
QUARTERLY ENGAGEMENT REPORT

2019:4

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

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ENGAGEMENT BRIEF

EXECUTIVE SUMMARY

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

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

Business ethics cases

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

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

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

Environmental norms violations cases

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

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

Human rights cases - operations in high-risk areas

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

Human rights cases - UN arms embargo

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

Human rights cases - consumer rights

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

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

Other human rights cases

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

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

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

Labour rights cases

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

Concluded engagements

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

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

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

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PETROLEOS MEXICANOS SA DE CV

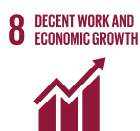
Recurring Workplace Accidents



Jonathan Kellar
Manager

Status: Resolved

Contribution to SDGs:



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

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

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

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

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

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

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

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

ESKOM HOLDINGS SOC LTD

Corruption



K Bruce Jackson
Associate Director

Status: Resolved

Contribution to SDGs:



ESKOM HOLDINGS SOC LTD (Eskom) is a state-owned power generator and distributor in South Africa and has been the focus of multiple allegations of corruption during the years of the former Presidency of Jacob Zuma.

In October 2016, South Africa's Public Protector published a report about 'State Capture' which highlights corruption in the political system and state-owned enterprises of South Africa by the Gupta family. The Gupta's had used its political connection with the then President Jacob Zuma to influence the business decisions of a number of state-owned enterprises in their favour. The family used their influence to ensure that Ministers and senior management at the companies were appointed, who in turn would provide lucrative, over-priced contracts to Gupta businesses.

The targets affected company was Eskom, where several, very over-priced contracts, valued at some SAR 31.7 billion (USD 2.14 billion), were issued. The contracts were issued with the personal interference of senior Eskom management including the then CEO and CFO without following the procurement process for state-owned enterprises. Several whistle-blowers were fired, slandered in the Gupta-owned press and had their careers destroyed.

A commissioned year-long independent review by the law firm Dentons was stopped after a matter of weeks, although Dentons still published a large number of recommendations.

As a result of the corruption and financial mismanagement at the company Eskom's debts increased significantly to some SAR 454 billion (USD 31 billion) the equivalent of approximately 3.5 per cent of South Africa's GDP.

Since the change of Presidency in February 2018, there has been a marked change in the political environment. Eleven senior executives implicated in corruption were removed. Eskom is being investigated by at least seven different regulators and external bodies and is having to report monthly to its debt holders on improvements and progress regarding anti-bribery and corruption measures including on the recommendations made by Dentons. The number of reports on its whistle-blower hotline relating to business ethics has also increased, as employees feel more confident the issue will be dealt with. It has increased the compliance department, amended its training and is doing life-style checks on senior management.

Although Eskom has not publicly disclosed all the actions taken in response to the Dentons and Public Prosecutors, it has investigated over 1,000 reported cases of alleged business ethics violations which have led to further employee removals or disciplinary action. Although the impact of the engagement, and the measures that Eskom has taken, will take a long time before they are fully implemented, they should assist in building confidence in the company and reducing its level of debt, will also be significant for both Eskom and South Africa.

3M CO

Activities Resulting in Negative Environmental and Health Impacts



K Bruce Jackson
Associate Director

Status: Engage

For several years, the 3M CO (3M) has faced numerous lawsuits brought by US states, local authorities and communities over alleged environmental pollution. The lawsuits relate especially to the pollution of surface and ground water with harmful contaminants stemming from past activities and products.

The allegations relate to the chemicals perfluorooctanesulfonic acid (PFOS) and perfluorooctanoic acid (PFOA), two types of perfluoroalkyl and polyfluoroalkyl substances (PFAS) used as surfactants in numerous applications. PFAS are a group of man-made chemicals that includes PFOA, PFOS, GenX, and many other chemicals. PFAS have been manufactured in the US since the 1940s and have been widely used in a variety of industries globally. PFOA and PFOS have been the most extensively produced and studied of these chemicals. Both chemicals are very persistent in the environment and can bioaccumulate (i.e.

Contribution to SDGs:



build up in the body) over time. There is extensive evidence that exposure to PFAS can lead to adverse human health effects.

The company has been relatively proactive in regard to PFAS. It states that it was the first manufacturer to cease the production of PFOS and PFOA in the early 2000s and reportedly provided several hundred studies to the US Environmental Protection Agency on PFAS. The company has recently launched a PFAS Stewardship webpage, which details the history of PFAS, health science, testing methods and remediation technologies suitable for PFAS removal.

Sustainalytics is engaging with the company to seek more details on its PFAS stewardship and to see how it can make greater use of its history on PFAS in order to address the legacy of widespread water source pollution, particularly in the US. We are also asking whether the company has informed its overseas customers about this issue and is able to provide them with assistance in the identification, evaluation and remediation of any legacy PFAS pollution outside the US.

AB VOLVO

Operations in Territories with Elevated Human Rights Risks



Joris Laseur
Manager

Status: Engage

Contribution to SDGs:



AB VOLVO manufactures trucks, buses, construction equipment and engines. Volvo products have been involved in significant incidents regarding alleged violations of human rights in Egypt, Myanmar and Palestine. Egyptian security forces used armoured trucks manufactured by Volvo's subsidiary ARQUUS for the violent suppression of political opposition between 2012 and 2015. VOLVO CONSTRUCTION EQUIPMENT, including its subsidiary TEREX TRUCKS, relied on insufficient human rights safeguards in relation to the use of its equipment in a controversial jade mine in Myanmar. Volvo was also involved in the delivery of construction equipment that has been used by the Israeli military in the demolition of houses and the construction of checkpoints in the occupied territories.

