to finalise the construction. NTPC holds a 50 per cent stake in the plant, and the government of Bangladesh owns the rest.

The project has been widely criticised by environmental experts, NGOs and experts from both India and Bangladesh, due to its controversial location as it is planned only 14 km from the Sundarbans Reserve Forest and 65 km from the closest boundary of the world heritage site.

At risk are the ecology and biodiversity of the Sundarbans, which will be affected due to air and water pollution, changes in the water quality, and

increased boat traffic. The pollution is also threatening the livelihoods of the people who depend on the Sundarbans forest.

A great concern is that the Rampal plant might violate the Ramsar Convention which is an international environmental treaty for conserving wetlands. Bangladesh is a signatory to the convention and the Sundarbans are on the list of wetlands of international importance. Furthermore, the project might not be compliant with the Equator Principles.

The goal for GES's engagement is to ensure that the project should align the operation with WHC and IUCN recommendations. Both BHEL and NTPC have been contacted repeatedly but at this stage neither have responded.

With significant potential impacts on the human and the natural environments this case can be linked to SDGs 3, 6, 13 and 14.

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Contribution to Sustainable Development Goal(s):



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## WILMAR INTERNATIONAL

*Addressing labour violations at palm oil  
plantations in Indonesia – upgraded to Engage*

Human rights violations in palm oil production have been receiving more and more attention from the global economy. Hidden in some of the world's most rural rainforests, palm oil plantations often depend on forced labour and benefit from the impunity that comes with this invisibility. As consumers and governments become more concerned with supply chain responsibility and

propose legislation to eradicate forced labour in imported goods, reports are now disclosing the transgressions on palm oil plantations in Malaysia and Indonesia.

In the report 'The Great Palm Oil Scandal' published in December 2016, by **AMNESTY INTERNATIONAL (AI)**, documented instances of child labour and other labour rights violations on Indonesian palm oil plantations owned by subsidiaries and suppliers of **WILMAR INTERNATIONAL (WILMAR)**. AI interviewed 120 plantation workers, adults and children. Reportedly, workers brought their children to help them in their work in order to meet high targets. AI's investigation also revealed: exposure to hazardous substances such as paraquat, which is banned in the European Union and restricted in several other countries; a lack of safety equipment; low wages and long working hours. Furthermore, AI documented cases of workers who were employed as casual labourers for years without ever reaching permanent employee status.



*Palm oil fruit harvest*

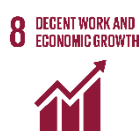
Following the allegations, GES has engaged with Wilmar on the labour violations and learnt that the company had launched an internal investigation to verify labour issues raised in the AI report. External due diligence audits also took place in these operations via **THE ROUNDTABLE ON SUSTAINABLE PALM OIL AND INTERNATIONAL SUSTAINABILITY & CARBON CERTIFICATION** processes in January and February 2017. In another step Wilmar has formalised a collaboration with **VERITÉ SOUTH EAST ASIA**, a non-profit organisation focused on labour rights. Wilmar is also working with its suppliers to implement the Aggregator Refinery

Transformation plan, in partnership with **THE FOREST TRUST**. This is a collaborative framework to share best practices in environmental and social issues faced by mills and growers in each region. Wilmar has also started a series of one-day region-specific training open to all its suppliers, and also to any growers in that region. These trainings include a day specifically devoted to labour issues and provide space to discuss the issues, provide examples of best practice and dialogue with local labour authority representatives. Currently, the company is focused on identifying areas of relevance for the development of a Wilmar Labour Rights programme covering its entire oil palm growing operations in Indonesia.

Wilmar has shown its commitment to addressing labour issues in the supply chain. However, the company needs to ensure effective implementation of its Deforestation, No Peat and No Exploitation (NDPE) policy with a specific focus on human issues. GES will continue its dialogue with the company to monitor for progress in developing the Labour Rights programme. In doing so, GES is promoting UN Sustainable Development Goal number 8 that aims to protect labour rights and ensure safe and secure working environments for all workers.

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#### Contribution to Sustainable Development Goal(s):



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## INDIA PUSHING THE GREEN AGENDA

When visiting the Indian mega cities of Mumbai and Delhi it is difficult not to notice the awareness of the country's environmental struggles – both in the streets and when visiting local companies. Billboards advertising shampoo to mitigate the negative effects of air pollution, signs and posters reminding people to clean up after themselves and 'go green' are some of the first things that meet the eye when touching the ground in Mumbai.



Among government and businesses alike, the issue of renewable energy especially seems to be at the forefront; and there is no doubt that the potential for renewable energy in India is massive. The country is well positioned to harness the power of the sun for the benefit of its people as well as the planet in general. But behind this potential lies a bleak reality; with one of the world's largest populations, projected to be the most populous country on the planet by 2028, and with around 240 million Indians currently without access to electricity, the country is poised to be the most energy-demanding nation in the world.



The current government, led by Prime Minister Modi, has within recent years presented several initiatives to combat the wide-spread poverty and the substantial negative effects of climate change. In 2015, India announced an ambitious goal to increase renewable power capacity to 175 gigawatts (GW) by 2022, mostly helped by solar, which has seen a drop in tariffs recently. Meeting this goal would mean increasing renewable power capacity fivefold in just seven years, making India a clean energy leader, well aligned with the country's current second place ranking in EY's list of most attractive renewables market in 2017.

Earlier this year, energy minister Piyush Goyal announced plans to get all vehicles in India switched to battery power by 2030 — and that means it not only wants to end the sale of internal combustion vehicles but convert or replace all other vehicles already on the road by the end of the next decade. At present, there are some 28 million cars in the country — a number expected to increase up to the 2030 deadline as demand increases. Currently, the government is looking into the possibility of the 'de-registration' of old (more than 15 years old) medium and heavy commercial vehicles (MHCVs), citing an AT Kearney study showing that this particular category contributes a staggering 34 per cent of the total air pollution from vehicles. The 'de-registration' would be accompanied by a scrap sum to encourage consumers to shift to battery-driven vehicles. In the coming years, the Indian Government is targeting significant investments in the infrastructure sector including roads, ports, highways, waterways and Smart Cities, and several incentives have already been established, e.g. a 10-year tax exemption for solar energy projects. These initiatives are well aligned with the Intended Nationally Determined Contributions (INDCs) agreed as part of COP21, which require a targeted reduction of the 'emissions intensity' of its GDP by 33-35 per cent from the 2005 level by 2030.

During GES' recent engagement trip to India, as part of our Emerging Markets Engagement, it was evident that several of India's largest companies are actively positioning themselves to follow the government on the shift to a low carbon economy; although there also seems to be a

notion that the ambitious pace of the decarbonisation of the Indian economy, especially the shift to battery driven cars, is slightly overly optimistic. The challenge will be to develop the required infrastructure and scale at the pace needed due to the fact that energy demand is increasing at the same time. Figures show, however, that the country is keeping up the pace with an expected 10GW of solar energy alone added during 2017.

Several of the companies GES engaged with showed progressive plans for the use of renewable energy in their operations, in part driven by a downward trend in the price of renewable energy, in some areas it is already at par with that of conventional energy. However, realising the target of phasing out combustion engines by 2030 will be an immense challenge, both from a demand and supply side – simply because the infrastructure is not there. In addition, the price of batteries is still too high to be commercially viable, and consumers are hesitant to jump on board with electrical cars, although several domestic manufacturers have it on their agenda and in their portfolios. With the current government, a little more than halfway through its tenure, it will be interesting to follow the government's push for decarbonisation while embarking on the next election season. From a global perspective, India's ability to realise its ambitions is paramount to meeting the goals set forth by the Paris Agreement. GES is following the developments closely and continues to support and encourage companies in this shift, aligned not only with our risk-based approach to engaging with companies in emerging markets, but also with our thematic engagement on Carbon Risk.

**NBC:** These Countries Want to Ban All Vehicles That Run on Gas or Diesel (July 10, 2017)

**Huffington Post:** India has a plan to only have electrical cars by 2030 (May 2, 2017)

**World Resources Institute:** Achieving India's ambitious renewable energy goals: a progress report (May 12, 2017)

**The Indian Express:** Scrapping 15-yr-old vehicles: Plan is to exempt cars, phase out buses, trucks (Jan 4, 2017)

## **Electrical India:** Towards securing energy security in India (May 5, 2017)

For more details on our Emerging Markets Engagement or developments in the Indian energy industry, please contact **Palle Ellemann** or **Anders Planck-Hendriksen**.



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For more details about our Carbon Risk Engagement, please contact **Flemming Hedén**.



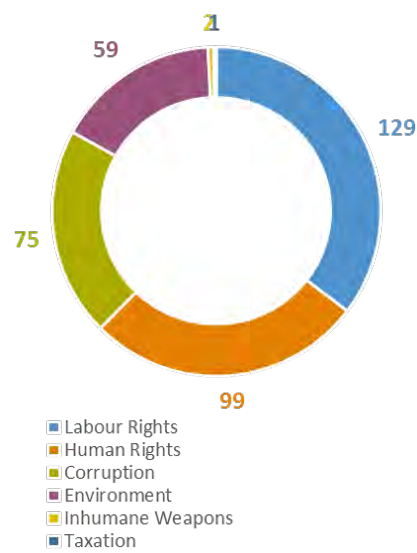
**Flemming Hedén**

Senior Engagement Manager

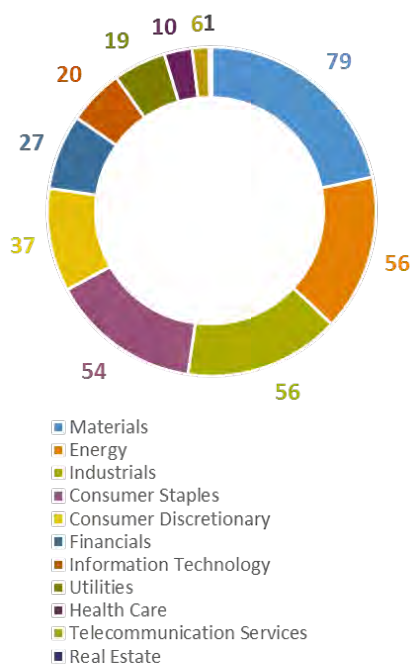
[fleming.haden@gesinternational.com](mailto:fleming.haden@gesinternational.com)

# ENGAGEMENT SUMMARY REPORT

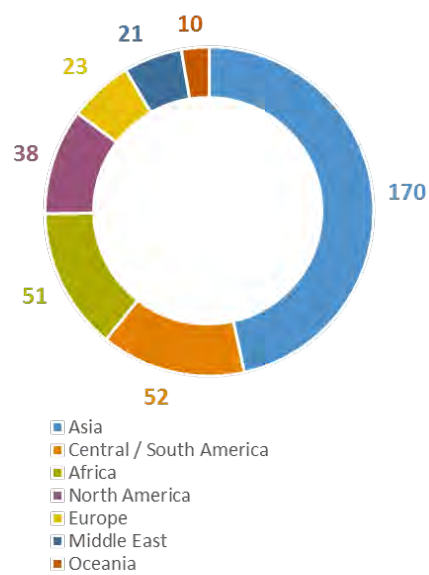
NORM AREA BREAKDOWN



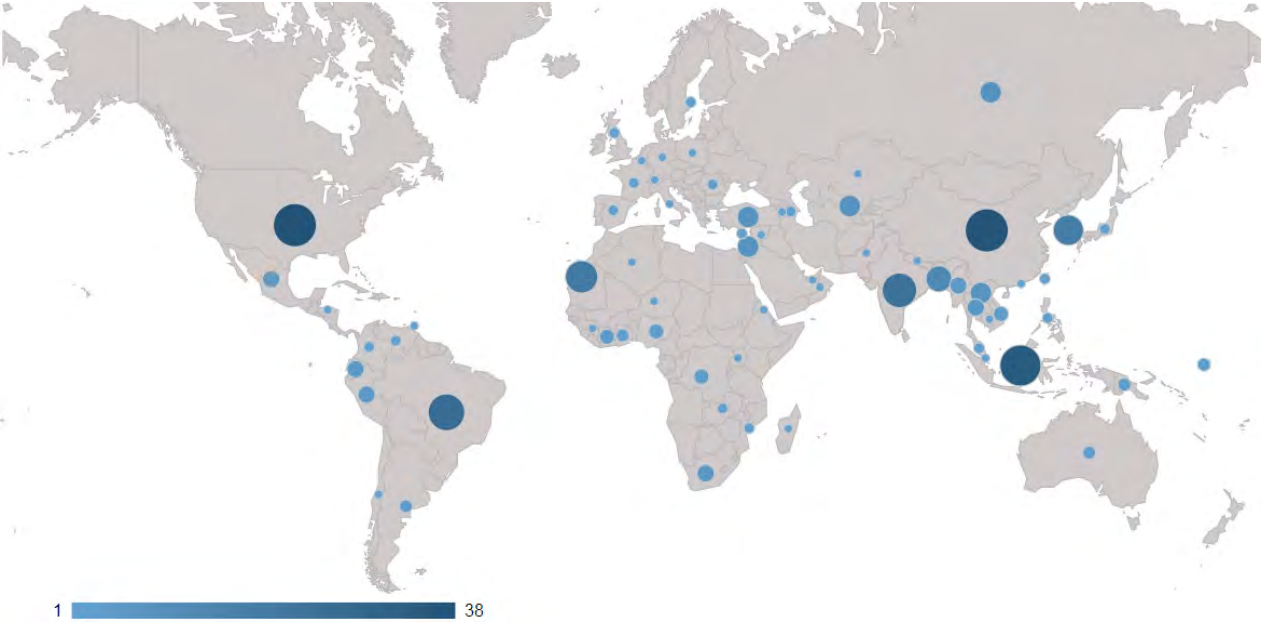
INDUSTRY SECTOR BREAKDOWN



GEOGRAPHIC BREAKDOWN



ENGAGEMENT MAP



During Q3 2017 GES has been in active dialogue with companies as well as external sources associated to **365** business conduct issues.

In **138** *Engage* cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **227 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

Country	<p>The country in the list indicates where the business conduct issue occurred.</p> <p>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>
Year	<p>The year shows when the case was upgraded to Engage status.</p>
Response	<p>The indicator describes how the company responds to GES' inquiries.</p> <div><div></div> excellent</div> <div><div></div> good</div> <div><div></div> standard</div> <div><div></div> poor</div> <div><div></div> none</div>
Progress	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> <div><div></div> excellent</div> <div><div></div> good</div> <div><div></div> standard</div> <div><div></div> poor</div> <div><div></div> none</div>
Performance	<p>The indicator describes the combined company progress and response performance.</p> <div><div></div> High performance: good or excellent response and / or progress of the business conduct issue</div> <div><div></div> Medium performance: standard level of response and progress</div> <div><div></div> Low performance: poor or no response in combination with poor or no progress</div> <p>new, same, better or worse – indicates the change in development since the last quarterly report.</p>
Time	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div><div></div><p>After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective.</p></div>
Milestone	<p>The indicator describes the milestone achieved.</p> <div><div></div><div><p>Milestone 1: Initial communication sent to the engagement company</p><p>Milestone 2: Dialogue established</p><p>Milestone 3: Company commits to address issue</p><p>Milestone 4: Company develops a strategy to address issue(s)</p><p>Milestone 5: Issue(s) resolved / strategy effective</p></div></div>

# AFRICA

## ENGAGE LIST

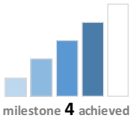
**HARMONY GOLD (2015)**  
*Fatal accidents at workplace*

South Africa

### Change objective

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

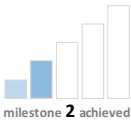


**OCP SA (2016)**  
*Operations in occupied territory*

Morocco

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.

● standard    ↓ none    ► same



## EVALUATE LIST

ANGLOGOLD ASHANTI, IMPALA PLATINUM, LAFARGEHOLCIM MAROC, TRANSNET SOC

## ENGAGE LIST

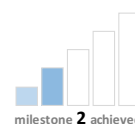
**ADANI ENTERPRISES (2015)**  
Environmental and human rights violations  
in port and power plant project

India

### 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.

● poor → standard ► better

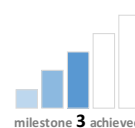


**ADANI ENTERPRISES (2016)**  
Project with environmental and human rights risks

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

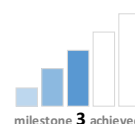


**ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)**  
Environmental and human rights violations  
in port project

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.

● standard → standard ► better

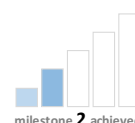


**ADANI POWER (2015)**  
Environmental and human rights violations  
in power plant project

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 → standard ► better



**ASTRA AGRO LESTARI (2015)**  
Rainforest destruction

Indonesia

Astra Agro Lestari should adopt and implement a Sustainability Policy which is aligned with the Roundtable of Sustainable Palm Oil's principles and criteria. Furthermore, the company should improve stakeholder dialogue by addressing the concerns raised by NGOs and other stakeholders.

● standard → standard ► same

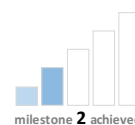


**BANGKOK BANK PUBLIC (2014)**  
Financing of a dam project with  
environmental and human rights risks

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.

● standard → poor ► same

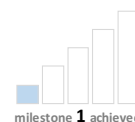


**BHARAT HEAVY ELECTRICALS LIMITED (2017)**  
Project with environmental and human rights risks

Bangladesh

BHAL should align its operations with WHC and IUCN recommendations.

● none → poor ▼ new

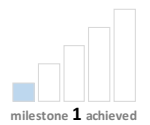


**CHINA COMMUNICATIONS CONSTRUCTION CO (2017)**  
*Fatal workplace accident*

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 by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174.

● standard → standard ► new



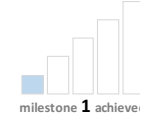
**CHINA NATIONAL PETROLEUM CORP (2017)**  
*Corrupt practices*

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 matter.

● none ↓ none ▼ new

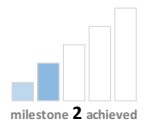


**CHINA RAILWAY CONSTRUCTION CORP (2011)**  
*Forced evictions*

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 → standard ► same

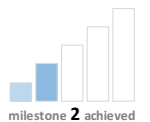


**CHINA RAILWAY GROUP (2014)**  
*Recurring fatal workplace accidents*

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.