Volvo acknowledges that it has a responsibility to respect human rights, so it has been looking into its internal sales policy for opportunities to expand its human rights due diligence in a meaningful way. Volvo has had a Responsible Sales process since 2014, primarily to fulfil the due diligence requirements of export credit agencies and insurance companies. Volvo feels that it is hard to exert control over the use of its products, because its products tend to have a long lifespan and change ownership several times. However, Volvo does acknowledge that there may

be opportunities to increase its leverage with its importers and distributors in high-risk countries.

The recurring pattern of its products being implicated in human rights violations suggests that the company should strengthen its ability to 'prevent or mitigate adverse human rights impacts that are directly linked to [its] products [...] by [its] business relationships, even if [it has] not contributed to those impacts'. Therefore, Sustainalytics has decided to engage with Volvo, aiming to expand the company's efforts to collaborate with business partners in high-risk countries in order to respect human rights.

AEKYUNG INDUSTRIAL CO LTD /

SK DISCOVERY CO LTD

Quality and Safety Violations



Jonathan Kellar
Manager

Status: Engage

Contribution to SDGs:



AEKYUNG INDUSTRIAL CO LTD (Aekyung) and SK DISCOVERY CO LTD (SKD) have been involved in a major product safety scandal. SKD's subsidiary SK CHEMICALS reportedly made a humidifier disinfectant containing toxic chemicals, which Aekyung then sold to consumers. The toxic chemical is allegedly associated with over 100 deaths in South Korea between 2001 and 2011. The products were taken off store shelves in 2011, after South Korean authorities linked the chemical in the disinfectants to a lung disease.

In February 2018, the FAIR TRADE COMMISSION (FTC) fined SKD's subsidiary SK Chemicals, Aekyung and a retail company a total of KRW 134 million (USD 124,000) for failing to inform customers of the risks associated with the humidifier disinfectants they manufactured and sold. SK Chemicals' portion of the fine was KRW 39 million (USD 36,000). In January 2019, South Korean prosecutors raided the headquarters of SKD to gather evidence related to the chemicals. Then, in March 2019, a managing director at SK Discovery was arrested for allegedly covering up evidence related to the safety of the chemicals used in the disinfectant. Authorities have also reportedly arrested the former president of the company and a former executive on professional negligence charges. According to a July 2019 news report, more than 6,400 have been registered as victims of the humidifier steriliser case, of whom about 1,420 have died.

In November 2019, Sustainalytics sent a set of specific questions to SK Chemicals' investor relations covering recent charges against company managers, ongoing investigations and the company's quality and safety management system, among other matters. In response, the company advised that: executives charged with criminal offences are no longer with the company;

it is committed to assisting the injured customers with the company's resources and it has made contributions of a 21.2 billion KRW (USD 18 million) to compensation for victims in accordance with legislation; criminal trials of those involved are currently under way; a commission has also been established to investigate and clarify the facts related to the humidifier disinfectant case; people injured by humidifier disinfectant have also filed civil lawsuits against the company; and the company has been running certified internal and external product safety monitoring systems for the safety of products.

We will continue engagement with SKD and Aekyung to ensure that they disclose the outcomes of the internal and external investigations into the humidifier disinfectant issue. We will also recommend that they review and substantially upgrade their quality and safety management systems in response to the findings from such investigations, and have these upgraded systems externally assured. Although we take note of the compensation payments that SKD has made so far, we will strongly encourage both companies to make sure that all victims and/or their families are suitably compensated for the harm caused.

AMP LIMITED

Consumer Fraud



David Frazer
Manager

Status: Engage

Contribution to SDGs:



Sustainalytics has decided to engage with AMP LIMITED (AMP) due to the severity of a recent customer fraud controversy which affected 16,000 customers and involved USD 527.25 million in customer remediation to date. The company has also been scrutinised for making misleading statements to regulators, and for allegedly interfering with the drafting of an independent report related to the consumer fraud.

In November 2018, the acting CEO disclosed that AMP was potentially involved in a second overcharging controversy, involving the provision of advice to over 200,000 corporate superannuation plans dating back to 2008, and that further cases of 'fees-for-no-service' might eventually be uncovered.

We have reached out to the company to discuss strengthening certain policies related to business ethics and consumer rights, assess the effectiveness of AMP's remediation programme, and ask what additional steps the new management is taking to address the controversy.

Sustainalytics has decided to focus the engagement with AMP Limited on the following areas: AMP's customer rights,

corruption and corporate culture programmes meant to prevent future occurrences of consumer fraud.

ANBANG INSURANCE GROUP CO LTD

Fraud



David Frazer
Manager

Status: Engage

Contribution to SDGs:



ANBANG INSURANCE GROUP CO LTD (Anbang) has been implicated in embezzlement and fraud from activities undertaken by the company's founder and former chairman. Anbang is a private Chinese company that grew significantly between 2004 and 2017 through acquisitions and real estate transactions outside its domestic market. As early as 2016, the Chinese government began investigating Anbang's business model for irregularities, as part of its scrutiny of overseas deals by domestic companies to manage potential systemic financial risks. In February 2018, the government seized control of Anbang and it currently plans to retain control of it until February 2020, stating that the company's solvency may be at risk.

In February 2018, the CHINA INSURANCE REGULATORY COMMISSION announced that Anbang's former chairman was being prosecuted for fundraising fraud, embezzlement and abuse of power. He reportedly raised USD 10.4 billion through the fraudulent sale of investment-type insurance products beyond regulatory limits and embezzled USD 1.5 billion from Anbang's insurance fund among other violations. In May 2018, the CEO admitted to the wrongdoing and was sentenced to 18 years in prison. In June 2019, Anbang's assets were taken over by DAJIA INSURANCE GROUP, which is controlled by Chinese MINISTRY OF FINANCE.

Sustainalytics has decided to engage with the company in order to ensure that business ethics-related policies and programmes (such as code of conduct, anti-fraud policy, compliance and risk management processes) are robust and universally applied across the company.

ANDRADE GUTIERREZ SA

Corrupt Practices

As part of investigation 'Car Wash' by the Brazilian police, the former president of ANDRADE GUTIERREZ SA (AG) and two former executives were arrested over accusations that they were involved in corruption, money laundering and forming a cartel to overcharge state-owned PETROBRAS. The Car Wash investigation is still ongoing and new allegations against AG may potentially emerge.



Enrique Figallo
Senior Associate

Status: Engage

Contribution to SDGs:



In 2016, AG published a compliance and integrity report, a code of ethics and conduct, and rules for relationships with public authorities. In all these documents, the company shows processes designed to mitigate business risks. However, the company has not published any updated reports or documents regarding the effectiveness of these processes since then. Sustainalytics has reached out to AG to discuss any updates regarding its compliance and ethics work but the company has not responded yet.

Considering that the police investigation is ongoing and there has been a decrease in transparency and disclosure regarding the company's compliance and ethics work since 2016, Sustainalytics will continue the dialogue with AG to ensure that the company has incorporated an anti-corruption programme within its compliance system and that it will disclose and report on the effectiveness of all these measures to external stakeholders.

AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED /

CHINA NORTH INDUSTRIES CORP /

IRKUT CORPORATION /

ROSTEC CORPORATION / UNITED AIRCRAFT CORPORATION

Operations in Territories with Elevated Human Rights Risks



Joris Laseur
Manager

Status: Engage

Sustainalytics has started engagement with several companies that reportedly supplied military equipment in breach of arms embargoes of the UN and/or EU. While the cases are unrelated, the companies have in common that they are majority-owned by a state.

- AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED (AviChina) reportedly delivered military aircraft to the armed forces of Myanmar between 2013 and 2015. This country has been subject to arms embargoes by the international community. As there are indications that its parent company AVIC has continued to ship military aircraft to Myanmar also more recently, AviChina continues to be affiliated with arms embargo breaches.
- CHINA NORTH INDUSTRIES CORP has allegedly been delivering military aircraft to the armed forces of Myanmar. Additionally, various sources reported that the company has been involved in arms trades with several high risk countries, including South Sudan, Myanmar, Belarus and Zimbabwe, which were under EU arms embargoes at the time of the deals.
- Two subsidiaries of ROSTEC CORPORATION reportedly delivered combat helicopters and light attack aircraft to Myanmar, Sudan and Syria between 2011 and 2018. All

Contribution to SDGs:



three countries were under EU arms embargoes at the time of the purchases and transfers.

- Three subsidiaries of UNITED AIRCRAFT CORPORATION, including IRKUT CORPORATION, reportedly delivered military aircraft to Myanmar and Belarus between 2011 and 2018. These countries were subject to EU arms embargoes at the time the transactions were made.

If military equipment and weapon manufacturers ship their products to territories with elevated human rights risks, they risk being complicit in human rights violations, even if they do not have a presence locally. We have started to reach out to companies that supplied armed military aircraft to Belarus, Myanmar, Sudan, and Yemen. These countries and/or specific individuals in these countries are subject to UN arms embargoes. Furthermore, some of the targeted companies also supplied to countries considered at high risk of human rights violations that were not under embargoes at the time of the delivery, e.g. China, Egypt, Iraq and Venezuela.

From military equipment and weapon manufacturers that ship their products to territories with elevated human rights risks, Sustainalytics will ask for clear criteria to identify high-risk destination countries and human rights due diligence procedures to be followed before agreeing with customers to supply military equipment.

BAUSCH HEALTH COMPANIES INC

Accounting Fraud



Joris Laseur
Manager

Status: Engage

Contribution to SDGs:



BAUSCH HEALTH COMPANIES INC (formerly VALEANT) is a global specialty pharmaceutical, consumer health, and medical device company with a focus on branded products for the dermatology, gastrointestinal, and ophthalmology markets.

Since 2015, Bausch Health has faced allegations of accounting irregularities over its partnership with online specialty pharmacy PHILIDOR RX SERVICES. The company was criticised for creating 'phantom sales' through its partner, thereby deceiving auditors and investors. In 2016, Bausch Health replaced its CEO and admitted that its former CFO had engaged in improper conduct, which led to the misstatement of results. In January 2018, a group of investors filed a lawsuit against the company alleging that its misconduct had resulted in investment losses worth USD 80 billion. In October 2018, one former Valeant executive as well as Philidor's former CEO were sentenced to one year in prison.