● standard → standard ► better



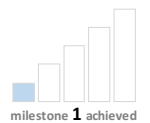
**COAL INDIA LIMITED (2017)**  
*Human rights violations*

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 ↘ poor ▼ same

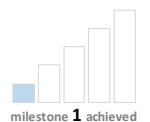


**COAL INDIA LIMITED (2016)**  
*Recurring fatal accidents*

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 → standard ► same

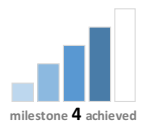


**FAST RETAILING CO (2016)**  
*Labour rights violations in supply chain*

China

Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain, and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk, and addressing any shortcomings in this area.

● poor → standard ► worse

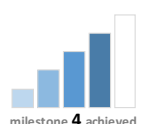


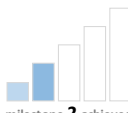
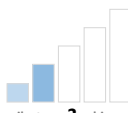
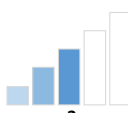
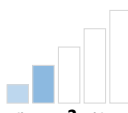
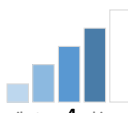
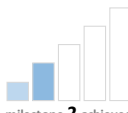
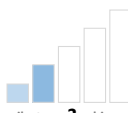
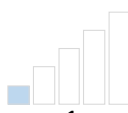
**FELDA GLOBAL VENTURES (2017)**  
*Human rights violations*

Malaysia

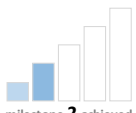
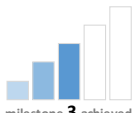
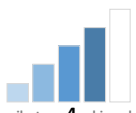
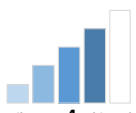
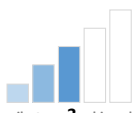
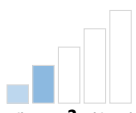
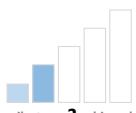
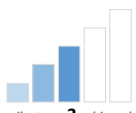
Felda should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.

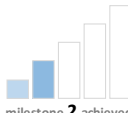
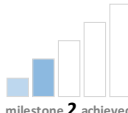
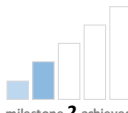

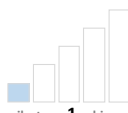

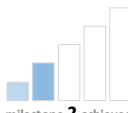
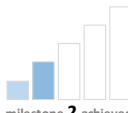
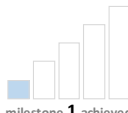
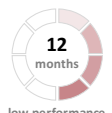
● good ↗ good ▲ same



<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.	 milestone 2 achieved
● standard → standard ► same			
<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Poor working conditions</i>	China	Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.	 milestone 2 achieved
● standard → standard ► same			
<b>HYUNDAI HEAVY INDUSTRIES CO LTD (2016)</b> <i>Recurring workplace accidents</i>	South Korea	Hyundai Heavy Industries should fully address and improve gaps in the company's health & safety management systems. It should also be more transparent with regards to publicly available information on its HSE performance	 milestone 3 achieved
● good → standard ▲ same			
<b>ITALIAN-THAI DEVELOPMENT (2011)</b> <i>Project with environmental and human rights risks</i>	Burma/ Myanmar	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.	 milestone 2 achieved
● standard ↓ none ► same			
<b>KASIKORNBANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	Kasikornbank 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.	 milestone 4 achieved
● good → standard ▲ same			
<b>KRUNG THAI BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	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.	 milestone 2 achieved
● standard ↓ none ► same			
<b>NINTENDO CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	Nintendo 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.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>NTPC (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	India	NTPC should align its operations with WHC and IUCN recommendations.	 milestone 1 achieved
● poor ↘ poor ▼ new			



<b>OLAM INTERNATIONAL (2012)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	 milestone 2 achieved
● standard ➔ poor ▶ same			
<b>OLAM INTERNATIONAL (2011)</b> <i>Child labour in cocoa industry</i>	Ivory Coast	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.	 milestone 3 achieved
● good ➔ standard ▲ same			
<b>PEGATRON (2015)</b> <i>Poor working conditions</i>	China	Pegatron should prevent labour rights violations and ensure that it follows industry standards, such as the EICC's Code of Conduct. The company should be more transparent about actions it takes towards incidents, enforcement and remedial measures as well as audits. The company should also strengthen its reporting practices and disclose more viable information.	 milestone 4 achieved
● good ↗ good ▲ same			
<b>PETROCHINA (2017)</b> <i>Corrupt practices</i>	China	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.	 milestone 4 achieved
● standard ➔ poor ▶ new			
<b>POSCO (2012)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	 milestone 3 achieved
● standard ➔ standard ▶ same			
<b>POSCO (2010)</b> <i>Environmental and human rights violations in steel project</i>	India	POSCO should conduct comprehensive environmental and human rights impact assessments in consultation with local communities and ensure that it takes all steps to become aware of, prevent and address the adverse environmental and human rights impacts linked to the Odisha project. It should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights.	 milestone 2 achieved
● standard ➔ poor ▶ same			
<b>POSCO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project, and 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.	 milestone 2 achieved
● standard ➔ poor ▶ same			
<b>POSCO DAEWOO (2010)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	 milestone 3 achieved
● standard ➔ standard ▶ same			

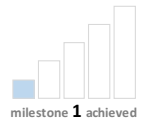
<b>POSCO DAEWOO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	Daewoo should prevent negative human rights and environmental impacts of the Shwe Project, and ensure that neither the company itself or its contractors and subcontractors are complicit in 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.	
● standard → standard ► same			
<b>PTT PCL (2011)</b> <i>Biodiversity and food security impacts related to dam project on the Mekong River</i>	Laos	PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.	
● standard → standard ► same			
<b>SAMSUNG ELECTRONICS (2017)</b> <i>Corrupt practices</i>	South Korea	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.	
● standard → standard ► same			
<b>SAMSUNG ELECTRONICS (2014)</b> <i>Poor working conditions in various countries</i>	China	Samsung should ensure that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and its suppliers. The company should strengthen its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company should be more transparent with reporting.	
● standard → standard ► same			
<b>SHENMAO TECHNOLOGY (2017)</b> <i>Environmental and human rights impacts caused by sourcing tin</i>	Indonesia	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.	
● none ↓ none ▼ same			
<b>SIAM COMMERCIAL BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	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 ↘ poor ► same			
<b>SINGAPORE TECHNOLOGIES ENGINEERING (2017)</b> <i>Corrupt practices</i>	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 ▲ new			
<b>STATE OIL COMPANY OF THE AZERBAIJAN REPUBLIC (2016)</b> <i>Recurring fatal accidents</i>	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.	
● none ↓ none ▼ same			

**SUN HUNG KAI PROPERTIES (2016)**  
Human rights violations in various countries

Nauru



Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.

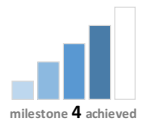


● poor → poor ▼ same

**TAKATA CORP (2016)**  
Product-related fatalities

United States

Takata should finalise the recall of affected vehicles, 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.

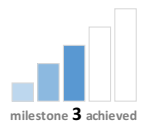


● good → standard ▲ same

**THAI UNION GROUP (2017)**  
Environmental impact caused by online trade of endangered species

Thailand

TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.

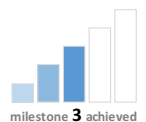


● good ↗ good ▲ same

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

Japan

TEPCO should ensure it operates its nuclear power plants safely, safely decommissions Fukushima Dai-ichi and that the negative effects from the Fukushima Dai-ichi nuclear accidents are remediated and compensated. Ensure that the company considers all options for future power production in order for nuclear to get a balanced role.

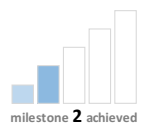


● standard → standard ► same

**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 No Child Labour Policy at all levels including business partners and contractors.

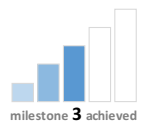


● good → standard ▲ new

**YAHOO JAPAN CORP (2016)**  
Environmental impact caused by online trade of endangered species

Japan

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.

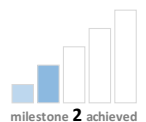


● standard → standard ► better

**ZIJIN MINING GROUP (2015)**  
Environmental impacts from waste practices

Papua New Guinea

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.

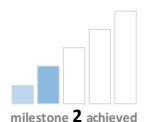


● standard → standard ► better

**ZIJIN MINING GROUP (2015)**  
Human rights violations in mining operation

Papua New Guinea

Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.



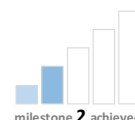
● poor ↗ good ► same

## ZTE CORP (2017)

Environmental and human rights impacts caused by purchasing tin

Indonesia

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.



● poor

↘ poor

▼ same

low performance

## EVALUATE LIST

AGRICULTURAL BANK OF CHINA, ALUMINUM CORPORATION OF CHINA, ASL MARINE HOLDINGS, ASUSTEK COMPUTER INC, BRITISH AMERICAN TOBACCO BANGLADESH, BYD COMPANY, CHAROEN POKPHAND FOODS PCL, CHINA DEVELOPMENT BANK, CHINA NATIONAL PETROLEUM CORP, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CHINA STEEL CORPORATION, CLP HOLDINGS, DAEWOO SHIPBUILDING & MARINE ENGINEERING, DONG-A SOCIO HOLDINGS, DONGKUK STEEL MILL, ELECTRICITY GENERATING, ENERGY EARTH PCL, EXPORT IMPORT BANK OF INDIA, FORMOSA PLASTICS CORP, GARUDA INDONESIA, GUANGZHOU AUTOMOBILE GROUP, HAGL, HANSAE YES24 HOLDINGS, HANWHA CHEMICAL CORP, HINDALCO, HONDA MOTOR CO LTD, HTC CORP, HUADIAN FUXIN ENERGY CORP, HYUNDAI MOTOR COMPANY, INDIA CEMENTS, INDOFOOD AGRI RESOURCES, INDOFOOD SUKSES MAKMUR, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, IOI CORP, ITALIAN-THAI DEVELOPMENT, KOLON GLOBAL CORPORATION, KOREA AEROSPACE INDUSTRIES, KOREA ELECTRIC POWER CORPORATION, KT&G, LG CHEMICAL, LG CORP, LG ELECTRONICS, LG INTERNATIONAL CORP, LONSUM, MARUHA NICHIRO CORP, MMG LTD, NATIONAL ALUMINIUM, NTPC, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, OLYMPUS CORP, PANASONIC CORPORATION, PERUSAHAAN LISTRIK NEGERA, POSCO, POSCO DAEWOO, RELIANCE INDUSTRIES, SALIM IVOMAS PRATAMA, SAMSUNG ELECTRONICS, SAMSUNG HEAVY INDUSTRIES, SAMSUNG SDI, SAN MIGUEL CORP, SINA CORP, SINOPEC KANTONS HOLDINGS, SK HOLDINGS, STEEL AUTHORITY OF INDIA, SUMITOMO CORP, TATA GLOBAL BEVERAGES LIMITED, TATA POWER, TATA STEEL, TDK CORP, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, UNITECH PRINTED CIRCUIT, WANHUA CHEMICAL GROUP, WILMAR INTERNATIONAL LIMITED, WISON ENGINEERING SERVICES, YOUNGONE HOLDINGS, ZTE CORP

## DISENGAGE LIST

### CH. KARNCHANG PUBLIC CO

Project with environmental and social risks

Laos

### HANWHA CORPORATION

Involvement in cluster munitions

South Korea

### METALLURGICAL CORPORATION OF CHINA

Environmental impacts from waste practices

Papua New Guinea

### POONGSAN CORPORATION

Involvement in cluster munitions

South Korea

### POONGSAN HOLDINGS CORPORATION

Involvement in cluster munitions

South Korea

# CENTRAL / SOUTH AMERICA

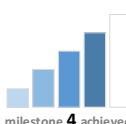
## RESOLVED LIST

<b>ELETRORBRAS (2011)</b> <i>Violation of indigenous peoples' rights</i>	Brazil	Eletrorbras has adopted a new social responsibility policy which includes a reference to the Indigenous and Tribal Peoples Convention (ILO169). GES has decided to that the company has taken sufficient measures on key human rights issues and environmental issues related to the hydropower dam.
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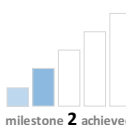
## ENGAGE LIST

<b>CEMEX (2016)</b> <i>Illegal settlements in occupied territories</i>	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.
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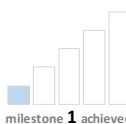
● good    ↗ good    ▲ same

<b>ELETRORBRAS (2016)</b> <i>Corrupt practices</i>	Brazil	Eletrorbras 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.
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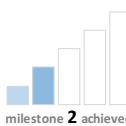
● standard    → standard    ► same

<b>GERDAU PN (2017)</b> <i>Corrupt practices</i>	Brazil	Gerdau 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.
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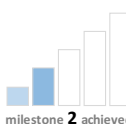
● standard    ↘ poor    ► new

<b>GRUPO MEXICO (2016)</b> <i>Human rights violations in mining project</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.
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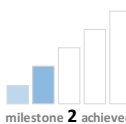
● standard    → standard    ► better

<b>JBS SA (2017)</b> <i>Corrupt practices</i>	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.
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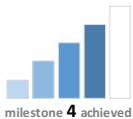
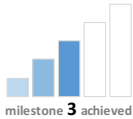
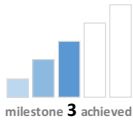
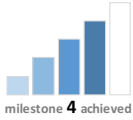
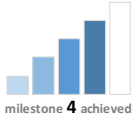

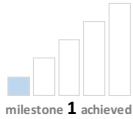
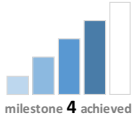
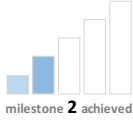


● standard    → standard    ► new

<b>JBS SA (2015)</b> <i>Repeated labour rights violations</i>	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.
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● standard    ↘ poor    ► same

<b>KOSMOS ENERGY LTD (2012)</b> <i>Illegal exploration of natural resources</i>	Western Sahara	Kosmos should demonstrate how its activities in Western Sahara are in line with the interests and wishes of the Saharawi people, and in accordance with the right to self-determination stipulated in the relevant international norms. Should this not be possible, the company should develop and implement a plan on how to entirely withdraw from Western Sahara.	● good → standard ▲ same	 milestone 4 achieved
<b>ODEBRECHT (2016)</b> <i>Corrupt practices</i>	Brazil	Odebrecht 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.	● standard → standard ► same	 milestone 3 achieved
<b>PETROBRAS (2015)</b> <i>Corrupt practices</i>	Brazil	Petrobras 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.	● standard → standard ► same	 milestone 3 achieved
<b>PETROLEOS MEXICANOS (2015)</b> <i>Recurring fatal 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	 milestone 4 achieved
<b>PETROLEOS MEXICANOS (2015)</b> <i>Repeated spills</i>	Mexico	PEMEX should make sure to mitigate environmental and health impacts from the spills. The company should strengthen its internal programmes, leak control and monitoring systems to prevent new spills. These systems should also enable the tracing of the causes of spills and actions to mitigate any gaps in spill control systems. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.	● good → standard ▲ same	 milestone 4 achieved
<b>PETROTRIN (2017)</b> <i>Recurring pollution incidents</i>	Trinidad and Tobago	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 a detrimental impact to the environment.	● none → poor ▼ same  3 months low performance	 milestone 1 achieved
<b>SAMARCO MINERACAO (2016)</b> <i>Environmental and human rights violations caused by dam collapse</i>	Brazil	Samarco should identify the cause(s) of the dam failure, develop a remedial strategy for the affected communities and the environment, ensure dam monitoring and maintenance systems and emergency procedures are in place.	● poor → standard ► same	 milestone 4 achieved
<b>SOUTHERN COPPER CORPORATION (2016)</b> <i>Human rights violations in mining project</i>	Peru	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.	● standard → poor ► same	 milestone 2 achieved

**VALE SA (2016)**

*Environmental and human rights  
violations caused by dam collapse*

Brazil

Vale should identify the cause(s) of the dam failure, assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.

● good → standard ▲ same



## EVALUATE LIST

BRASKEM SA, BRF SA, BW OFFSHORE LIMITED, CAIXA ECONOMICA FEDERAL, COMPANHIA, SIDERURGICA NACIONAL, ECOPETROL, EP PETROECUADOR, GEOPARK LIMITED, GERDAU PN, GRUPO MEXICO, MEXICHEM SAB DE CV, PETROBRAS, PETROLEOS DE VENEZUELA, PRUMO LOGISTICA SA, SUZANO PAPEL E CELULOSE, VEON LTD, YPF SA

# EUROPE

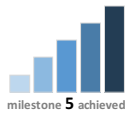
## RESOLVED LIST

**VINCI (2015)**  
*Exploitation of workers*

Qatar

### Change objective

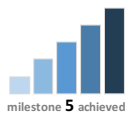
Vinci has adopted a human rights policy in line with the UN Global Compact and the basic ILO conventions on labour rights. The policy covers the company's worldwide operations, including subsidiaries and subcontractors. In addition, the company has the appropriate systems in place to make sure the policy is followed at all its operations.



**G4S (2011)**  
*Human rights violations in occupied territories*

Palestine

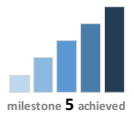
G4S has properly investigated and addressed its activities allegedly in breach of International Humanitarian Law. The company has implemented measures to prevent such allegations in the future and improve the risk assessment of its activities in high-risk zones.



**PROSEGUR (2015)**  
*Anti-union practices*

Colombia

In the dialogue with GES, Prosegur has ensured it has proper mechanisms in place to prevent labour rights violations and assure its commitment to freedom of association across its global operations. The company has been transparent on its human rights due diligence, monitoring and risk management systems in place to mitigate and prevent such issues.



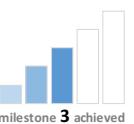
## ENGAGE LIST

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

Turkey

### Change objective

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.