Since April 2016, the company has enhanced its policies, business strategy and corporate governance. Bausch Health

maintains Standards of Business Conduct. Its compliance programme is overseen by the Chief Compliance Officer, who directly reports to the board. Bausch Health has replaced many executive-level managers. Various lawsuits and legal proceedings are yet ongoing.

The engagement intends to address both, accounting fraud and price discrimination. With respect to accounting fraud, Sustainalytics would like to see Bausch Health demonstrate that its compliance measures are sufficient and effective in practice.

BAUSCH HEALTH COMPANIES INC

Price Discrimination



Joris Laseur
Manager

Status: Engage

Contribution to SDGs:



BAUSCH HEALTH COMPANIES INC (formerly VALEANT) is a global specialty pharmaceutical, consumer health, and medical device company with a focus on branded products for the dermatology, gastrointestinal, and ophthalmology markets. Since 2015, Bausch Health has faced criticism for increasing its drug prices to exceptionally high levels. Several of the drugs are critical medicines for chronic illnesses. The company was allegedly able to sell its expensive drugs to patients through its network of specialty pharmacies.

Bausch Health has been mostly unresponsive and non-transparent regarding requests by US authorities for more insight into its drug pricing strategy. The company's former CFO revealed that Bausch Health derived as much as 80 per cent of its revenue growth in 2015 from drug price increases. Since April 2016, the company has been implementing a number of changes to its policies, business strategy and corporate governance. Bausch introduced Patient Assistance Programs for selected drugs and a Patient Access and Pricing Committee chaired by the CEO. Furthermore, it has pledged not to increase the average annual price of branded prescription products by more than single digits.

The engagement intends to address both accounting fraud and price discrimination. With respect to price discrimination, Sustainalytics would like to see Bausch Health become more transparent about its drug pricing practice, for example by reporting the overall and/or individual list price changes year-on-year. Bausch would need to demonstrate that it executes a responsible drug pricing policy and to continue to increase its Research & Development expenditure to reduce its dependency on drug price increases for revenue growth.

BAYER AG

Safety and Quality Violations



K Bruce Jackson
Associate Director

Status: Engage

Contribution to SDGs:



BAYER AG (Bayer) has faced a growing number of legal actions regarding the side effects of three of its products: Essure, an implantable contraceptive device; Yasmin/Yaz, a contraceptive pill; and Xarelto, a blood thinner medication jointly developed with JOHNSON & JOHNSON (J&J).

Essure was removed from sale in North America on 31 December 2018, however Bayer is still facing 29,400 lawsuits in the US due to the severe side effects of the drug including abdominal pain, fatigue and depression and anxiety, which were allegedly not suitably communicated to patients. In some instances, metal fragments from a breakdown of the device left some women suffering chronic pain.

Yasmin/Yaz, a contraceptive pill, has been linked to blood clots, which allegedly resulted in 23 deaths in Canada, other alleged side effects include, thrombosis, embolisms and/or strokes.

In March 2019, Bayer and J&J agreed to pay USD 775 million to settle 25,000 lawsuits alleging that the companies had failed to warn patients about the serious side effects of Xarelto.

The impacts of Bayer's products are being reported in several other countries including: the Netherlands, France, Italy, Argentina, Belgium and Germany. Based upon the allegations, Bayer should ensure that the side effects are properly identified during a products research and development stage and are communicated appropriately to regulators, healthcare professionals and patients.

BOLLORE /

SOCFIN SOCIETE FINANCIERE DES CAOUTCHOUCS /

SOCFINAF SA/

THE OKOMU OIL PALM CO PLC

Activities Resulting in Adverse Human Rights Impacts

SOCFIN SOCIETE FINANCIERE DES CAOUTCHOUCS (Socfin), its majority-owned subsidiary SOCFINAF SA and one of its major shareholders, BOLLORE, have repeatedly been accused of infringing on community land rights through Socfinaf's subsidiaries' rubber plantations in Liberia and Cambodia, and palm oil plantations in Sierra Leone, Cameroon. Also, in May 2019, the TRADITIONAL COUNCIL OF OKOMU KINGDOM in Nigeria sent a letter to THE OKOMU OIL PALM CO PLC (Okomu), a Socfinaf subsidiary, accusing it of making false promises to improve the community's livelihood and of violating its right to Free, Prior and Informed consent. The reported impacts tied to the company's operations include a deterioration of food security, difficulty accessing water and land, concerns regarding pollution as well as violations of indigenous people's rights to



Linda Björk
Manager

Status: Engage

Contribution to SDGs:



access their ancestral territories and traditions and of the right to peaceful assembly and association of protesters and activists.

There have been multiple NGO reports, OECD complaints and legal actions against the companies over the years. There is also a pattern of Bollore and Socfin responding by filing lawsuits for defamation against against NGOs, journalists and lawyers. Bollore has stated to Sustainalytics that it uses its role as a responsible shareholder to influence the leaders of the Socfin Group to consider environmental and social issues related to the management of their plantations.

Bollore, Socfin and Okomu have human rights policies which refer to the right of communities to free, prior and informed consent. However, the recurring and ongoing allegations related to violations of community land rights and livelihoods of communities, including those of indigenous communities, across at least five countries indicate systemic violations of human rights and a lack of implementation of said policies. Additionally, the formal complaints filed by local communities across multiple countries in 2019 alone, suggest a need for human rights due diligence in the companies’ operations, specifically when it comes to community rights. Sustainalytics has therefore decided to engage with Bollore, Socfinaf’s parent company Socfin, and Okomu on human rights.

Sustainalytics would like the companies to ensure that local communities are consulted according to the principle of free, prior and informed consent. They should also implement their human rights policies and demonstrate human rights due diligence in their different business relationships to prevent adverse human rights impacts.

BRF SA

Consumer Fraud



Enrique Figallo
Senior Associate

Status: Engage

In March 2017, BRF SA faced allegations of distributing contaminated meat products and bribing health inspectors to conceal the wrongdoing. A Brazilian police investigation (Operation Weak Flesh) claimed that four shipments of exported BRF meat contained salmonella and/or included adulterants to mask the meats’ spoilage. These products were allegedly exported to Europe with falsified health certificates granted via bribed inspectors at the Brazilian AGRICULTURE MINISTRY. The investigation by the Brazilian authorities is still ongoing with BRF cooperating and discussing a potential leniency deal.

Contribution to SDGs:



From a company management perspective, BRF has been collaborating with authorities regarding the police investigation, it has strengthened its corporate governance and it has implemented quality and safety management systems to achieve food quality standards. However, the effectiveness of these measures is still of high concern given the recent implementation and the impact of the problem for the company and society.

Sustainalytics has been in dialogue with the company regarding the external investigation and the measures implemented to strengthen its anti-corruption compliance programme. Therefore, Sustainalytics has decided to continue the dialogue with the company to ensure that the failure to meet food safety standards and the bribery scheme have been investigated thoroughly and that its food quality and safety policies and management systems are properly implemented, monitored and reported.

CHINA ENERGY ENGINEERING CORPORATION LTD

Fatal Workplace Accident(s)



Enrique Figallo
Senior Associate

Status: Engage

Contribution to SDGs:



CHINA ENERGY ENGINEERING CORPORATION LTD (CEEC), a state-owned enterprise, through its wholly owned subsidiary, CENTRAL SOUTHERN CHINA ELECTRIC POWER DESIGN INSTITUTE (CSEPMI) was involved in a serious industrial accident that took place at Ganneng Fencheng power station in Jianxi province in November 2016. At least 74 workers were killed when a construction scaffolding built around the cooling tower suddenly collapsed. Furthermore, the investigation by China's highest authorities resulted in findings of negligence and recommendations of penalties against two of CEEC's executives.

From a company management perspective, CEEC published in its Annual Report 2018 that it had improved its safety production and management systems and that there have not been any major safety accidents. Moreover, the company states that it will strengthen its safety production management system and its quality risk prevention and control system to eliminate significant risks of accidents.

However, CEEC does not disclose whether it adheres to international safety management standards, nor does it report on its safety performance metrics on an annual basis. Sustainalytics has reached out to the company on several occasions regarding the health and safety preparedness and reporting but the company has not responded.

In conclusion, Sustainalytics has decided to continue engaging with the company to get more detailed information on how CEEC has improved its safety production management system across its operations and subsidiaries and to encourage the company to publicly disclose this information for external stakeholders.

CHINA NATIONAL CHEMICAL CORP

Quality and Safety Breaches



K Bruce Jackson
Associate Director

Status: Engage

Contribution to SDGs:



State-owned CHINA NATIONAL CHEMICAL CORP. (ChemChina) acquired SYNGENTA AG (Syngenta) in 2017, holding it through a ChemChina subsidiary, CNAC SATURN (NL) BV. ChemChina has about 160,000 employees with 86,000 based outside of China. ChemChina reportedly acquired Swiss-based Syngenta for a number of reasons. It wanted to gain the technological knowledge of Syngenta, but interestingly it also wanted to develop new methods of agricultural practice to reduce the need for chemical usage on what is considered to be already heavily polluted land in some agricultural areas of China.

Syngenta is a major manufacturer of the herbicide paraquat, sold under the brand name Gramoxone, as well as a neonicotinoid-containing insecticide, both of which have allegedly had detrimental environmental and/or health impacts.

Paraquat, first manufactured in 1961, is one of only three widely available and used non-selective herbicides in the world. The alleged impacts of Paraquat on human health are severe. Ingestion can lead to heart, kidney or liver failure. Long-term effects reportedly include Parkinson's disease, neurotoxicological impacts, genotoxicity and skin cancer. It has reportedly been banned in over 50 countries, including Switzerland and China (from 2020).

Neonicotinoids are a group of pesticides which have been linked to declining populations of pollinator insects (most noticeably wild bees). Whilst the decline may also be due to other external factors, studies have shown a correlation between neonicotinoid usage and pollinator population declines.

Sustainalytics is seeking to engage with ChemChina in order to better understand how its long-term strategy to reduce chemical usage is being developed and whether this will result in a decrease in the development of new pesticides and herbicides. There is an existing engagement with Syngenta, which is the main manufacturer of chlorpyrifos, that is also addressing these issues.