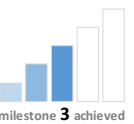


● standard    ↘ poor    ► same

**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.

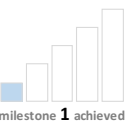


● standard    → standard    ► same

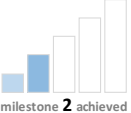
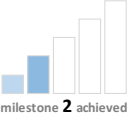
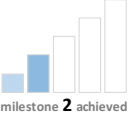
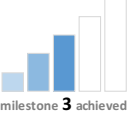




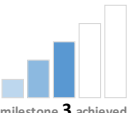
**BRITISH AMERICAN TOBACCO (2017)**  
*Labour rights violations on tobacco farms*

United Kingdom

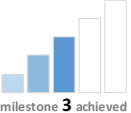







BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring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

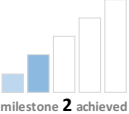

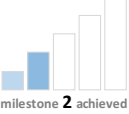
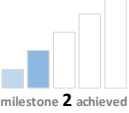



● good    → standard    ▲ same

<b>CAIRN ENERGY (2014)</b> <i>Operations in occupied territory</i>	Western Sahara	Cairn 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.	● good ↓ none ▶ same	 milestone 2 achieved
<b>DEUTSCHE POST (2015)</b> <i>Anti-union practices</i>	India	Deutsche Post should ensure its Code of Conduct is observed throughout its global operations, including subsidiaries. This refers to the CoC generally and freedom of association specifically. DP should ensure it has accurate processes to manage employee complaints, and report more transparently on the number of complaints and the measures taken to ensure compliance with the code.	● standard → standard ▶ same	 milestone 2 achieved
<b>DEUTSCHE TELEKOM (2016)</b> <i>Anti-union practices at subsidiary</i>	United States	Deutsche Telekom should ensure that the alleged practices of hindering freedom of association at T-Mobile US (TMUS) will cease and the subsidiary will engage in a dialogue with employees supporting unionisation. Deutsche Telekom should assure that TMUS' management of labour rights is aligned with the ILO core conventions.	● standard → standard ▶ same	 milestone 2 achieved
<b>ENI (2015)</b> <i>Corrupt practices</i>	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	 milestone 3 achieved
<b>ESKOM HOLDINGS SOC LTD (2017)</b> <i>Corrupt practices</i>	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.	● poor ↓ none ▼ new	 milestone 1 achieved
<b>ESKOM HOLDINGS SOC LTD (2016)</b> <i>Recurring fatal accidents</i>	South Africa	Eskom should provide evidence that the causes of the recorded accidents have been identified and measures have been put in place to prevent similar occurrences in the future.	● poor ↓ none ▼ better  low performance	 milestone 1 achieved
<b>EUROCHEM (2016)</b> <i>Operations in occupied territory</i>	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.	● good ↗ good ▲ same	 milestone 4 achieved
<b>FERROVIAL (2015)</b> <i>Human rights violations in various countries</i>	Nauru	Ferrovial should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.	● good → standard ▲ same	 milestone 3 achieved

<b>GLAXOSMITHKLINE (2015)</b> <i>Corrupt practices</i>	China	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.	<div> <div>● standard → standard ► same</div> </div>
<b>GLENCORE PLC (2013)</b> <i>Environmental impact from pollution incidents</i>	Australia	Glencore should show that lead from the Mt Isa Mine is no longer a concern to the local community and should manage any issues in an appropriate manner. At McArthur River, there should be a costed and practical remediation plan for the mine addressing potential legacy issues e.g. acid rock discharge	<div> <div>● standard → standard ► same</div> </div>
<b>GLENCORE PLC (2015)</b> <i>Operations in occupied territory</i>	Western Sahara	Glencore 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.	<div> <div>● standard → standard ► same</div> </div>
<b>HEIDELBERGCEMENT (2015)</b> <i>Violations of international law in occupied territories</i>	Palestine	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.	<div> <div>● excellent ↗ good ▲ same</div> </div>
<b>HSBC HOLDINGS (2016)</b> <i>Recurring incidents of money laundering in various countries</i>	United States	HSBC should implement systems and controls that prevent financial crime and money laundering and demonstrate that they are robust and universally applied.	<div> <div>● good → standard ▲ same</div> </div>
<b>KGHM (2017)</b> <i>Recurring fatal accidents</i>	Poland	KGHM should ensure it has internationally recognised health and safety policies, procedures and training for its workforce and suppliers.	<div> <div>● standard ↗ good ▲ better</div> </div>
<b>LEONARDO (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.	<div> <div>● good ↗ good ▲ same</div> </div>
<b>LINDT &amp; SPRUENGLI AG (2011)</b> <i>Child labour in cocoa industry</i>	Ghana	Lindt and 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, 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.	<div> <div>● excellent ↗ good ▲ same</div> </div>

<b>NESTLÉ SA (2009)</b> <i>Child labour in cocoa industry</i>	Ghana	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, 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.	 milestone 3 achieved
● excellent → good ▲ same			
<b>NESTLÉ SA (2017)</b> <i>Labour rights violations</i>	Thailand	Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.	 milestone 4 achieved
● good → standard ▲ same			
<b>NORDEA BANK (2015)</b> <i>Money laundering</i>	Sweden	Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority is 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>NORILSK NICKEL (2010)</b> <i>Environmental and health impacts from metal extraction operations</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 4 achieved
● good → good ▲ same			
<b>NOVARTIS AG (2017)</b> <i>Corrupt practices</i>	Turkey	Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level, and reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.	 milestone 3 achieved
● good → standard ▲ better			
<b>POYRY OYJ (2013)</b> <i>Project with environmental risks</i>	Laos	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.	 milestone 3 achieved
● standard → poor ► same			
<b>ROYAL DUTCH SHELL (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 2 achieved
● standard → standard ► same			
<b>ROYAL DUTCH SHELL (2009)</b> <i>Human rights violations resulting from pollution and environmental damage</i>	Nigeria	Shell should have a detailed programme in place to address the recommendations of the UNEP's Environmental Impact 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 3 achieved
● good → standard ▲ same			

<b>SIEMENS (2017)</b> <i>Operations in occupied territory</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.	<div> <div>● standard</div> <div>↘ poor</div> <div>▶ same</div> </div> 
<b>TELIA COMPANY AB (2012)</b> <i>Corrupt practices</i>	Uzbekistan	Telia Company should deploy an anti-corruption programme adapted to 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.	<div> <div>● excellent</div> <div>↗ good</div> <div>▲ same</div> </div> 
<b>VEDANTA RESOURCES (2017)</b> <i>Human rights violations in mining operation</i>	Zambia	KCM to 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.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ better</div> </div> 
<b>VOLKSWAGEN (2016)</b> <i>Environmental impact caused by emissions defeat device</i>	United States	VW should ensure the Supervisory Board has the necessary skills and independence and ensure oversight of the company's risk and its management systems. Furthermore, VW needs to appoint a management board executive accountable for environment and consumer protection.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ same</div> </div> 
<b>VTB BANK (2011)</b> <i>Financing of project with environmental risks</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.	<div> <div>● standard</div> <div>→ standard</div> <div>▶ same</div> </div> 

## EVALUATE LIST

ACCIONA, AIRBUS SE, ALROSA, ALSTOM, AP MOELLER MAERSK, BASHNEFT, BOLIDEN, BRITISH AMERICAN TOBACCO, DEUTSCHE BANK, DIGI COMMUNICATIONS, ENEL, ENEL GREEN POWER, ENI, FIAT CHRYSLER AUTOMOBILES, HEIDELBERGCEMENT, INVESTOR AB, KOENIG & BAUER AG, LAFARGEHOLCIM, LUKOIL, NESTLE SA, NORILSK NICKEL, RECKITT BENCKISER, RENAULT, ROBERT BOSCH GMBH, ROSNEFT, SAAB, SAP SE, SHIRE PLC, SIEMENS GAMESA RENEWABLE ENERGY SA, SPORTS DIRECT INTERNATIONAL, STOCKMANN OYJ, TECNICAS REUNIDAS SA, TENARIS SA, THALES, THYSSENKRUPP, TOTAL SA, UNILEVER, WARTSILA OYJ ABP, VEOLIA ENVIRONNEMENT SA, VOLKSWAGEN AG








# DISENGAGE LIST

<b>AIRBUS GROUP</b> <i>Nuclear weapons programmes</i>	France
<b>BAE SYSTEMS</b> <i>Nuclear weapons programmes</i>	United Kingdom
<b>LEONARDO SPA</b> <i>Nuclear weapons programmes</i>	France
<b>PETROMAROC CORPORATION</b> <i>Operations in occupied territory</i>	Western Sahara
<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

## ENGAGE LIST

### Change objective

<b>AKBANK (2010)</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	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.	 milestone 4 achieved
● standard    ↘ poor    ► same			
<b>BANK HAPOALIM (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>BANK LEUMI (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>FIRST INTERNATIONAL BANK OF ISRAEL (2011)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>ISRAEL DISCOUNT BANK (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>MIZRAHI TEFAHOT BANK LTD (2010)</b> <i>Financing of illegal settlements in occupied territories</i>	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.	 milestone 3 achieved
● good    ↓ none    ► same			
<b>TURKIYE GARANTI BANKASI (2010)</b> <i>Financing of a dam project resulting in breaches of environmental standards</i>	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.	 milestone 4 achieved
● good    → standard    ▲ same			

# EVALUATE LIST

ARABTEC HOLDING, CIMSA CIMENTO SANAYI VE TICARET AS, GLOBAL TELECOM HOLDING SAE, MINRAV HOLDINGS, PARK ELEKTRIK

# DISENGAGE LIST

**ELBIT SYSTEMS** Palestine  
*Security systems for illegal separation barrier in occupied territories*

**INDUSTRIAL BUILDINGS CORPORATION** Palestine  
*Construction of illegal settlements in occupied territories*

**JERUSALEM ECONOMY LTD** Palestine  
*Construction of illegal settlements in occupied territories*

**TURKIYE HALK BANKASI** Turkey  
*Financing of a dam project resulting in breaches of environmental standards*

# NORTH AMERICA

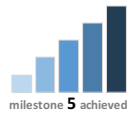
## RESOLVED LIST

**BARRICK GOLD CORP (2009)**  
*Human rights violations in mining operation*

Papua New Guinea

### Change objective

Barrick has implemented a remedy framework to compensate women who were sexually abused by security personnel at Porgera. The company has demonstrated measures to comply with the Voluntary Principles on Security and Human Rights. Procedures are in place to manage resettlements and compensation of those affected by the operation.



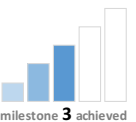
## ENGAGE LIST

**AGRIUM (2014)**  
*Operations in occupied territory*

Western Sahara

### Change objective

Agrium 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.

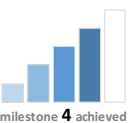


● standard ↘ poor ► same

**APPLE INC (2009)**  
*Labour rights violations at suppliers*

Taiwan

Apple should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.

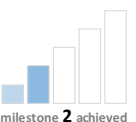


● poor ↗ good ► same

**BARRICK GOLD CORP (2017)**  
*Recurring pollution incidents*

Argentina

Barrick should ensure it has a policy and procedures in place for the safe handling of cyanide and that it has pollution prevention plans in place agreed with the authorities at each of the three operations. The company should have a system for sharing best practice throughout its operations both wholly-owned and those which are joint ventures.

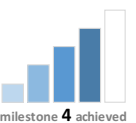


● none ↓ none ▼ new

**BARRICK GOLD CORP (2009)**  
*Environmental impacts from waste practices*

Papua New Guinea

Barrick should manage its tailings at Porgera responsibly and commit to remediating the impacted environment. Barrick should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges; this should be reported in a publicly available strategy.

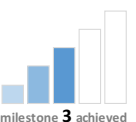


● standard → standard ► same

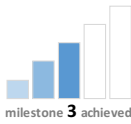
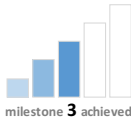





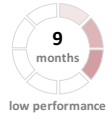

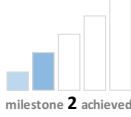
**CARGILL INC (2012)**  
*Child labour and forced labour in cotton industry*

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.



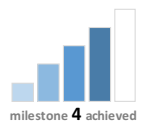
● standard ↘ poor ► same

<b>CARGILL INC (2012)</b> <i>Child labour in the cocoa industry</i>	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, 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.	
● standard → standard ► same			
<b>CROWN HOLDINGS (2016)</b> <i>Anti-union practices in several countries</i>	Turkey	Crown Holdings needs to make sure that its policies and processes are in compliance with ILO conventions referring to the right to organise and collective bargaining.	
● poor → standard ► same			
<b>ENBRIDGE (2016)</b> <i>Violations of indigenous peoples' rights</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.	
● good → standard ► better			
<b>ENBRIDGE ENERGY PARTNERS (2016)</b> <i>Violations of indigenous peoples' rights</i>	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 → standard ► better			
<b>ENERGY TRANSFER EQUITY LP (2016)</b> <i>Violations of indigenous peoples' rights</i>	United States	Energy Transfer Equity 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.	
● none ↓ none ▼ same			
			
<b>ENERGY TRANSFER PARTNERS LP (2016)</b> <i>Violations of indigenous peoples' rights</i>	United States	Energy Transfer 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.	
● none ↓ none ▼ same			
			
<b>FREEPORT MCMORAN (2009)</b> <i>Environmental impacts from waste practices</i>	Indonesia	Freeport should manage its tailings at Grasberg responsibly and commit to remediating the impacted environment. Freeport should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges; this should be reported in a publicly available strategy.	
● good → standard ▲ same			
<b>FREEPORT MCMORAN (2009)</b> <i>Human rights violations by security forces</i>	Indonesia	Freeport should demonstrate that its regular payments to Indonesian police and military are being administered in a fully transparent manner and do not contribute to human rights abuses. The company should demonstrate implementation of the Voluntary Principles on Security and Human Rights.	
● standard → standard ► same			

**GOLDCORP (2008)**  
*Violations of indigenous peoples' rights*

Guatemala

Goldcorp should, as a part of integrating human rights due diligence at its operations, ensure adequate representation of indigenous communities in all consultation processes and implement grievance mechanisms. As requested in the revised precautionary measures by the Inter-American Commission on Human Rights, Goldcorp should provide local communities with potable water of good quality.

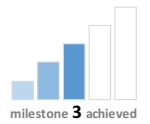


● standard → good ▲ same

**HERSHEY (2010)**  
*Child labour in cocoa industry*

Ivory Coast

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, 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.

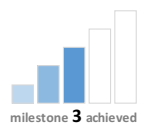


● standard → standard ► same

**LUMBER LIQUIDATORS (2015)**  
*Illegal logging*

Russian Federation

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.

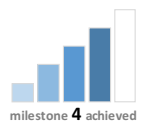


● standard → standard ► same

**MATTEL (2010)**  
*Poor working conditions at supplier factories*

China

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.

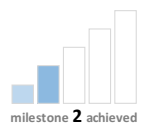


● good → standard ▲ same

**MCDONALD'S CORP (2015)**  
*Labour rights violations at franchisees*

United States

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.

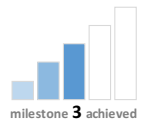


● standard → poor ► same

**MONDELEZ INTERNATIONAL (2009)**  
*Child labour in the cocoa industry*

Ghana

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, 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.

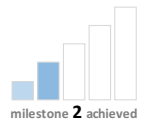


● excellent → good ▲ same

**PHILLIPS 66 (2016)**  
*Violations of indigenous peoples' rights*

United States

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.

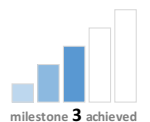


● standard → poor ► better


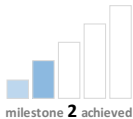
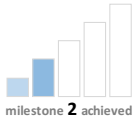
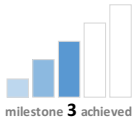
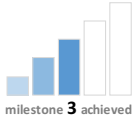
**PILGRIM'S PRIDE CORP (2015)**  
*Repeated health and safety violations*

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.



● standard → standard ► same

<b>POTASH CORP SASKATCHEWAN (2010)</b> <i>Operations in occupied territory</i>	Western Sahara	PotashCorp 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.	 <div> <span>● poor</span> <span>↓ none</span> <span>▼ same</span> </div>	
<b>T-MOBILE US (2016)</b> <i>Anti-union practices</i>	United States	T-Mobile US (TMUS) should cease the alleged practices of hindering freedom of association at the company and engage in a dialogue with employees supporting unionisation. The company should adhere to the US National Labor Relations Board's decisions. TMUS' management of labour rights should be aligned with the ILO core conventions.	<div> <span>● standard</span> <span>→ standard</span> <span>▶ same</span> </div>	
<b>WAL-MART STORES (2017)</b> <i>Labour rights violations in various countries</i>	United States	Wal-Mart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.	<div> <span>● standard</span> <span>→ standard</span> <span>▶ same</span> </div>	
<b>WELLS FARGO &amp; CO (2016)</b> <i>Workplace harassment and retaliation</i>	United States	Wells Fargo should ensure that it implements and monitors systems and procedures that protect employees from workplace harassment and from retaliation in cases where misconduct is reported. To support these systems and procedures, Wells Fargo should re-align its corporate culture so as to regain a sense of purpose and integrity, to redefine banking and restore trust with customers, employees and other stakeholders.	<div> <span>● good</span> <span>→ standard</span> <span>▲ same</span> </div>	

## EVALUATE LIST

AMAZON.COM, AMERICAN OUTDOOR BRANDS CORPORATION, ARCHER DANIELS MIDLAND, ATWOOD OCEANICS, BARRICK GOLD CORP, BOMBARDIER INC, BUNGE LIMITED, CARGILL INC, CHEVRON CORP, COGNIZANT TECHNOLOGY SOLUTIONS, COLGATE-PALMOLIVE, CONTINENTAL GOLD, COSTCO WHOLESALE CORP, DUCOMMUN, EMERA INC, EXXON MOBIL, FERONIA INC, GENERAL ELECTRIC, GENERAL MOTORS, GOODYEAR TIRE & RUBBER, HASBRO, INTERNATIONAL FINANCE CORPORATION, JOHNSON & JOHNSON, KBR INC, KELLOGG CO, LOCKHEED MARTIN, MCDONALD'S CORP, MERCK & CO, NEVSUN RESOURCES, NOVELIS, OCH-ZIFF CAPITAL MANAGEMENT, PACIFIC EXPLORATION AND PRODUCTION CORPORATION, PAPA JOHN'S INTERNATIONAL INC, PEPSICO, PROCTER & GAMBLE CO, RESTAURANT BRANDS INTL INC, RESTAURANT BRANDS INTL LP, SCICLONE PHARMACEUTICALS, THE WILLIAMS COMPANIES, TRANSCANADA CORP, UNITED STATES STEEL CORP, WAL-MART STORES, VF CORP, WILLIAMS PARTNERS LP, ZIMMER BIOMET HOLDINGS INC

## DISENGAGE LIST

**AECOM TECHNOLOGY CORP**  
*Nuclear weapons programmes*
United States

**AEROJET ROCKETDYNE HLDGS**  
*Nuclear weapons development*
United States

**BOEING CO**  
*Nuclear weapons programmes*
United States

**BWX TECHNOLOGIES**  
*Nuclear weapons programmes*
United States

**CHEVRON**  
*Environmental damage in Amazon jungle*
Ecuador

**FLUOR CORP**  
*Nuclear weapons development*
United States

**GENERAL DYNAMICS CORP**  
*Nuclear weapons programmes*
United States

**HONEYWELL INTERNATIONAL**  
*Nuclear weapons programmes*
United States

**HUNTINGTON INGALLS INDUSTRIES**  
*Nuclear weapons development*
United States

**INNOPHOS HOLDINGS**  
*Operations in occupied territory*
Western Sahara

**JACOBS ENGINEERING GROUP**  
*Nuclear weapons programmes*
United Kingdom

**LOCKHEED MARTIN**  
*Nuclear weapons programmes*
United Kingdom

**MOTOROLA SOLUTIONS**  
*Human rights violations in occupied territories*
Palestine

**NORTHROP GRUMMAN CORP**  
*Nuclear weapons programmes*
United States

**ORBITAL ATK**  
*Nuclear weapons programmes*
United States

**RAYTHEON COMPANY**  
*Nuclear weapons programmes*
United States

**TEXTRON**  
*Involvement in cluster munitions*
United States

# OCEANIA

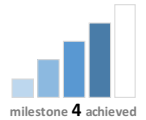
## ENGAGE LIST

### Change objective

**BHP BILLITON (2016)**  
Environmental and human rights violations caused by dam collapse

Brazil

BHP needs to identify the cause(s) of the dam failure; assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.