CHINA NORTHERN RARE EARTH (GROUP) HIGH-TECH CO LTD /

INNER MONGOLIAN BAOTOU STEEL UNION CO LTD

Project Resulting in Negative Environmental and Human Rights Impacts



Jonathan Kellar
Manager

Status: Engage

Contribution to SDGs:



In the last seven years, CHINA NORTHERN RARE EARTH HIGH-TECH CO LTD (China Northern) and INNER MONGOLIAN BAOTOU STEEL UNION (Baotou Steel) have encountered scrutiny of their tailings management practices. In 2012, China Northern faced allegations that it had been dumping tailings from its rare earth mining operations into a four-storey tailings dam located 12 km from Baotou, a city of over 2 million people. The Chinese government conducted an environmental impact assessment of the tailings site and discovered that it did not follow adequate environmental standards. In 2013, evidence showed that the tailings site had potentially severe environmental and health impacts on the surrounding environment and communities, where soil and groundwater were saturated with toxic substances.

As of 2015, Baotou Steel, controlled by BAOGANG GROUP (Baogang), assumed ownership and responsibility for the tailings pond. However, in 2018, Baotou Steel was warned by the SHANGHAI STOCK EXCHANGE for its failure to disclose the progress on the tailings pond project. China Northern states that, under current arrangements, both companies are subsidiaries of Baogang. Baogang sets the strategy, Baotou Steel produces the rare earth concentrates and exclusively supplies to China Northern.

China Northern appears to have revised and significantly strengthened its environmental management system in recent years and is ISO 14001 certified. In 2018, the company reported on its tailing management practices claiming that it had relocated its rare earth beneficiation production line and begun restoration of its tailings reservoir and surrounding areas at its mining operations in Inner Mongolia. It has also reportedly invested USD 1.5 billion to carry out six major projects around the tailings pond, including an anti-seepage project, relocation of nearby farmers, water quality improvement and greening of the tailings pond and local area and comprehensive waste treatment.

We will engage with both companies to ensure that they publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. We will also encourage them to display a comprehensive programme to address the health, community and environmental impacts of the tailings site.

CHINA RAILWAY GROUP LTD

Forced Evictions



Ewelina Łukasik-Morawska
Manager

Status: Engage

Contribution to SDGs:



CHINA RAILWAY GROUP LTD (CREC), through its subsidiaries, has allegedly been involved in human rights violations in Africa. In January 2016, CHINA RAILWAY SEVENTH GROUP (CRSG), a wholly owned subsidiary of CREC, faced public criticism over its Kamwenge-Fort Portal Road project in Uganda following allegations of sexual misconduct by its workers. In September 2015, members of two nearby communities reportedly sent 58 letters to the WORLD BANK (WB) alleging that CRSG's workers had been having sexual relations with minor girls in the communities. CRSG's workers also reportedly committed sexual harassment of female colleagues. The WB condemned the workers' actions and cancelled the USD 265 million Uganda Transport Sector Development Project. Moreover, in January 2017, at least 400 Ugandans working for CRSG in Kampala went on strike alleging ongoing harassment and mistreatment by CRSG's managers.

Previously, in June 2013, AMNESTY INTERNATIONAL reported that the CONGO INTERNATIONAL MINING CORPORATION (CIMCO) which is 51 per cent owned by CREC, was involved in forced evictions of approximately 300 households in Luisha, the DRC, to build a processing plant for minerals extracted in the region.

CREC and its subsidiaries failed to take appropriate remedial measures with respect to both incidents in Africa. Sustainalytics believes that CREC should introduce improvements in its procedures and create an anti-harassment and discrimination programme adapted to its risk exposure.

CORTEVA INC

Activities Resulting in Negative Environmental and Health Impacts



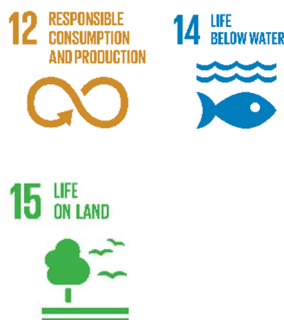
K Bruce Jackson
Associate Director

Status: Engage

CORTEVA INC. (Corteva) is an agriscience company that was formed in June 2019 from the restructuring of DOWDUPONT, which itself was formed by the merger of DOW CHEMICAL (Dow) and DUPONT in August 2017. Following the formation of Corteva, it is understood that Dow has accepted liability for any legacy issue in relation to its chemicals and that Corteva would be responsible for future potential liabilities.

Dow was involved in several controversies related to the health impacts of its crop protection and other products, in particular in relation to the use of chlorpyrifos. Chlorpyrifos is an organophosphate pesticide that is used on crops, livestock and buildings. It has been associated with diverse health effects due to its endocrine-disrupting effects including IQ loss in children,

Contribution to SDGs:



an increased risk of developing attention deficits and autistic-spectrum disorders.

Corteva reportedly derived 44 per cent of its FY2018 sales from crop protection products, although the exact percentage of revenues derived from chlorpyrifos is not disclosed. It is however, the largest manufacturer in the US. Chlorpyrifos has been banned in a number of US states and countries; further bans in other US states or in the EU would materially impact the company.

Sustainalytics will engage with the company in order to understand how the company is addressing the risk of potential future liability in relation to chlorpyrifos, and, whether the company is taking the lessons learnt from chlorpyrifos and applying them to its product development in order to reduce the risk of future liability from new products.

CREDIT SUISSE GROUP

Fraud



David Frazer
Manager

Status: Engage

Contribution to SDGs:



CREDIT SUISSE GROUP routinely faces regulatory action regarding its internal processes to prevent money laundering, corruption, bribery, market manipulation and related business ethics issues. In September 2018, the Swiss FINANCIAL MARKET SUPERVISORY AUTHORITY (FINMA), said that Credit Suisse had failed to adhere to anti-money laundering due diligence obligations in relation to suspected corruption cases linked to the football organisation THE FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA) and Venezuelan, as well as Brazilian, state oil companies. FINMA identified several shortcomings which had occurred repeatedly between 2006 and 2014, such as failures to properly identify clients and perform enhanced due diligence.

The problems, as identified by regulators are largely structural and have been addressed by Credit Suisse through a range of changes including hiring 800 compliance specialists, separating the legal and compliance departments, creating a Group Compliance and Regulatory Affairs function, with the Head sitting on the board and reporting directly to the CEO.

The fact, however, that the Swiss regulators have imposed a three-year, third-party monitor suggests that they are not entirely convinced that the changes will be implemented properly by the company in a way to prevent future regulatory breaches.

Sustainalytics has decided to engage Credit Suisse in order to address how the company is implementing the changes it has announced, address the culture of non-compliance at the company and seek more information on further steps to strengthen internal processes.

DEUTSCHE BANK AG

Money Laundering



David Frazer
Manager

Status: Engage

Contribution to SDGs:



In January 2017, DEUTSCHE BANK AG (DB) was fined by US and UK regulators of approximately USD 630 million for breaches of anti-money laundering laws involving mirror trading schemes. The violations took place between 2011 and 2015 when USD 10 billion, of unknown origin, was transferred from Russia to offshore bank accounts. In March 2019, the ORGANIZED CRIME AND CORRUPTION REPORTING PROJECT (OCCRP) revealed documents regarding the Global Laundromat scheme, alleging that DB, among other banks, had allowed irregular transfers of over USD 20 billion from the Russian Federation through accounts in Latvia and Moldova between 2010 and 2014. The regulators stated that DB had missed many opportunities to detect, probe and put an end to the schemes due to widespread compliance failures.

In 2017, Sustainalytics (then GES) commenced a dialogue with DB shortly after it had received fines from US and UK regulators for AML breaches. The company indicated it had committed significant resources in order to improve its AML procedures, and both US and UK regulators acknowledged the steps DB had taken.

Since then, the company is facing new allegations from the OCCRP, which reported in March 2019 that DB was also involved in the 'Troika Laundromat'. We have contacted DB to learn of any updates to the company's compliance and AML functions since 2017; DB responded that it has identified certain violations of Deutsche Bank's policies and deficiencies in its control environment. DB has informed regulators and law enforcement authorities in several jurisdictions (including Germany, Russia, the UK and the United States) about this investigation.

Sustainalytics has decided to focus the engagement with DB on the following areas: DB's risk management systems including the company's compliance frameworks meant to prevent future occurrences of money laundering.

DOW INC

Safety and Quality Violations



K Bruce Jackson
Associate Director

Status: Engage

Contribution to SDGs:



DOW INC. is involved in several controversies related to the health impacts of its crop protection and other products including chlorpyrifos and 1,2,3-Trichloropropane (TCP). In August 2019, California banned the use of chlorpyrifos making it the second US state to ban the chemical, after Hawaii in May 2018. In July 2017, California declared that 1,2,3-Trichloropropane was considered a carcinogen.

Chlorpyrifos is an organophosphate pesticide used on crops, animals, and buildings, and in other settings, to kill a number of pests, including insects and worms by acting on the nervous system. Elevated exposure has been linked to neurological effects, persistent developmental disorders, and autoimmune disorders. Exposure during pregnancy may harm the mental development of children. It was banned from most home use in the US in 2001. Although it breaks down quickly in the environment it has detrimental impacts on the environment. Crustaceans, insects and fish have all been killed by chlorpyrifos leakages and it is also toxic to bees.

Media reports refer to internal Dow documents that describe TCP as 'garbage'. As such this chemical should not have been placed into a pesticide, especially one which the company knew was persistent in the environment. It has been found in amounts over the legally permissible level allowed in the drinking water of public water systems in California. In January 2017, it was reported that Dow had agreed to a USD 7.5 million settlement with the city of Clovis over a case filed in 2005. The plaintiff claimed that Dow had been aware of the presence of TCP in its fumigants but did not remove them. Eleven other municipalities have filed lawsuits against Dow and other companies for TCP contamination.

Sustainalytics will engage with Dow in order to understand the lessons learnt from the development and use of chlorpyrifos in order to prevent future reoccurrences with any new products.

EDISON INTERNATIONAL

Product-Related Fatalities

EDISON INTERNATIONAL's subsidiary, SOUTHERN CALIFORNIA EDISON COMPANY (SCE), is a public utility that serves approximately 15 million people in the area of central, coastal and Southern California. About a quarter of SCE's service territory is categorised as a high-fire threat area. The company's equipment has allegedly sparked several wildfires, most notably the Thomas fire in December 2017, which resulted in two fatalities and the Woolsey fire in 2018, that led to the evacuation



Ewa Klewar
Senior Associate

Status: Engage

Contribution to SDGs:



of more than 200,000 people and the deaths of three. The 2017 blaze destroyed the vegetation which was holding the soil in place, allegedly contributed to mudslides in the town of Montecito a month later. The mudslides led to 21 fatalities and destroyed dozens of homes. Multiple lawsuits related to wildfires and mudslides have been filed against SCE and Edison, including class actions.