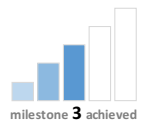


● good ↗ good ▲ same

**BROADSPECTRUM PTY LIMITED (2016)**  
Human rights violations in various countries

Nauru

Broadspectrum should adhere to the international human rights standards and comply with the recommendations issued by the United Nations High Commissioner for Refugees to provide those detained within the Nauru and Manus Island centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.

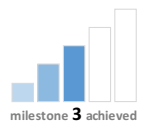


● standard → standard ► same

**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.

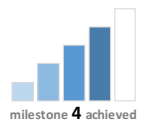


● poor ↓ none ▼ same

**RIO TINTO (2008)**  
Environmental impacts from waste practises

Indonesia

Rio Tinto should exert pressure on Freeport to ensure responsible management of tailings and to address potential long-term legacy issues at Grasberg, which are reported in a publicly available strategy. Rio Tinto should adopt a policy of prohibiting the future use of riverine tailings disposal.

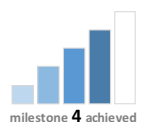


● good → standard ▲ same

**WESFARMERS (2007)**  
Operations in occupied territory

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, 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 ▲ same

## EVALUATE LIST

LINC ENERGY, OCEANAGOLD CORPORATION, RIO TINTO, WOOLWORTHS LTD

# ENGAGEMENT CALENDAR

## MEETINGS

17-10-2017	<b>SASOL</b>	As part of the Emerging Markets Engagement, GES has an onsite meeting in South Africa with Sasol at 11:30 a.m. CET to discuss carbon footprint issues. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
19-10-2017	<b>WELLS FARGO &amp; CO</b>	As part of the Corporate Governance Engagement, GES has a conference call with the incoming Chairman of Wells Fargo at 4:00pm CET. For more information, please contact <a href="mailto:kate.jalbert@gesinternational.com">kate.jalbert@gesinternational.com</a>
19-10-2017	<b>ANGLOGOLD ASHANTI</b>	As part of the Emerging Markets Engagement, GES has a face-to-face meeting at 9:00 a.m. CET to discuss safety, community relations and labour issues. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
19-10-2017	<b>STANDARD BANK GROUP</b>	As part of the Emerging Markets Engagement, GES has a face-to-face meeting with Standard Bank at 11:00 a.m. CET to discuss responsible lending. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
20-10-2017	<b>HOME DEPOT</b>	As part of the Corporate Governance Engagement, GES has a conference call with Home Depot to discuss cybersecurity and risk management at 4:00 p.m. CET. For more information, please contact <a href="mailto:kate.jalbert@gesinternational.com">kate.jalbert@gesinternational.com</a>
20-10-2017	<b>IMPALA PLATINUM</b>	As part of the Emerging Markets Engagement, GES has an onsite meeting in South Africa with Implats at 8:00 a.m. CET to discuss safety and community relations. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
20-10-2017	<b>EXXARO RESOURCES LTD</b>	As part of the Emerging Markets Engagement, GES has a face-to-face meeting with Exxaro Resources at 11:00 a.m. CET to discuss carbon footprint and labour issues. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
23-10-2017	<b>ESKOM HOLDINGS SOC LTD</b>	As part of the BCE and Emerging Markets Engagements, GES has a meeting with Eskom at 1:00p.m. CET at their offices in South Africa regarding business ethics and health and safety. Please contact <a href="mailto:bruce.jackson@gesinternational.com">bruce.jackson@gesinternational.com</a> for further details.
23-10-2017	<b>HARMONY GOLD</b>	As part of the Emerging Markets Engagement, GES has a face-to-face meeting with Harmony Gold at 15:00 p.m. CET to discuss labour issues and water risks. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
06-11-2017	<b>UNILEVER</b>	As part of a Taxation Stewardship Engagement, GES has a face-to-face meeting with Unilever at 3:00 p.m. CET. For more information, please contact <a href="mailto:andrzej.dyngosz@gesinternational.com">andrzej.dyngosz@gesinternational.com</a>
09-11-2017	<b>MATTEL</b>	As part of the Business Conduct Engagement, GES has a conference call with Mattel at 9:00 a.m. CET to discuss the company's supply chain management. For more information, please contact <a href="mailto:tytti.kaasinen@gesinternational.com">tytti.kaasinen@gesinternational.com</a>
13-11-2017	<b>REPSOL SA</b>	As part of the Corporate Governance Engagement, GES is attending Repsol's 2017 Sustainability Day in London. For more information, please contact <a href="mailto:jonathan.kellar@gesinternational.com">jonathan.kellar@gesinternational.com</a>
14-11-2017	<b>REPSOL SA</b>	As part of the Corporate Governance Engagement, GES has a face-to-face meeting with the CEO of Repsol at 3:00 p.m. CET. For more information, please contact <a href="mailto:jonathan.kellar@gesinternational.com">jonathan.kellar@gesinternational.com</a>
14-11-2017	<b>PHILLIPS 66</b>	As part of the Business Conduct Engagement, GES has a conference call with Phillips 66 at 3:00 p.m. CEST to discuss Dakota Access Pipeline and human rights due diligence. For more information please contact <a href="mailto:stina.nilsson@gesinternational.com">stina.nilsson@gesinternational.com</a>
27-11-2017	<b>ENEL</b>	As part of the Business Conduct Engagement, GES has a conference call with ENEL at 12:00 p.m. CET to discuss its involvement in a wind power project in Western Sahara. For more information, please contact <a href="mailto:linda.bjork@gesinternational.com">linda.bjork@gesinternational.com</a>
11-12-2017	<b>SWISS REINSURANCE CO</b>	As part of the Corporate Governance Engagement, GES is attending a group investor meeting with the Chairman of Swiss Re at 1:00 p.m. CET in London. For more information, please contact <a href="mailto:kate.jalbert@gesinternational.com">kate.jalbert@gesinternational.com</a>

# ENGAGEMENT TRIPS

October	SOUTH AFRICA	GES is planning an engagement trip to South Africa as part of the Emerging Markets Engagement. Business Conduct Engagement meeting will also take place when relevant. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
November	BEIJING /SHENZHEN	GES is planning an engagement trip to Beijing/Shenzhen as part of the Emerging Markets Engagement. Business Conduct Engagement meeting will also take place when relevant. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>
December	SOUTH KOREA	GES is planning an engagement trip to South Korea as part of the Emerging Markets Engagement. Business Conduct Engagement meeting will also take place when relevant. For more information, please contact <a href="mailto:palle.ellemann@gesinternational.com">palle.ellemann@gesinternational.com</a>



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# QUARTERLY ENGAGEMENT REPORT

## Q4 2017



This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the fourth quarter of 2017.



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OUR APPROACH	4
ENGAGEMENT BRIEF	5
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# ABOUT ERSTE ASSET MANAGEMENT

Erste Asset Management is an international asset management company with a strong position in Central and Eastern Europe. Our activities are backed by the financial strength of Erste Group Bank AG.

We offer our clients a broad spectrum of high-quality investment funds and asset management solutions. We apply the highest quality to our clients' assets. This also goes for the comprehensive risk management of Erste Asset Management, which covers all our business areas.

Erste Asset Management attaches particular importance to providing responsible products and services. As a company we have dedicated ourselves to socially and environmentally agreeable behaviour.

We are proud of our employees and have become the employer of choice for specialists who wish to prove their talent in the various departments of Erste Asset Management.

## OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

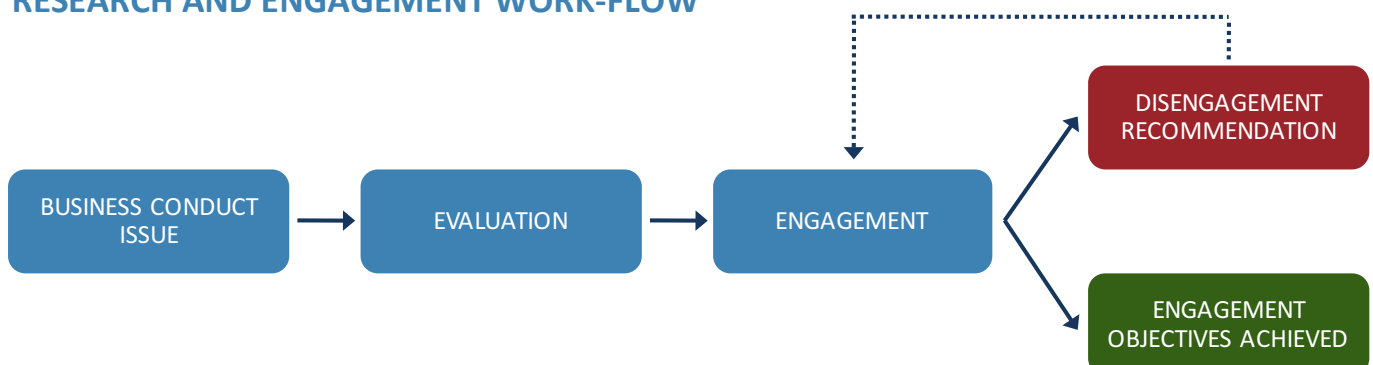
We believe that changes in business conduct drives changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

We engage with companies in collaboration with our service provider GES. 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
- 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



# ENGAGEMENT BRIEF

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## FERROVIAL, BROADSPECTRUM

*Human rights violations in various countries -  
Resolved*

For several years, **BROADSPECTRUM** delivered services to Australia's Regional Processing Centres (RPCs) for asylum seekers in Nauru and Manus Island (Papua New Guinea). The RPCs were accused of complicity in severe human rights violations. Ferrovia acquired Broadspectrum in May 2016 and immediately announced that the contracts expiring in October 2017 would not be extended as they were not a part of either of the companies' business strategies. On 31 October 2017, both companies concluded their involvement in the RPCs.

Under the Australian Migration Act, asylum seekers without proper documents who arrive in Australia by boat are subject to a mandatory, indefinite and non-reviewable detention. The country's immigration policy has been criticised for forcing asylum seekers into arbitrary confinement, without access to a court, the assistance of a lawyer or independent and public oversight. Public inspections of the RPCs by independent authorities, including the **UNITED NATIONS** and the **AUSTRALIAN HUMAN RIGHTS COMMISSION** have been regularly refused since 2013. The Australian Border Force Act has further hampered transparency regarding the RPCs. The Act came into force in July 2015 and made it a criminal offence, punishable by two years' imprisonment, for anyone working for the Australian Department of Immigration and Border Protection to disclose information obtained during their work. These provisions applied to the staff of Ferrovia, Broadspectrum and their subcontractors.



*Manus Regional Processing Centre*

Under the terms of the contract with the Australian Government, Ferrovia and Broadspectrum were responsible for providing transportation, staff accommodation, logistics and security and welfare services to asylum seekers in Nauru and Manus Island. The number of human rights abuses in the RPCs has been alarmingly high, but both companies strongly disagreed with the allegations and described the reports of abuses as inaccurate. GES discussed the operational standards of the RPCs in detail with both companies and assessed their compliance with the **UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES'** recommendations to provide humane conditions to those detained within the centres. In addition, a committee of the Australian Senate assessed the conditions at the centres and identified a number of recommendations for the processing of asylum seekers. Those included protection and welfare arrangements consistent with Australian, Nauruan and PNG's responsibilities under international law, including the Refugee Convention, and that decisions in relation to the treatment of detainees be determined by Australian officials in accordance with international obligations.



*Nauru Regional Processing Centre*

In the course of the engagement, Ferrovia shared with GES a special, confidential report prepared for the company's shareholders, which explained the company's position on the Australian migration system and measures introduced to alleviate the problems. Through the duration of the contract, Ferrovia's key objective was to improve the living conditions of the asylum seekers and refugees. Both Broadspectrum and Ferrovia elevated the standards of the functioning of the RPCs, and most importantly, enhanced the

system of recording alleged incidents occurring in the facilities. Nevertheless, cooperation on those matters with the local governments and the **AUSTRALIAN IMMIGRATION DEPARTMENT** was very challenging and many of the recorded incidents were not prosecuted.

Since the announcement on ending their involvement, the dialogue focused on a responsible exit strategy for Nauru and Manus. In November 2017, a privately-owned company took over the contract for Nauru's RPC, and the RPC on Manus Island was closed.

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Contribution to Sustainable Development Goal(s):



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*Engagement Manager*

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## GOLDCORP

*Violations of indigenous peoples' rights - Resolved*

For several years, **GOLDCORP** repeatedly received complaints regarding alleged environmental pollution and human rights violations related to the company's Marlin Mine in Guatemala. Following a shareholder request in 2008, the company initiated a human rights assessment (HRA), which was concluded in 2010. The HRA revealed several serious risks, including social tensions and lack of independent water monitoring. As a consequence, Goldcorp began the process of developing and implementing practices that would ensure a broader human rights due diligence.

Following a prolonged engagement with GES, including two mine visits and meetings in Guatemala, London, Copenhagen and Stockholm, Goldcorp has made significant progress and GES therefore regards the case as resolved.

The Marlin Mine has worked extensively with the **CONSEJOS COMUNITARIOS DE DESARROLLO (COMMUNITY DEVELOPMENT COUNCILS - COCODES)** in Guatemala. The majority of community visits by Marlin's sustainability team are information-sharing meetings, which include question-and-answer sessions and are directed at all community members, not just COCODES representatives. The company also has an "open door" policy whereby any local community member is welcome to visit and tour the mine.

For many years, Goldcorp participated in "Mesa de Dialogo" (a roundtable including local mayors, representatives from COCODES, government representatives, and the national Ombudsman office). The objective with the roundtable was to find solutions to water monitoring and water access issues highlighted by the **INTER-AMERICAN COMMISSION ON HUMAN RIGHTS**. In 2012, a cooperation agreement was signed at a roundtable. Goldcorp committed to carry out a number of water projects to provide households in communities nearby Marline with a latrine, a water pipe, and a water meter. As of May 2017, Goldcorp had completed projects in six communities and was one track to complete its remaining commitments.

A new system for tracking incoming complaints and other issues (through the grievance mechanism and other channels) was rolled out during 2014 throughout the company. More issues have since been registered.

During summer 2017, Goldcorp shared with GES the consultant **BSR'S** review of the company's fulfilment of the recommendations in the human rights assessment. BSR found that Goldcorp had fulfilled its main commitments.

Three sets of environmental monitoring are undertaken regularly throughout the year: by the company, a community-based group (**AMAC**) and the **MINISTRY OF ENERGY AND MINES**. The different sample sets are sent to different laboratories with the results compared and assessed several times a year. The company also submits quarterly monitoring reports.

In 2014, the **MINISTRY OF HEALTH** undertook a water and health study around the mine, the results were in general agreement with the earlier monitoring data.

Goldcorp plans to continue monitoring until 2026, nine years after operations closed.

Due to the company's measures to address human rights and environmental concerns, GES regards the company's response to the situation as satisfactory and regards the case as resolved.

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## TELIA COMPANY

*Corrupt practices – Resolved*

Already when **TELIA COMPANY (TELIA)** entered Uzbekistan in 2007 several critical voices were heard. Had Telia actually carried out a proper risk assessment before entering into this high-risk market controlled by an authoritarian family-run regime? In 2012, a Swedish investigative TV program pointed to severe corruption allegations where Telia had allegedly paid bribes to its local partner which was closely linked to the dictator's daughter. GES started its dialogue with Telia earlier in 2012 due to a case of indicated breaches of freedom of expression, and in the autumn of 2012 the corruption issue was added to the dialogue. One of the first things GES addressed was that Telia should have an ethics and compliance officer. Furthermore, GES underlined that the company needed to strengthen its anti-corruption policy, processes and reporting. In 2014, GES travelled with Telia and an investor group to Uzbekistan

and Kazakhstan where the group met with local authorities and visited Telia's local operations to better understand the context the company is operating in. GES had regular meetings in person with Telia and investors where GES has continued to engage on the needed policy and process improvements.

Since 2012 Telia has implemented several key changes and improvements to ensure compliance in its anti-corruption work. One of the key improvements since 2012 is that, since September 2013, Telia has had a Group Ethics and Compliance Officer and it has expanded the compliance team significantly. Now Telia has Ethics and Compliance officers in each market. The company has also strengthened its anti-corruption policies and processes and it has a broad and ongoing training program on anti-corruption. The company has also conducted several internal audits to ensure compliance, which has led to operative changes in the local markets.

The company has also implemented a speak-up line where compliance issues can be reported anonymously. In parallel, Telia has conducted in-depth human rights impact assessments together with expert partners in its Eurasian markets. Telia now has a much better level of preparedness on the mitigation of corruption risks and on compliance. The company also announced, in September 2015, that Telia will exit the Eurasian market.

Already in 2012, the **SWEDISH NATIONAL CORRUPTION PROSECUTION AUTHORITY** started an investigation which has led to charges against the former CEO and three other former management team members. The charges will be brought to court in Sweden in 2018. At the same time, Telia initiated its own investigation that was carried out by a law firm and which pointed to a lack of board oversight and inadequate due diligence of business partners. In spring 2013, Telia's board initiated another investigation. A different law firm was assigned to go through all business transactions and agreements in Telia's Central Asian operations. The investigation led to the termination of four senior managers, including the CFO.

Even though there were clear indications that there had been corrupt practices, no alleged crimes could be confirmed. However, in March 2014 **THE US DEPARTMENT OF JUSTICE** and **SECURITIES AND EXCHANGE COMMISSION** as well as **THE DUTCH PUBLIC PROSECUTION SERVICE** started to investigate the alleged corrupt practices. In September 2017, the US and Dutch authorities concluded that Telia's conduct was in violation of the Foreign Corrupt Practices Act as well as Dutch legislation and that corrupt payments of approximately USD 330 million were made by the company.

Telia entered into a settlement agreement with the US and Dutch authorities and Telia will pay fines and disgorgements to the US and Dutch authorities in an aggregate amount of USD 965 million. In addition, Telia's subsidiary in Uzbekistan, **COSCOM LLC**, has entered into a guilty plea with the Department of Justice. A normal procedure in settlements made due to breaches of the Foreign Corrupt Practices Act is that the company is ordered to have external monitoring to ensure that its compliance with policies and processes are strengthened. Telia received no orders for external monitoring, which is an indication that the US and Dutch authorities find the company's anti-corruption practices to be strong and robust. Finally, conditions in the settlement requires Telia to get approval from US authorities regarding the purchaser of Telia's Uzbek operation.

Telia has, as a company, paid a high price for its corrupt practices. Not only the actual fine but also the fact that for the last five years the company has spent an enormous amount of time and resources on the investigations and its operations in Uzbekistan. Telia is still operating in Uzbekistan although its ambition is to exit the market at the latest in 2018. Uzbekistan is still a high-risk country and market, however, Telia can now manage these risks in a more sustainable way.

GES has engaged with the company in order to improve its global anti-corruption policy and processes, but with a specific focus on its Uzbek operations. In doing so, GES is promoting UN Sustainable Development Goal 16 on Peace,

Justice and Strong Institutions indicator 16.5: Substantially reduce corruption and bribery in all their forms.

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## **BRASKEM**

*Corrupt practices – Confirmed violation*

**BRASKEM** is one of the largest petrochemical producers in the Americas and is controlled by **ODEBRECHT SA** and **PETROBRAS**.

In late 2016, Braskem agreed, in a US federal court, to pay almost USD 1 billion in fines, in order to resolve international corruption charges involving payoffs to Petrobras and government officials in Brazil. Braskem pleaded guilty to conspiring to violate the US Foreign and Corrupt Practices Act. Braskem also admitted and accepted responsibility for the acts of its officers and directors as presented in the agreement. Between 2006 and 2014, Braskem paid approximately USD 250 million into a bribery scheme. The money was channelled to politicians and political parties in Brazil and officials at Petrobras. In exchange, Braskem received various benefits, including preferential rates from Petrobras for the purchase of raw materials used by the company, contracts with Petrobras and favourable legislation and government programmes that reduced the company's tax liabilities in Brazil. In the plea agreement, the company agreed to continue to cooperate with authorities, implement compliance improvements and become subject to oversight by external monitors. Eight former Braskem executives or directors are anonymously listed in the plea agreement.

A formal sentence followed the plea agreement in January 2017 and Braskem was ordered to pay USD 632.6 million in criminal fines. The overall cost is still expected to be almost USD 1 billion, and includes a remedy payment for improper profit and benefits.

GES concludes that the company failed to take adequate measures to deal with the problem and has admitted responsibility for its wrongdoings. Based on this, together with the magnitude of the scheme, Braskem can be held responsible for the situation based on international anti-corruption norms. As of November 2017, GES therefore regards the case to be a confirmed violation of international norms.

GES is in dialogue with Braskem and met with the company in São Paulo in June 2017. Several improvements have been made by the company in the area of ethics and compliance.



In 2016, Braskem issued its first compliance report in which it identified high risks and provided strategies to address them. In November 2016, a new compliance policy was approved. Since the first allegations were made, the board hired an external party to undertake an investigation and assess the company's compliance procedures. Its first recommendation included the creation of a new compliance committee, which was subsequently established in May 2016. In August 2016, a Chief Compliance Officer, reporting directly to the compliance committee, was appointed. Training of top managers and directors of the company was conducted during 2016. The external investigation has been completed and all its recommendations have been addressed or are being addressed. They are included within the company's compliance programme, which has 164

sub-projects, 62 of these have been completed to date.

The company has an externally-operated ethics line in place. Braskem is currently concentrating on its approximate 6000 suppliers. To date, 800 have been identified as high-risk with regards to ethics and compliance risks. A special procedure is in place to manage those.

Following the plea agreement, Brazilian and US monitors were appointed to oversee compliance of ethics and compliance requirements.

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## BRISTOL-MYERS SQUIBB CO

*Corrupt practices – upgraded to Engage*

The pharmaceutical sector stands out as being particularly prone to corruption within the healthcare industry. Between 2009 and 2014, a joint venture operated by **BRISTOL-MYERS SQUIBB CO. (BMS)** in China allegedly made cash payments and offered other benefits to health care providers at state-controlled hospitals to secure prescription sales. In October 2015, **THE US SECURITIES AND EXCHANGE COMMISSION (SEC)** announced that BMS had agreed to pay nearly USD 14.7 million to settle charges of bribery. According to the SEC, gifts, meals, travel, entertainment, and sponsorship for conferences were offered by the joint venture. The benefits, recorded as legitimate business expenses, were in violation of the internal controls and recordkeeping regulations as set by the US Foreign Corrupt Practices Act (FCPA). BMS neither admitted nor denied the findings. In its quarterly filings from October 2015, the

company stated that the **DEPARTMENT OF JUSTICE** had closed the investigation.

GES decided to engage with the company in order to address what appear to be systemic failures in the company's anti-corruption management system.

In May 2015, following a GES enquiry regarding specific elements of the company's anti-corruption procedures, BMS replied that no additional information outside of what was already contained in the SEC's filings and BMS's *Principles of Integrity* can be provided. The company added that controls and policies were put in place to address the issue of bribery.



In November 2015, BMS informed GES that a zero-tolerance policy on corruption was in place and the company was committed to the highest standards of business integrity, vigilance, and ethics across the organisation. The company stated that it would report to the SEC on the status of the FCPA and anti-corruption compliance for the next two years. BMS also added that disciplinary actions, including employment termination and written and oral warnings, were taken against employees who committed violations of the company's compliance policies. Moreover, the company developed and established a compliance programme following the agreement with the SEC.

Throughout 2016 and 2017, GES engaged with BMS to learn about the changes the company introduced following the agreement with the SEC.

It should be noted that the company's policies were not revised after the corruption allegations emerged. Additionally, GES has identified some

significant gaps in the company's anti-corruption programme.

In August 2017, after press reports emerged about an overhaul of BMS's sales practices in China, the company assured GES that it had strengthened its anti-bribery compliance program, training program, due diligence procedures, and introduced monitoring of speaker fees, travel expenses and gifts etc. However, it did not share any details.

GES's goal for engagement with BMS is to improve the company's disclosure and ensure that it implements an anti-corruption policy that will insulate it from risks specific to the industry and to the countries it operates in.

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## **BUNGE LTD**

*Deforestation in South America - upgraded to Engage*

For any company active in the global trade in soy, palm oil, timber products or cattle products, deforestation has become a critical business issue. The production of these forest-risk commodities can contribute to habitat loss, greenhouse gas emissions and social conflict. Global demand for soy is rising and its production is expanding rapidly, making it one of the main causes for the destruction of natural ecosystems in South America. Multi-stakeholder initiatives are one of the ways to tackle the problem of soy-driven land conversion in that region.

In February 2017, the NGOs **MIGHTY EARTH** and **RAINFOREST FOUNDATION NORWAY** released a report in which they linked **BUNGE LIMITED** (Bunge) to deforestation in Brazil and Bolivia. An investigation conducted by the NGOs in the Brazilian Cerrado, a forested savanna region, and in the Amazon basin lowlands in Bolivia revealed that local farmers systematically carried out forest-burning to grow soybeans for Bunge. Allegedly, the company is one of the agricultural traders operating in the area that is most closely linked to deforestation. According to the report, around 700,000 hectares of forestland were cleared between 2011 and 2015 in Brazil and Bolivia, affecting jaguars, giant anteaters and sloths. Bunge stated that the report provided misleading information about the company's presence in Latin America and the deforestation figures. In May 2017, Mighty Earth released a follow-up report based on a new investigation which found that Bunge is driving new forest clearance on the same farms in Latin America.



Following the allegations, GES engaged with the company and learnt that Bunge has made a commitment to eliminating deforestation from its agricultural supply chains worldwide, employing tested methodologies that incorporate carbon and biodiversity protection. Bunge recognises the need to respect local and indigenous community rights and apply free, prior and informed consent principles to land purchases. In 2017, Bunge started implementing a three-phase approach for increasing traceability of its soy supply in South America. Phase 1 targeted the highest-priority regions, where agricultural expansion has been

most prevalent in recent years. Phases 2 and 3 expanded data collection across a larger portion of the Cerrado region. In September 2017, Bunge, **THE NATURE CONSERVANCY** and a coalition of 15 other companies, NGOs, and government entities launched Agroideal.org, a tool that facilitates the sustainable expansion of soy production in South America. The tool enables users to create custom scenarios by integrating over 25 different data layers, including environmental, economic and social indicators, to identify, at different scales, lands suitable for agriculture. The tool currently covers all of the Brazilian Cerrado.

Bunge has taken initial steps to address deforestation issues in South America which should be followed by establishing and implementing a time-bound zero deforestation policy that excludes from exploitation high conservation value areas or land under conservation and high carbon stock land or peat land, and which requires the free, prior and informed consent of local people to any land-use activity that affects them. Bunge should report publicly on the progress of the policy implementation, using clear metrics or existing tools such as **CDP's** forest footprint disclosure. GES will continue to engage with the company and monitor further developments. In doing so, GES is promoting UN Sustainable Development Goal 15 that focuses specifically on managing forests sustainably and stopping biodiversity loss.

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## CHINA COMMUNICATIONS CONSTRUCTION CO LTD

*Addressing workplace safety in the construction industry – upgraded to Engage*

The construction industry carries many risks for its workers. It takes a complex system of precautionary measures and monitoring to minimise the risk of accidents. Companies with numerous subsidiaries may particularly struggle with implementing safety policies across its operations, and Chinese ones are no exception.

In the last two years, **CHINA COMMUNICATIONS CONSTRUCTION COMPANY (CCCC)** was involved in two serious workplace accidents, both in the Chinese province of Guangdong. In April 2016, 18 people were killed and more than 20 others were injured, at a construction site in the city of Dongguan. Reportedly, due to heavy winds, a crane collapsed on a shed that was sheltering nearly 140 construction workers. The site was operated by **CCCC FOURTH HARBOR ENGINEERING**, a subsidiary of CCCC. Then, in July 2017, another fatal accident took place at a CCCC's construction site in the city of Guangzhou, seven people were killed and two were injured again due to a crane collapse. In reaction to the deaths, the local authorities suspended all construction projects in the city. Official investigations into both accidents are still ongoing.

Following the reports, GES decided to upgrade the case to engage, in order to aid CCCC in addressing the root causes of the accidents in a systematic manner. In its reporting, CCCC has displayed a relatively high level of transparency, acknowledging the accidents and disclosing some statistics on health and safety.

In its Annual Report 2016, CCCC stated that it had introduced both self-inspection and third-party inspections to monitor safety standards, and had also revised its safety management practices, provided employees with labour protection products and started safety training (so far, 284 out of 115,000 employees have taken part). It also integrated occupational health into its internal and external appraisal standards by issuing company-wide performance indicators and

started conducting a quantitative evaluation of health and safety performance at affiliated companies.

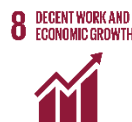
The company allocated around USD 3 million for the recovery and clean-up of the area following the Dongguan accident, and it highlighted that it was caused by unpredictable weather conditions.

GES had a face-to-face meeting with the company in Beijing in November 2017 as a part of Business Conduct Engagement and Emerging Markets Engagement. CCCC reported that it had improved its weather monitoring systems in order to minimise accident risks in the future. While it conducts regular safety training for its employees and contractors, it still has gaps in its health and safety management system and fails to display the levels of transparency that the investors would like to see when it comes to publishing relevant indicators.

GES will further engage with CCCC to monitor its progress in improving health and safety performance and to encourage further disclosure of its achievements with investors.

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Contribution to Sustainable Development Goal(s):



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## EXPORT IMPORT BANK OF INDIA

*Project with environmental and human rights risks – upgraded to Engage*

In April 2016, **UNESCO** launched an assessment of possible negative environmental impacts of a coal-fired power plant project in Rampal, Bangladesh, on the nearby World Heritage site, the Sundarbans Reserve Forest. As a result of the assessment, in October 2016, UNESCO's **WORLD**

**HERITAGE COMMITTEE (WHC)** together with the **INTERNATIONAL UNION FOR THE CONSERVATION OF NATURE (IUCN)** recommended that the project should be cancelled and relocated to avoid negative impacts on the area.

As reported in its previous Quarterly Engagement Reports, the project dates back to 2012 when a joint-venture agreement between the power utility **NTPC**, almost 70 per cent owned by the Indian government, and **BANGLADESH POWER DEVELOPMENT BOARD**. The construction contractor, **BHARAT HEAVY ELECTRICALS LIMITED**, officially began constructing the plant in 2017 and it is expected take at least four years to finalise the construction. In April 2017, **EXPORT IMPORT BANK OF INDIA (EXIM BANK)** confirmed the extension of a term loan of USD 1.6 billion for financing the Rampal project.



The project has been widely criticised by environmental experts, NGOs and experts from both India and Bangladesh due to its controversial location as it is planned only 14 km from the Sundarbans Reserve Forest and 65 km from the closest boundary of the UNESCO world heritage site which is a unique part of the forest.

At risk are the ecology and biodiversity of the Sundarbans that will be affected by air and water pollution, changes in the water quality, and increased boat traffic. The pollution could also threaten the livelihoods of the people who depend on the forest.

A great concern is that the Rampal plant might violate the Ramsar Convention, an international

environmental treaty for conserving wetlands. Bangladesh is a signatory to the convention and the Sundarbans is on the list of wetlands of international importance. Furthermore, the project might not be compliant with the Equator Principles.

The goal for GES' engagement is to ensure that the project should align operations with WHC and IUCN recommendations. Exim Bank, which is a state-owned bank that issues bonds to the financial market, has been contacted repeatedly but at this stage the bank has not responded.

With significant potential impacts on both the human and the natural environments this case can be linked to SDGs 3, 6, 14 and 15.

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## **MONSANTO CO**

*Concealing data on product-related toxicity - upgraded to Engage*

At the end of July 2017, more than 20,000 reports and documents were released online which allegedly implicated **MONSANTO** in a history of the non-disclosure/concealment of toxicity data that would have been detrimental to the marketing of selected products.

The disclosure has been colloquially reported as the "Poison Papers", with documentation dating back to the 1920's. The documents include company and regulator emails, reports and other correspondence collected through freedom of information requests and legal actions, and for

much of them it was the first time they had been digitised and made publicly available. The papers indicate a history of industry non-disclosure and, perhaps even more worryingly, active collusion with the authorities to hide detrimental toxicity and health data of products that have been or are still on the market. Monsanto is the company which was reported upon most frequently in the Poison Papers. The first issue regards polychlorinated biphenyls (PCBs), a man-made substance widely used as a coolant in numerous products. PCBs are persistent in the environment. They have been manufactured since the 1920's and were banned in 1979, after being linked to human health concerns and environmental harm. But, Monsanto reportedly knew of the hazards of PCBs in 1969, if not earlier, and did not disclose the reported hazards and continued to manufacture and market them as its product Aroclor until 1977.

Then there is the issue of dioxins, a by-product of other industrial processes, and used in the defoliant Agent Orange. Dioxins are very persistent in the environment and there are no known ways of naturally breaking them down.

They also accumulate in the body tissue of organisms. Monsanto has been responsible for contaminating several neighbourhoods adjacent to existing or former manufacturing facilities. In a 1985 Monsanto document, the company referred to one dioxin as "extremely toxic" and yet continued to sell a disinfectant high in this dioxin for a further 23 years.

The last example is glyphosphate, the active ingredient in Monsanto's brand herbicide Roundup, which is currently the focus of litigation in the US. Internal company documents showed that the formulation of Roundup was altered in the late 1990's; these changes increased the carcinogenic toxicity of the product, but there was a reluctance to inform US regulators. Since then, and based upon independent research, glyphosphate has been banned in several US states and European countries.

It is currently seeking to merge with **BAYER**, one of three large agrochemical sector mergers planned for 2017 and early 2018.

GES has started a dialogue with Monsanto but is still seeking to arrange a meeting. The objective of the engagement is for Monsanto to have a public policy on the disclosure of suspected or known adverse health effects from chemicals in its products.

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## PETROLEOS DE VENEZUELA

*Corrupt practices – upgraded to Engage*

There has been a recurring problem with corrupt practices in recent years linked to the Venezuelan state-owned enterprise, **PETROLEOS DE VENEZUELA (PDVSA)**. GES has recently upgraded the related case to engage in order to address what appear to be systemic failures in the company's governance systems.



Initial concerns were raised in 2015 when news media reported that the US authorities were investigating a former company President, an ex-Venezuelan Energy Minister and several company officials on charges related to corruption and money laundering. A probe in 2016 by the opposition-run Venezuelan Congress concluded that

USD 11 billion had gone missing from PDVSA because of malfeasance within the company.

In February 2017, the Venezuelan President announced a “shake up” of PDVSA to root out corrupt practices within the company. As a result, PDVSA acknowledged problems with corruption and announced intentions to improve anti-corruption procedures and launch an internal “alleged corruption probe”.

However, during 2017 numerous high-ranking company officials at PDVSA and several of its joint ventures and subsidiaries - including the **PETROPIAR** joint venture with **US CHEVRON CORP**, the **PETROZAMORA** joint venture with Russian **GAZPROMBANK**, and PDVSA’s US based refining subsidiary **CITIGO** – have been arrested on charges related to various forms of corrupt practices. This includes bribery, contract irregularities, illegal crude oil trafficking, criminal conspiracy, overpricing and non-execution of planned projects. In addition, since 2016 several US-based contractors have pleaded guilty of violating the US Foreign Corrupt Practices Act (FCPA) in relation to securing contracts for PDVSA.

Recently, in November 2017 the President of PDVSA and the Venezuelan Oil Minister were arrested on charges relating to corruption schemes at Petrozamora and Citigo. The two individuals have subsequently been replaced with a high-ranking Major General of the Venezuelan military, who declared intentions to defeat a “corrupt bureaucracy” within the company. Shortly after, in December 2017, the newly appointed Oil Minister and President of PDVSA announced the establishment of a new Review and Validation Regime for contracts signed by the company, its subsidiaries and joint ventures. PDVSA has also requested a review from the **VENEZUELAN NATIONAL COMPTROLLER GENERAL** to strengthen the company’s auditing units and ensure transparency of processes.

In its public disclosure covering FY2016, PDVSA committed to zero tolerance of corruption, and stated that the company had cooperated with local authorities and external specialists in the

investigations into corrupt practices at the Orinoco Belt operations, as well as established a series of corrective measures to its procurement contract procedures. This includes strengthened design and implementation of internal controls related to compliance with national and international legislation and establishment of new supplier payment procedures.

The company has not responded to GES’ numerous attempts to enter into dialogue regarding this case – the case is especially challenging as the company is majority state-owned, i.e. GES’ clients are bond holders, yielding little leverage in our engagement efforts. The reported practices could be associated to a violation of UN Global Compact Principle 10 on corruption and the corresponding Guideline VII of OECD Guidelines for Multinational Enterprises.

Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Anders Planck-Hendriksen**  
Engagement Manager

## PETROLEOS DE VENEZUELA

*Recurring oil spills – upgraded to Engage*

There has been a recurring problem with oil spills in recent years linked to the Venezuelan state-owned enterprise, **PETROLEOS DE VENEZUELA (PDVSA)**. GES has recently decided to upgrade the related case to engage in order to address what appear to be systemic failures in the company’s environmental protection systems.

In February 2012, **PDVSA** experienced a major oil spill when 100,000 barrels of crude oil spilled into the Guarapiche River, Venezuela, and travelled over 75 kilometres. As a result, local communities were without water for over two

months as the crude contaminated a local water treatment plant. Allegedly, neither PDVSA nor the **VENEZUELAN MINISTRY OF ENVIRONMENT** measured the drinking water quality.



More recently, PDVSA has experienced a series of smaller spills in different Venezuelan states, including a 25,000-barrel crude oil pipeline leak in November 2016, a 10,000-barrel crude oil leak in February and two smaller spills in March and August. In addition, in April 2017 a report by the **COLLEGE OF ENGINEERS OF ZULIA STATE** in Venezuela concluded that the Maracaibo lake in Venezuela has been regularly polluted by PDVSA over the past ten years.

According to the **NATIONAL FEDERATION OF PETROLEUM WORKERS OF VENEZUELA (FUTPV)**, PDVSA records two to three spills of crude oils in water and/or land per week on average, with serious impacts on the environment. The spills are allegedly linked to a lack of maintenance of oil pipelines and other infrastructure, resulting in corrosion breaks in the pipelines and hoses connected to the platforms, buoys and springs.

In PDVSA's financial disclosure covering FY2016, it is stated that the company and most of its subsidiaries follow local regulations, including those connected to waste disposal and spill prevention/remedy measures. The report also presented plans to invest in a new comprehensive risk management system.

The company has not responded to GES' numerous attempts to enter into dialogue regarding this case – the case is especially challenging as the company is majority state-owned, i.e. GES' clients are bond holders, yielding little leverage in GES' engagement efforts. The reported practices could be associated to a violation of UN Global Compact Principles 7 and 8 on the environment and the

corresponding Guideline VI of OECD Guidelines for Multinational Enterprises.

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Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Anders Planck-Hendriksen**  
*Engagement Manager*

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## PETROLEOS DE VENEZUELA

*Recurring workplace accidents – upgraded to Engage*

There has been a recurring problem with workplace accidents in recent years linked to the Venezuelan state-owned enterprise, **PETROLEOS DE VENEZUELA (PDVSA)**. GES has recently upgraded the related case to engage in order to address what appear to be systemic failures in the company's health and safety management systems and maintenance of its facilities.

According to news media reports, PDVSA has experienced several working 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 150 others and damaged 1,600 homes. Immediately 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. In August 2017, a separate team of technical expert investigators revealed that no corrective actions had been taken to protect the workers and the neighbours of the refinery from recurrences. The investigation also questioned the authorities' initial conclusion that the blast was a result of sabotage, instead pointing to operational failures and a lack of maintenance as the cause.

Reportedly, the state also failed to ensure that affected workers received disability pensions. In July 2017, media reported that four executives of PDVSA would be charged with the presumed responsibility for the fatal explosion at the Amuay Refinery in 2012.

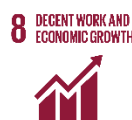
Since the 2012 Amuay explosion, a number of other fires and explosions have occurred at PDVSA's refineries. This includes a fire at the company's Isla refinery in November 2014 resulting in three injuries, an accident at PDVSA's U.S.-based refinery joint venture **CITIGO** in January 2015 resulting in one fatality, a fire at the Venezuelan Lamargas-Lago complex in December 2016 resulting in two fatalities, as well as at least three minor fires at different Venezuelan sites during 2017. Moreover, the company has experienced several road accidents in recent years involving the transportation of gasoline.

According to local media reports in September 2017, a former company director had said that the problems at PDVSA started when key personnel with industry experience were dismissed and investments in facility maintenance were stopped by the previous Venezuelan Government.

PDVSA'S annual accounts covering FY2016 presented an implementation of a comprehensive risk management system in compliance with the provisions set forth in the 2005 Organic Law on Prevention, Working Conditions and the Work Environment.

The company has not responded to GES' numerous attempts to enter into dialogue regarding this case – the case is especially challenging as the company is wholly state-owned, i.e. GES' clients are bond holders, with little leverage in our engagement efforts. The reported practices could be associated with a violation of UN Global Compact Principles 7 and 8 on the environment and the corresponding Guideline VI of OECD Guidelines for Multinational Enterprises.

Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Anders Planck-Hendriksen**  
Engagement Manager

## SINGAPORE TECHNOLOGIES ENGINEERING

*Corrupt practices – upgraded to Engage*

In September 2011, the **CORRUPT PRACTICES INVESTIGATION BUREAU (CPIB)** in Singapore launched an investigation into what would become one of the largest corruption cases in Singapore's history. It involved former and current employees of **ST MARINE**, a subsidiary of **ST ENGINEERING**.



ST Marine's former Senior Vice President was the first person to be sentenced in the corruption case in September 2016 to 20 weeks' jail and a USD 100,000 fine over fraud and bribery charges. The former chief executive officer and president was sentenced to a 10 months' imprisonment and fined USD 100,000 for corruption in December 2016. In January 2017, the former president of ST Marine was sentenced to a detention of 14 days for failing to use due diligence in performing his duties and for ignoring information that pointed to criminal wrongdoing at ST Marine.

In April 2017, ST Marine's former president of commercial affairs was sentenced to 16 weeks' jail for making false entries in the company's petty cash vouchers and conspiring with various people to falsely describe the claims as reimbursement of entertainment expenses. In June 2017, the former financial controller and senior vice-president of ST Marine was fined USD 300,000 in relation to the graft scandal. With the court cases over, GES decided to upgrade the case to engage in August 2017 in order to learn how the company planned to improve its anti-corruption programme. ST Engineering has been proactive in engaging in dialogue with GES and willing to better understand how it is perceived by investors on ESG issues. GES held two conference calls with ST Engineering, during which the company explained the implementation of its anti-corruption policy and GES presented the best practices within the industry.

ST Engineering communicated to GES that it reorganised its management system in October 2017, which resulted in the centralisation of functions like procurement and finance. The change also tightened the company's control over its subsidiaries. The anti-corruption structures and procedures are also fully centralised.

Already in 2015, ST Engineering intensified anti-corruption training, and trained around 25 per cent of its employees. It also provides training to its independent service providers.

The whistle-blowing channel is anonymous, but operated by the company itself. Also, a non-retaliation policy is in place, but is not publicly available and it is valid for employees only. However, ST Engineering does not currently intend to obtain external assurance for its anti-corruption programme, and is hesitant about the level of disclosure it should adopt in the future.

Considering limited transparency on the part of the company, GES concludes that continued engagement is needed in order to reduce corruption risks at ST Engineering and close the gaps in its anti-corruption management system. GES's engagement will reflect the fact that ST Engineering is subject to increased risk due to both its the nature of its industry (defense), the

fact that it contracts for governments, and it operates in high-risk countries.

Contribution to Sustainable Development Goal(s):



For further information, please contact:



**Natalia Matuszak**  
Engagement Manager

## ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED, ADANI POWER, ADANI ENTERPRISES

*Environmental and human rights violations in port and power plant project – update*

In September 2017, GES met with **ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (APSEZ)** in Mumbai and discussed the port operations in Mundra, India. The meeting was another step in a series of positive events that happened in the last few months. In July 2017, GES decided to resume its engagement with the Adani companies operating in Mundra, namely **ADANI ENTERPRISES**, APSEZ and **ADANI POWER**.

This reassessment of the companies' engagement status resulted from an unexpected shift in attitude towards GES' engagement efforts and their improved performance. After considering all the positive indications of change in the work of APSEZ and Adani Power towards environmental protection and improving the livelihood of the local fishermen in Mundra, GES also reviewed the cases' revision criteria.

The cases on the companies started in 2013 and since then GES has been trying to establish meaningful dialogue with the Adani companies. However, for the last four years, none of the companies operating in Mundra were interested

in discussing the issues related to their operations and the causes of the environmental damage.

The cases were confirmed in 2016 but even the **GUJARAT HIGH COURT**'s judgement stating that Adani companies will have to restore Mundra's ecology has not translated into a willingness to discuss the environmental and human rights challenges in Mundra. In addition, up until the demerger from Adani Enterprises in 2015, APSEZ and Adani Power did not have separate Investor Relations departments that could properly address investor queries. However, the demerger of Adani Enterprises seemed to slowly drive change in how APSEZ and Adani Power report and engage with their shareholders.

Undoubtedly, one of the key challenges in engaging with Adani Group's companies is navigating through its complex ownership structure and subsequent reporting. The failure to provide relevant information lasted for several years, however, at the end of 2016, GES noticed some indications of changes in the companies' behaviour. Both APSEZ and Adani Power started publishing annual sustainability reports and updated their reporting with material information.

APSEZ framed its commitment to responsible operations into a 'Safe-Smart-Sustainable' agenda, apparently recognising the fact that the company's activities have an impact on the environment and the communities around it. The company repeated these commitments during a call with GES in July 2017. Soon after the call, APSEZ provided GES with another encouraging update regarding the creation of a grievance channel for shareholders. APSEZ expressed strong interest in maintaining dialogue and explaining its position to investors and consequently met with GES in September. The meeting was positive, and the company further strengthened the will to discuss Mundra-related topics.

Adani Power joined the **UN GLOBAL COMPACT** in December 2016 and supported its Ten Principles as well as the UN Sustainable Development Goals. During the first call with the company, GES explained its position on the Mundra violations and elaborated on the objectives of the case and the revision criteria. As

with APSEZ, Adani Power said that it is willing to discuss this further with GES and investors.

Ultimately, without admitting to causing the damage, both APSEZ and Adani Power have started rectifying it. The efforts already undertaken include planting mangroves and engaging with local communities through various projects. All these positive improvements led to the fulfilment of revision criteria 2, which specified that APSEZ and Adani Power *should proceed with compensating for the damaged mangroves and strictly adhere to the conditions of their environmental permits*. The fulfilment of these requirements by the former subsidiaries entailed the achievement of the same criterion 2 by their former parent, Adani Enterprises.

Nevertheless, the remaining revision conditions such as not causing any further damage to the Mundra ecosystem, mangroves in particular, as well as applying proper due diligence and engaging in stakeholder dialogue will be the key focus of the newly re-established dialogue with the companies.

Given the positive developments in the Adani companies' behaviour, GES is optimistic that the engagement efforts going forward will lead to more constructive changes. It appears that after encountering many years of disinterest, there is now finally an opportunity for GES and investors to discuss material ESG issues with the Adani Group.

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Contribution to Sustainable Development Goal(s):

6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



14 LIFE BELOW WATER



15 LIFE ON LAND



For further information, please contact:



**Izabela Żurowska**  
Engagement Manager

## E(S)G PERFORMANCE IS KEY FOR INVESTMENTS IN CHINA

*But investors are often navigating in the dark due to lack of ESG disclosure*

China is leading the way for integration of ESG in the investment processes. This may sound perhaps a bit controversial, but from a risk perspective this is actually true. I cannot come up with a better example of a market where investors literally risk losing their investments from one day to the other if the companies they invest in have poor ESG performance.

China is a very large country, so the federal government in Beijing is struggling to get the “house in order” in the provinces where they may disagree with the priorities in Beijing. President Xi has, however, taken the hard position on two key issues that involve many Chinese companies – air pollution and corruption. For these issues there is a zero-tolerance policy – get in line or the government will restrict or shut down your business.



*The battle against the Beijing smog is not won yet.*

There are many examples of business leaders who have been removed and prosecuted for corruption and GES has a long list of engagement-cases in China on corruption. It is said that more than one million officials have been probed for corruption since the start of Xi’s anti-corruption campaign in 2012. The risk for sudden changes at the senior management level is particularly high for State-Owned Enterprises (SOEs) because the entire senior management team of these SOEs are members of the Chinese Communist Party. The Party has a code of conduct that is becoming stricter and broader every day, now even moral

issues – infidelity or alcohol at business meetings - can be career-breaking for party members.

Regarding air pollution, the regulation has not always been enforced, but the federal government is stepping up and companies that repeatedly violate emission standards are simply closed down. Additionally, companies in high-emitting industries may see their operating assets in jeopardy, if they are located close to cities. While the federal government previously focused on the worst performing companies in terms of emissions in city areas, the strategy now includes closing down entire industries during the winter months, when air pollution is most severe. The cement and steel industries were closed down in 15 provinces for three months during the winter in 2017 – this was the second year this was taking place and it will probably continue in the coming years too.

At the beginning of 2018, the federal government will also implement a new environmental protection tax on industries with high rates of pollution. The tax will hit air and water pollution as well as solid waste.

The Chinese government is not only “whipping” businesses on environmental issues, but it also provides a number of “carrot” opportunities with massive programs on investments in renewable energy, transition to electric vehicles, implementation of new energy and water efficiency measures, water treatment plants, etc. There are ample opportunities for skilled investors to find growth opportunities in China.



*There are thousands of city bikes in Beijing to encourage this mean of transportation.*

But it is important to read the risks right and not necessarily just focus on Beijing's policies. Local interests still form a blockade to the higher ambitions of Beijing. As an example, some provinces are reluctant to transition from the coal-based energy that is produced locally to cleaner energy that they can get from other provinces, such as hydropower. The reason is that the local thermal power plant generates jobs and pays taxes. Energy bought from a neighbouring province is just a cost.

While environmental and corruption risks are high on the agenda, social issues like health and safety and human rights are not supposed to be discussed in China. Disclosure on social issues, besides philanthropic programs, is often vague if not absent in Chinese company reports. It seems challenging for Chinese companies to report on risks, where it is difficult to have a positive spin on the story. You cannot report on fatalities and accidents in a positive way, so it is left out or described very briefly with few facts.

China is clearly one of the most challenging countries to engage with on ESG. Communication can be very difficult, and many Chinese companies do not see the need for engagement with international investors, when there is one controlling shareholder/stakeholder in the shape of the government. But persistency and presence pay off and we are every year building on our relationships with the companies when we are able to meet face-to-face. At the same time, the Chinese government is providing increasingly more direction in environmental matters and Chinese companies are becoming more internationally oriented and seek best practice in environmental management. GES will continue pushing for a more consistent and comprehensive mitigation of ESG risks and opportunities in Chinese companies in order to keep investor clients on top of those ESG trends that drive the Chinese market.

Contribution to Sustainable Development Goal(s):



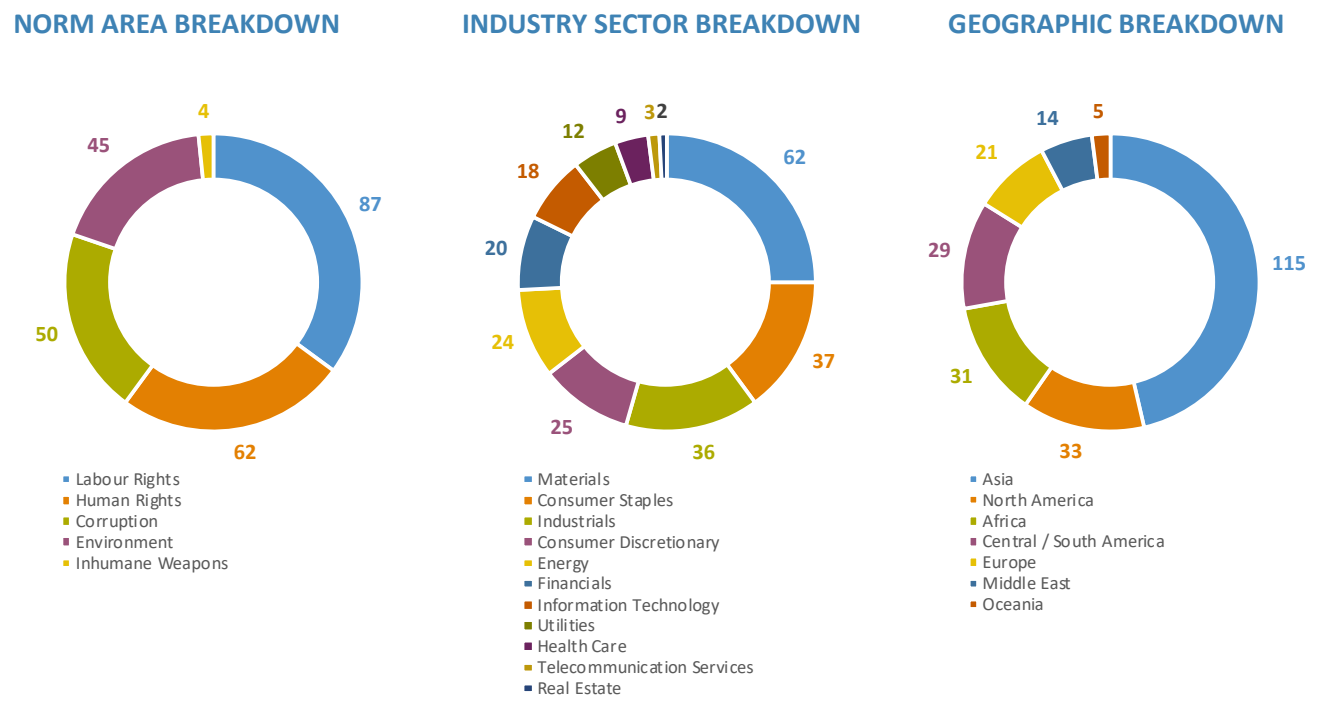
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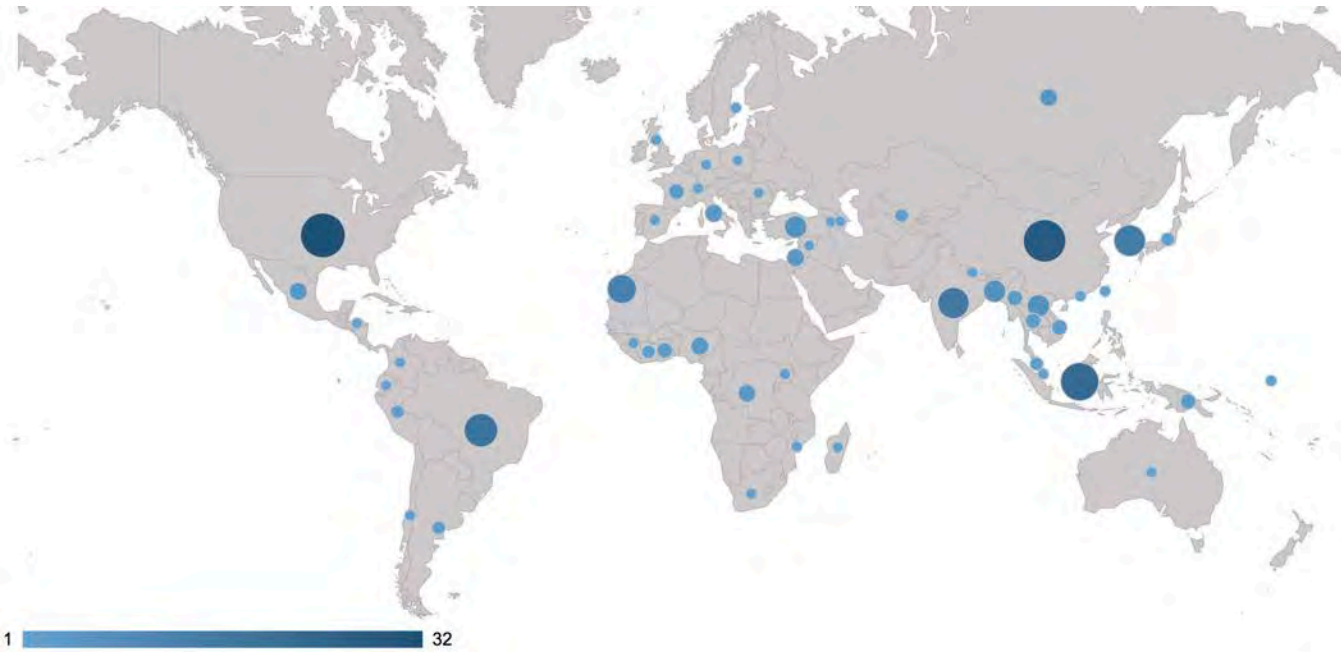
**Palle Ellemann**

*Senior Engagement Manager*

# ENGAGEMENT SUMMARY REPORT



## ENGAGEMENT MAP



During Q4 2017 GES has been in active dialogue with companies as well as external sources associated to **248** business conduct issues.

In **101** *Engage* cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **147** *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.</p> <p>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 GES' inquiries.</p> <div><div></div> excellent</div> <div><div></div> good</div> <div><div></div> standard</div> <div><div></div> poor</div> <div><div></div> none</div>
<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> <div><div></div> excellent</div> <div><div></div> good</div> <div><div></div> standard</div> <div><div></div> poor</div> <div><div></div> none</div>
<b>Performance</b>	<p>The indicator describes the combined company progress and response performance.</p> <div><div></div> High performance: good or excellent response and / or progress of the business conduct issue</div> <div><div></div> Medium performance: standard level of response and progress</div> <div><div></div> Low performance: poor or no response in combination with poor or no progress</div> <div><div></div> new, same, better or worse – indicates the change in either Response or Progress since the last quarterly report.</div>
<b>Time</b>	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div><div></div><div>After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective.</div></div>
<b>Milestone</b>	<p>The indicator describes the milestone achieved.</p> <div><div></div><div>Milestone 1: Initial communication sent to the engagement company Milestone 2: Dialogue established Milestone 3: Company commits to address issue Milestone 4: Company develops a strategy to address issue(s) Milestone 5: Issue(s) resolved / strategy effective</div></div>

# AFRICA

## EVALUATE LIST

ANGLOGOLD ASHANTI, IMPALA PLATINUM,

## ENGAGE LIST

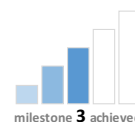
### ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)

Environmental and human rights violations in port project

India

#### Change objective

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.



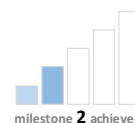
● standard → standard ► same

### 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 ▼ worse



### 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.



● none ↘ poor ▼ same



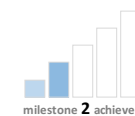
low performance

### 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 by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174.



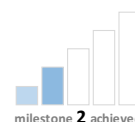
● standard → standard ► same

### 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.



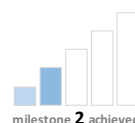
● standard ↘ poor ► worse

### 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 ▼ worse

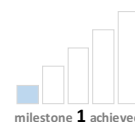


### COAL INDIA LIMITED (2017)

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 ↘ poor ▼ same



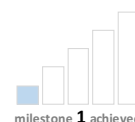
low performance

### COAL INDIA LIMITED (2016)

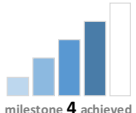

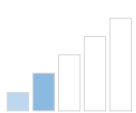
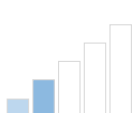


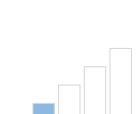



Recurring fatal accidents

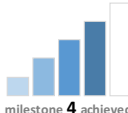
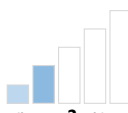
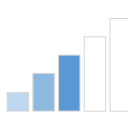
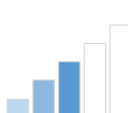
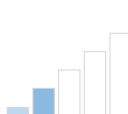
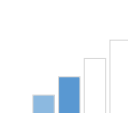
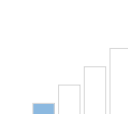


India

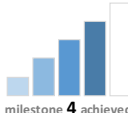
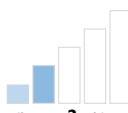

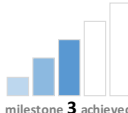
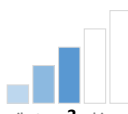
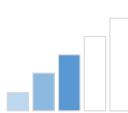
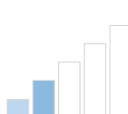
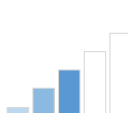
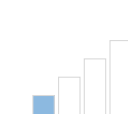
Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently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



● poor → standard ► same

<b>FAST RETAILING CO (2016)</b> <i>Labour rights violations in supply chain</i>	China	Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain, and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk, and addressing any shortcomings in this area.	 milestone 4 achieved
● standard → standard ► better			
<b>FELDA GLOBAL VENTURES (2017)</b> <i>Labour rights abuses</i>	Malaysia	Felda 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.	 milestone 4 achieved
● good ↗ good ▲ same			
<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.	 milestone 2 achieved
● standard → standard ► same			
<b>HON HAI PRECISION INDUSTRY CO (2017)</b> <i>Poor working conditions</i>	China	Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.	 milestone 2 achieved
● standard → standard ► same			
<b>HYUNDAI HEAVY INDUSTRIES CO LTD (2016)</b> <i>Recurring workplace accidents</i>	South Korea	Hyundai Heavy Industries should fully address and improve gaps in the company's health & safety management systems. It should also be more transparent with regards to publicly available information on its HSE performance	 milestone 3 achieved
● good → standard ▲ same			
<b>KASIKORNBANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	Kasikornbank 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.	 milestone 4 achieved
● good → standard ▲ same			
<b>KRUNG THAI BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	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.	 milestone 2 achieved
● poor ↓ none ▼ worse			
<b>NINTENDO CO (2017)</b> <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	Nintendo 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.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>NTPC (2017)</b> <i>Project with environmental and human rights risks</i>	Bangladesh	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 project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.	 milestone 2 achieved
● poor ↘ poor ▼ same			
	 3 months low performance		

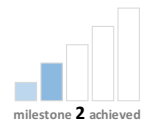
<b>PEGATRON (2015)</b> <i>Poor working conditions</i>	China	Pegatron should prevent labour rights violations and ensure that it follows industry standards, such as the Responsible Business Alliance's (formerly EICC) Code of Conduct. The company should be more transparent about actions it takes towards incidents, enforcement and remedial measures as well as audits. The company should also strengthen its reporting practices and disclose more viable information.	● good ↗ good ▲ same	 milestone 4 achieved
<b>PETROCHINA (2017)</b> <i>Corrupt practices</i>	China	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.	● standard ↘ poor ► same	 milestone 2 achieved
<b>POSCO (2012)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	● standard → standard ► same	 milestone 3 achieved
<b>POSCO (2010)</b> <i>Environmental and human rights violations in steel project</i>	India	POSCO should conduct comprehensive environmental and human rights impact assessments in consultation with local communities and ensure that it takes all steps to become aware of, prevent and address the adverse environmental and human rights impacts linked to the Odisha project. It should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights.	● standard ↘ poor ► same	 milestone 3 achieved
<b>POSCO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project, and 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.	● standard ↘ poor ► same	 milestone 2 achieved
<b>POSCO DAEWOO (2010)</b> <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.	● standard → standard ► same	 milestone 3 achieved
<b>POSCO DAEWOO (2010)</b> <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	Daewoo 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.	● standard → standard ► same	 milestone 2 achieved
<b>PTT PCL (2011)</b> <i>Project with environmental and social risks</i>	Laos	PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.	● poor → standard ► worse	 milestone 2 achieved
<b>SAMSUNG ELECTRONICS (2017)</b> <i>Corrupt practices</i>	South Korea	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.	● standard → standard ► same	 milestone 3 achieved

<b>SAMSUNG ELECTRONICS (2014)</b> <i>Poor working conditions in various countries</i>	China	<p>Samsung should ensure that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and its suppliers. The company should strengthen its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company should be more transparent with reporting.</p>	 <p>milestone 4 achieved</p>
● standard → standard ► same			
<b>SIAM COMMERCIAL BANK (2014)</b> <i>Financing of a dam project with environmental and human rights risks</i>	Laos	<p>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.</p>	 <p>milestone 2 achieved</p>
● standard ↘ poor ► same			
<b>SINGAPORE TECHNOLOGIES ENGINEERING (2017)</b> <i>Corrupt practices</i>	Singapore	<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 3 achieved</p>
● good ↗ good ▲ same			
<b>SUN HUNG KAI PROPERTIES (2016)</b> <i>Human rights violations in various countries</i>	Nauru	<p>Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.</p>	 <p>milestone 3 achieved</p>
● poor ↘ poor ▼ same			
<b>THAI UNION GROUP (2017)</b> <i>Labour rights violations</i>	Thailand	<p>TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	 <p>milestone 3 achieved</p>
● good ↗ good ▲ same			
<b>TOKYO ELECTRIC POWER COMPANY (2011)</b> <i>Unsafe nuclear power production</i>	Japan	<p>TEPCO should ensure it operates its nuclear power plants safely, safely decommissions Fukushima Dai-ichi and that the negative effects from the Fukushima Dai-ichi nuclear accidents are remediated and compensated. Ensure that the company considers all options for future power production in order for nuclear to get a balanced role.</p>	 <p>milestone 3 achieved</p>
● standard → standard ► same			
<b>WILMAR INTERNATIONAL LIMITED (2017)</b> <i>Labour rights violations at palm oil plantations</i>	Indonesia	<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 2 achieved</p>
● good → standard ▲ same			
<b>YAHOO JAPAN CORP (2016)</b> <i>Environmental impact caused by online trade of endangered species</i>	Japan	<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>
● standard → standard ► same			
<b>ZIJIN MINING GROUP (2015)</b> <i>Environmental impacts from waste practices</i>	Papua New Guinea	<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>
● standard → standard ► same			

**ZIJIN MINING GROUP (2015)**  
Human rights violations in mining operation

Papua New Guinea

Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.

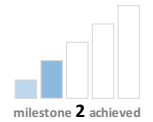


● standard → standard ► same

**ZTE CORP (2017)**  
Environmental and human rights impacts caused by purchasing tin

Indonesia

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.



● poor ↘ poor ▼ same

## EVALUATE LIST

AGRICULTURAL BANK OF CHINA LTD, ALUMINUM CORPORATION OF CHINA, ASUSTEK COMPUTER INC, BYD COMPANY, CHAROEN POKPHAND FOODS PCL, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CHINA STEEL CORPORATION, CK HUTCHISON HOLDINGS, CLP HOLDINGS, ELECTRICITY GENERATING, FORMOSA PLASTICS CORP, GUANGZHOU AUTOMOBILE GROUP, HABIB BANK, HANWHA CHEMICAL CORP, HINDALCO, HONDA MOTOR CO LTD, HYUNDAI MOTOR COMPANY, INDOFOOD SUKSES MAKMUR, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, KOREA AEROSPACE INDUSTRIES, KOREA ELECTRIC POWER CORPORATION, KOREAN AIR LINES CO LTD, KT&G, LARSEN & TOUBRO, LG CHEMICAL, LG CORP, LG ELECTRONICS, NTPC, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, OLYMPUS CORP, PANASONIC CORPORATION, POSCO, POSCO DAEWOO, QUANTA COMPUTER, RELIANCE INDUSTRIES, SAMSUNG C&T, SAMSUNG ELECTRONICS, SAMSUNG HEAVY INDUSTRIES, SAMSUNG SDI, SINA CORP, SK HOLDINGS, SUMITOMO CORP, TATA POWER, TATA STEEL, TDK CORP, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, VEDANTA LIMITED, WILMAR INTERNATIONAL LIMITED

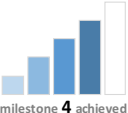

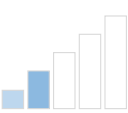
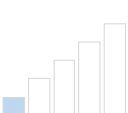
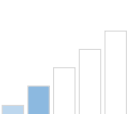
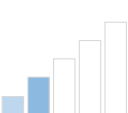
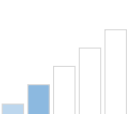

## DISENGAGE LIST

**HANWHA CORPORATION**  
Involvement in cluster munitions

South Korea

# CENTRAL / SOUTH AMERICA

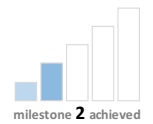
## ENGAGE LIST

		Change objective	
<b>BRASKEM SA (2017)</b> <i>Corrupt practices</i>	Brazil	Braskem 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 ↗ good ▲ new			
<b>CEMEX (2016)</b> <i>Supporting illegal settlements in occupied territories</i>	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			
<b>ELETRORBRAS (2016)</b> <i>Corrupt practices</i>	Brazil	Eletrobras 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 ▲ better			
<b>GERDAU PN (2017)</b> <i>Corrupt practices</i>	Brazil	Gerdau 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.	
● standard ↘ poor ► same			
<b>GRUPO MEXICO (2016)</b> <i>Human rights violations in mining project</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.	
● standard → standard ► same			
<b>JBS SA (2017)</b> <i>Corrupt practices</i>	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.	
● standard → standard ► same			
<b>JBS SA (2015)</b> <i>Repeated labour rights violations</i>	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			
<b>PETROBRAS (2015)</b> <i>Corrupt practices</i>	Brazil	Petrobras 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 ▲ better			

**SOUTHERN COPPER CORPORATION**  
(2016)  
*Human rights violations in mining project*

Peru

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.

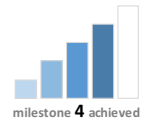


● standard ↘ poor ► same

**VALE SA (2016)**  
*Environmental and human rights violations caused by dam collapse*

Brazil

Vale should identify the cause(s) of the dam failure, assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.



● good → standard ▲ same

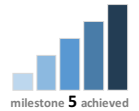
## EVALUATE LIST

BANCO SANTANDER BRASIL, BRF SA, COMPANHIA SIDERURGICA NACIONAL, ECOPETROL, GERDAU PN, GRUPO MEXICO, GRUPO TELEvisa, JBS SA, MEXICHEM SAB DE CV, PETROBRAS, SUZANO PAPEL E CELULOSE

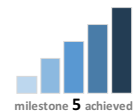
# EUROPE

## RESOLVED LIST

<b>FERROVIAL (2015)</b> <i>Human rights violations in various countries</i>	Nauru	<b>Change objective</b> Ferrovial ended its involvement in Australia's processing centres on Nauru and Manus Island. While providing the services to the centres, Ferrovial adhered to international human rights standards and complied with the United Nations High Commissioner for Refugees' recommendations to provide those detained within the centres with humane conditions.
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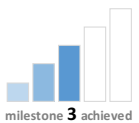


<b>TELIA COMPANY AB (2012)</b> <i>Corrupt practices</i>	Uzbekistan	Telia Company should deploy an anti-corruption programme adapted to its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.
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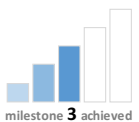
## ENGAGE LIST

<b>ANDRITZ AG (2010)</b> <i>Supplying to dam projects resulting in breaches of international standards</i>	Turkey	<b>Change objective</b> 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.
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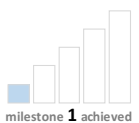
● standard → poor ► same

<b>BARRY CALLEBAUT AG (2010)</b> <i>Child labour in the cocoa industry</i>	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.
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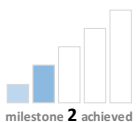
● standard → standard ► same

<b>BRITISH AMERICAN TOBACCO (2017)</b> <i>Labour rights violations on tobacco farms</i>	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.
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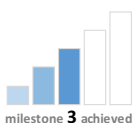
● good → standard ▲ same

<b>DEUTSCHE POST (2015)</b> <i>Anti-union practices</i>	India	Deutsche Post should ensure its Code of Conduct is observed throughout its global operations, including subsidiaries. This refers to the CoC generally and freedom of association specifically. DP should ensure it has accurate processes to manage employee complaints, and report more transparently on the number of complaints and the measures taken to ensure compliance with the code.
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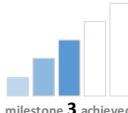
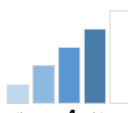
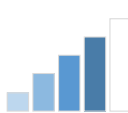
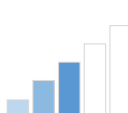
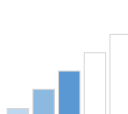


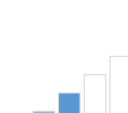
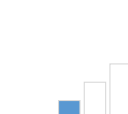


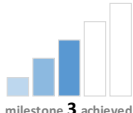
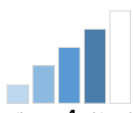
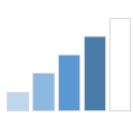
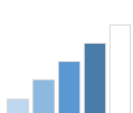

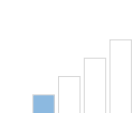
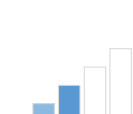


● standard → standard ► same

<b>DEUTSCHE TELEKOM (2016)</b> <i>Anti-union practices at subsidiary</i>	United States	Deutsche Telekom should ensure that the alleged practices of hindering freedom of association at T-Mobile US (TMUS) will cease and the subsidiary will engage in a dialogue with employees supporting unionisation. Deutsche Telekom should assure that TMUS' management of labour rights is aligned with the ILO core conventions.
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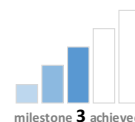
● standard → good ▲ better

<p><b>ENI (2015)</b> <i>Corrupt practices</i></p> <p>● standard → standard ► same</p>	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.	 <p>milestone 3 achieved</p>
<p><b>GLAXOSMITHKLINE (2015)</b> <i>Corrupt practices</i></p> <p>● standard → standard ► same</p>	China	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>milestone 4 achieved</p>
<p><b>GLENCORE PLC (2013)</b> <i>Environmental impact from pollution incidents</i></p> <p>● standard → standard ► same</p>	Australia	Glencore should show that lead from the Mt Isa Mine is no longer a concern to the local community and should manage any issues in an appropriate manner. At McArthur River, there should be a costed and practical remediation plan for the mine addressing potential legacy issues e.g. acid rock discharge.	 <p>milestone 4 achieved</p>
<p><b>GLENCORE PLC (2015)</b> <i>Operations in occupied territory</i></p> <p>● standard → standard ► same</p>	Western Sahara	Glencore 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 achieved</p>
<p><b>HEIDELBERGCEMENT (2015)</b> <i>Natural resources extraction on occupied territories</i></p> <p>● excellent ↗ good ▲ same</p>	Palestine	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 3 achieved</p>
<p><b>HSBC HOLDINGS (2016)</b> <i>Recurring incidents of money laundering in various countries</i></p> <p>● good ↗ good ▲ better</p>	United States	HSBC should implement systems and controls that prevent financial crime and money laundering and demonstrate that they are robust and universally applied.	 <p>milestone 4 achieved</p>
<p><b>KGHM (2017)</b> <i>Recurring fatal accidents</i></p> <p>● standard ↗ good ▲ same</p>	Poland	KGHM should ensure it has internationally recognised health and safety policies, procedures and training for its workforce and suppliers.	 <p>milestone 4 achieved</p>
<p><b>LEONARDO SPA (2013)</b> <i>Corrupt practices</i></p> <p>● good ↗ good ▲ same</p>	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.	 <p>milestone 3 achieved</p>
<p><b>LINDT &amp; SPRUENGLI AG (2011)</b> <i>Child labour in cocoa industry</i></p> <p>● excellent ↗ good ▲ same</p>	Ghana	Lindt and 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, 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>milestone 3 achieved</p>

<b>NESTLÉ SA (2009)</b> <i>Child labour in cocoa industry</i>	Ghana	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, 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.	 milestone 3 achieved
● excellent → good ▲ same			
<b>NESTLÉ SA (2017)</b> <i>Labour rights violations</i>	Thailand	Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.	 milestone 4 achieved
● good → standard ▲ same			
<b>NORDEA BANK (2015)</b> <i>Money laundering</i>	Sweden	Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority is 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>NORILSK NICKEL (2010)</b> <i>Environmental and health impacts from metal extraction operations</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 4 achieved
● good → good ▲ same			
<b>NOVARTIS AG (2017)</b> <i>Corrupt practices</i>	Turkey	Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level, and reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.	 milestone 3 achieved
● good → standard ▲ same			
<b>ROYAL DUTCH SHELL (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 2 achieved
● standard → standard ► same			
<b>ROYAL DUTCH SHELL (2009)</b> <i>Human rights violations resulting from pollution and environmental damage</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 3 achieved
● good → standard ▲ same			
<b>SIEMENS (2017)</b> <i>Operations in occupied territory</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>VOLKSWAGEN (2016)</b> <i>Environmental impact caused by emissions defeat device</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 2 achieved
● standard → standard ► same			

<b>VTB BANK (2011)</b> <i>Financing of project with environmental risks</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.
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● standard → standard ► same



## EVALUATE LIST

AIRBUS SE, ALROSA, ALSTOM, AP MOELLER MAERSK, BANCO SANTANDER SA, BOLIDEN, BRITISH AMERICAN TOBACCO, DASSAULT AVIATION, DEUTSCHE BANK, ELECTRICITE DE FRANCE, ENEL, ENI, FIAT CHRYSLER AUTOMOBILES, GLENCORE PLC, GRUPA AZOTY AS, HEIDELBERGCEMENT, LAFARGEHOLCIM, NESTLE SA, NORILSK NICKEL, RECKITT BENCKISER, RENAULT, ROSNEFT, SAINSBURY, SAP SE, SHIRE PLC, SIEMENS GAMESA RENEWABLE ENERGY SA, TESCO PLC, THALES, THYSSENKRUPP, TOTAL SA, UNILEVER, WARTSILA OYJ ABP, VEOLIA ENVIRONNEMENT SA, VOLKSWAGEN AG

## DISENGAGE LIST

<b>AIRBUS GROUP</b> <i>Nuclear weapons programmes</i>	France
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<b>BAE SYSTEMS</b> <i>Nuclear weapons programmes</i>	United Kingdom
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<b>LEONARDO SPA</b> <i>Nuclear weapons programmes</i>	France
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<b>SAFRAN GROUP</b> <i>Nuclear weapons programmes</i>	France
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# MIDDLE EAST

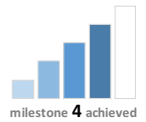
## ENGAGE LIST

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

Turkey

### Change objective

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.

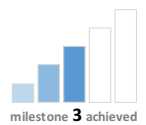


● standard    ↘ poor    ► same

**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.

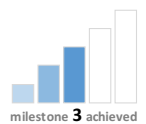


● good    ↓ none    ► same

**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.

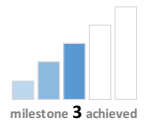


● good    ↓ none    ► same

**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.

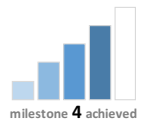


● good    ↓ none    ► same

**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    ▲ better

## EVALUATE LIST

GLOBAL TELECOM HOLDING SAE

## DISENGAGE LIST

**ELBIT SYSTEMS**  
*Security systems for illegal separation barrier in occupied territories*

Palestine

**TURKIYE HALK BANKASI**  
*Financing of a dam project resulting in breaches of environmental standards*

Turkey

# NORTH AMERICA

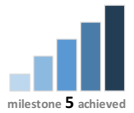
## RESOLVED LIST

**GOLDCORP (2008)**  
*Violations of indigenous peoples' rights*

Guatemala

### Change objective

Goldcorp has, as a part of integrating human rights due diligence at its operations, ensured adequate representation of indigenous communities in all consultation processes and has implemented grievance mechanisms at the Marlin mine and across its operations. As requested in the revised precautionary measures by the Inter-American Commission on Human Rights, Goldcorp has fulfilled its part of the commitment to provide local communities with potable water of good quality.



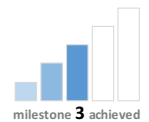
## ENGAGE LIST

**AGRIUM (2014)**  
*Operations in occupied territory*

Western Sahara

### Change objective

Agrium 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.

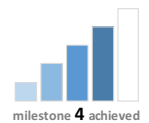


● standard → poor ► same

**APPLE INC (2009)**  
*Labour rights violations at suppliers*

Taiwan

Apple should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.

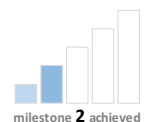


● poor → good ► same

**BARRICK GOLD CORP (2017)**  
*Recurring pollution incidents*

Argentina

Ensure that Barrick has remedial action plans in place agreed with the authorities at each of the three operations. The company should have a system for sharing best practice throughout its operations both wholly-owned and those which are joint ventures.

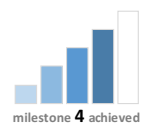


● standard → standard ► better

**BARRICK GOLD CORP (2009)**  
*Environmental impacts from waste practices*

Papua New Guinea

Barrick should manage its tailings at Porgera responsibly and commit to remediating the impacted environment. Barrick should address the remediation required of the two erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges; this should be reported in a publicly available strategy.

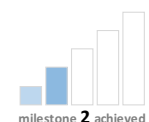


● standard → standard ► same

**BRISTOL-MYERS SQUIBB CO (2017)**  
*Corrupt practices*

China

Bristol-Myers Squibb should update anti-corruption policies to reflect its risk exposure in this area globally. It should ensure that the policy is implemented globally, including at the subsidiary level. The anti-bribery programme should be transparent in terms of allocated resources, implementation, monitoring mechanisms, whistle-blowing policy, corrective actions and external verification.

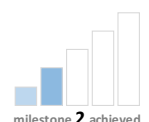


● poor → standard ► same

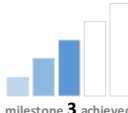
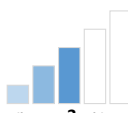


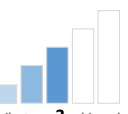
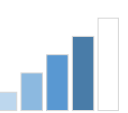
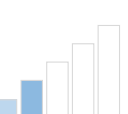
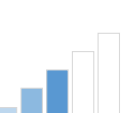
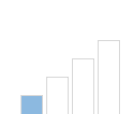

**BUNGE LIMITED (2017)**  
*Deforestation*

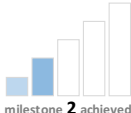
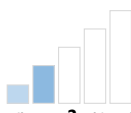

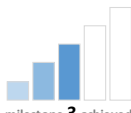
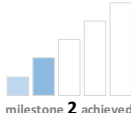
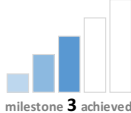
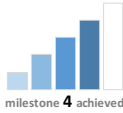
Brazil

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 ► new

<b>CROWN HOLDINGS INC (2016)</b> <i>Anti-union practices in several countries</i>	Turkey	Crown Holdings needs to make sure that its policies and processes are in compliance with ILO conventions referring to the right to organise and collective bargaining.	
● poor → standard ► same			
<b>ENBRIDGE (2016)</b> <i>Violations of indigenous peoples' rights</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.	
● good → standard ▲ same			
<b>FREEPORT MCMORAN (2009)</b> <i>Environmental impacts from waste practices</i>	Indonesia	Freeport should manage its tailings at Grasberg responsibly and commit to remediating the impacted environment. Freeport should address the remediation required of its soft-rock, erodible dumps to prevent sediment wash into the river, and address long-term potential legacy issues e.g. acid mine discharges; this should be reported in a publicly available strategy.	
● good → standard ▲ same			
<b>FREEPORT MCMORAN (2009)</b> <i>Human rights violations by security forces</i>	Indonesia	Freeport should demonstrate that its regular payments to Indonesian police and military are being administered in a fully transparent manner and do not contribute to human rights abuses. The company should demonstrate implementation of the Voluntary Principles on Security and Human Rights.	
● standard → standard ► same			
<b>HERSHEY (2010)</b> <i>Child labour in cocoa industry</i>	Ivory Coast	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, 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.	
● standard → standard ► same			
<b>MATTEL (2010)</b> <i>Poor working conditions at supplier factories</i>	China	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.	
● good → standard ▲ same			
<b>MCDONALD'S CORP (2015)</b> <i>Labour rights violations at franchisees</i>	United States	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.	
● standard ↘ poor ► same			
<b>MONDELEZ INTERNATIONAL (2009)</b> <i>Child labour in the cocoa industry</i>	Ghana	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, 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 ↗ good ▲ same			
<b>MONSANTO CO (2017)</b> <i>Concealing data on product-related toxicity</i>	United States	Monsanto should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.	
● poor ↓ none ▼ better			
			

<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.	 milestone 2 achieved
● standard → standard ► better			
<b>POTASH CORP SASKATCHEWAN (2010)</b> <i>Operations in occupied territory</i>	Western Sahara	PotashCorp 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.	 milestone 2 achieved
● poor ↓ none ▼ same	 12 months low performance		
<b>T-MOBILE US (2016)</b> <i>Anti-union practices</i>	United States	T-Mobile US (TMUS) should cease the alleged practices of hindering freedom of association at the company and engage in a dialogue with employees supporting unionisation. The company should adhere to the US National Labor Relations Board's decisions. TMUS' management of labour rights should be aligned with the ILO core conventions.	 milestone 3 achieved
● standard ↗ good ▲ better			
<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.	 milestone 2 achieved
● standard → standard ► same			
<b>WAL-MART STORES (2017)</b> <i>Labour rights violations in various countries</i>	United States	Wal-Mart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.	 milestone 3 achieved
● standard → standard ► same			
<b>WELLS FARGO &amp; CO (2016)</b> <i>Workplace harassment and retaliation</i>	United States	Wells Fargo should ensure that it implements and monitors systems and procedures that protect employees from workplace harassment and from retaliation in cases where misconduct is reported. To support these systems and procedures, Wells Fargo should re-align its corporate culture so as to regain a sense of purpose and integrity, to redefine banking and restore trust with customers, employees and other stakeholders.	 milestone 4 achieved
● excellent ↗ good ▲ better			

## EVALUATE LIST

ALLERGAN PLC, AMAZON.COM, ARCHER DANIELS MIDLAND, BOMBARDIER INC, CHEMOURS COMPANY, CHEVRON CORP, COGNIZANT TECHNOLOGY SOLUTIONS, COLGATE-PALMOLIVE, COSTCO WHOLESALE CORP, DOWDUPONT INC, EMERA INC, EQUIFAX, EXXON MOBIL, GENERAL ELECTRIC, GENERAL MOTORS, GOODYEAR TIRE & RUBBER, HASBRO, JOHNSON & JOHNSON, KELLOGG CO, MERCK & CO, PEPSICO, PROCTER & GAMBLE CO, RESTAURANT BRANDS INTL INC, ROCKWELL COLLINS, TESLA INC, TRANSCANADA CORP, WAL-MART STORES, ZIMMER BIOMET HOLDINGS INC

## DISENGAGE LIST

**BOEING CO** United States  
*Nuclear weapons programmes*

**CHEVRON CORP** Ecuador  
*Environmental damage in Amazon jungle*

**FLUOR CORP** United States  
*Nuclear weapons development*

**GENERAL DYNAMICS** United States  
*Nuclear weapons programmes*

**HONEYWELL INTERNATIONAL** United States  
*Nuclear weapons programmes*

**HUNTINGTON INGALLS INDUSTRIES** United States  
*Nuclear weapons development*

**JACOBS ENGINEERING GROUP** United Kingdom  
*Nuclear weapons programmes*

**LOCKHEED MARTIN** United Kingdom  
*Nuclear weapons programmes*

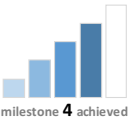
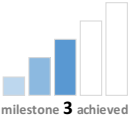


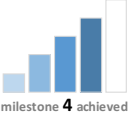
**MOTOROLA SOLUTIONS** Palestine  
*Human rights violations in occupied territories*

**NORTHROP GRUMMAN CORP** United States  
*Nuclear weapons programmes*

**RAYTHEON COMPANY** United States  
*Nuclear weapons programmes*

**TEXTRON** United States  
*Involvement in cluster munitions*

ENGAGE LIST

<b>BHP BILLITON (2016)</b> <i>Environmental and human rights violations caused by dam collapse</i>	Brazil	<b>Change objective</b> BHP needs to identify the cause(s) of the dam failure; assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.	 milestone 4 achieved
● good   ↗ good   ▲ same			
<b>INCITEC PIVOT LTD (2009)</b> <i>Operations in occupied territory</i>	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.	 milestone 3 achieved
● poor   ↓ none   ▼ same	 12 months low performance		
<b>RIO TINTO (2008)</b> <i>Environmental impacts from waste practises</i>	Indonesia	Rio Tinto should exert pressure on Freeport to ensure responsible management of tailings and to address potential long-term legacy issues at Grasberg, which are reported in a publicly available strategy. Rio Tinto should adopt a policy of prohibiting the future use of riverine tailings disposal.	 milestone 4 achieved
● good   → standard   ▲ same			
<b>WESFARMERS (2007)</b> <i>Operations in occupied territory</i>	Western Sahara	Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, 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.	 milestone 4 achieved
● standard   ↗ good   ▲ same			

EVALUATE LIST

RIO TINTO



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