According to the company’s reporting, it has been taking actions to prevent wildfire risks for years, including vegetation management activities, operational practices and collaborative partnerships with fire agencies. In 2017, SCE started a Climate Adaptation and Severe Weather Program which evaluates the impacts of climate change on the company’s assets and infrastructure, business processes, policy development, and stakeholders. The company has filed the Wildfire Mitigation Plan to the CALIFORNIA PUBLIC UTILITY COMMISSION. It includes clearly defined goals and target dates which have been approved by the authorities.

Sustainalytics has made initial contact with the company. We shall monitor its progress with the Wildfire Mitigation Plan whilst focusing the engagement on two main aspects: how Edison predicts and includes long-term risks into its general safety strategy, and how the company collaborates with local stakeholders to achieve the highest possible level of safety and satisfactory progress against the goals set in the Wildfire Mitigation Plan.

ELDORADO BRASIL CELULOSE SA

Corrupt Practices



Ewa Klewar
Senior Associate

Status: Engage

ELDORADO BRASIL CELULOSE SA (Eldorado) is a Brazilian company which produces pulp. J&F INVESTIMENTOS S.A. (J&F) is Eldorado’s controlling shareholder. Both companies have been linked to several corruption investigations in Brazil. Operation Greenfield, launched in 2016, is investigating some 50 entities that allegedly paid bribes to the state-owned pension funds in exchange for investments. Eldorado was one of the first companies to be identified in the investigation. According to the investigators, it was a bribery scheme within Eldorado that facilitated investments from the pension fund Funcef (affiliated with the Brazilian bank CAIXA ECONÔMICA FEDERAL). Eldorado is also subject to another investigation called Sepsis, also launched in 2016, as part of the larger Car Wash investigation. In May 2017, J&F agreed to pay a USD 3.2 billion fine for corrupt acts committed by companies controlled by J&F, without specifying the companies. As part of the settlement, J&F

Contribution to SDGs:



executives admitted to paying bribes to nearly 1,900 politicians in exchange for political favours.

Sustainalytics has entered into dialogue with Eldorado. During the first conference call the company stated it was committed to ethics and compliance culture. A compliance department was created at Eldorado in January 2019 with its key areas of focus being: prevention, communication, third-party due diligence, an ethics hotline, cultural campaigns and compliance education. Eldorado provides anti-corruption training to all its employees, with managers and executives receiving specific training on the role of management in compliance functions. The ethics hotline is administrated by an external company and people's reports are able to remain anonymous. Recently, due to the company's information campaign, Eldorado noted a rise in the number of reports filed. The company plans to focus on bespoke training for higher risk groups in 2020.

The engagement will focus on the changes to the company's anti-corruption system and their practical enforcement. We will also take into account the challenges posed by the political and business culture of its home country.

GENEL ENERGY PLC

Operations in Territories with Elevated Human Rights Risks



Jonathan Kellar
Manager

Status: Engage

Contribution to SDGs:



GENEL ENERGY PLC (Genel) is an oil and gas exploration and production company which holds production operations in the Kurdistan Region of Iraq (KRI) and an exploration license for onshore blocks in Somaliland, a self-declared independent region of Somalia.

The company is the largest holder of reserves and resources in the KRI. This exposes it to risks associated with tensions between the KRI's government and the central government of Iraq. Also, the company has an interest in two operations, Tawke-Peshkibir and Tawke, in the north-west of the KRI, near the borders with Syria and Turkey. As such, it faces the risk of conflict arising from the October 2019 Turkish invasion of Northern Syria expanding into the KRI.

Meanwhile, the extent of the autonomy of regional governments in Somalia remains contentious, and the status of the areas of operation remain under dispute as they are claimed by the governments of Somaliland and Puntland as well as the self-declared state of Khatumo. In September 2013, the company suspended its operations for two months due to security concerns during onshore exploration. It appears that it has been

conducting analysis and testing since then. The company plans to start drilling in 2020, which places it at risk of exacerbating conflict between central and regional authorities in Somalia.

Even though the UN MONITORING GROUP on Somalia and Eritrea has repeatedly called on oil companies not to engage in oil exploration there, Genel has maintained its plans to initiate drilling activities. Sustainalytics therefore considers that Genel's continued operation in Somaliland may exacerbate the continued conflict and could be indirectly responsible for human rights abuses, especially as the company does not publicly disclose any information about human rights due diligence or stakeholder engagement in the country.

Sustainalytics will seek to ensure that Genel adopts international best practices for operating in conflict-affected regions, including undertaking appropriate due diligence and engaging with the government of Somaliland and other relevant stakeholders to encourage open and accountable management of the revenues it provides. We will also encourage Genel to contribute to local peace efforts where possible.

HABIB BANK LIMITED

Money Laundering



David Frazer
Manager

Status: Engage

Contribution to SDGs:



In September 2017, the NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES (NYDFS) fined HABIB BANK LIMITED (Habib) and its New York (NY) branch USD 225 million for failures to comply with New York laws and regulations designed to combat money laundering and terrorist financing. Under the order, Habib was also required to surrender its New York licence as a result of not fulfilling requirements of a 2015 order.

The regulator stated that Habib had facilitated billions of dollars of transactions with a Saudi private bank which allegedly had links to a terrorist organisation. Moreover, the bank had failed to properly screen its customers, which allowed sanctioned people and organisations to transfer money through the NY branch. According to the regulator, Habib was given several opportunities to improve its policies and procedures, but failed to do so. Habib agreed to the provisions of the order. Furthermore, the US OFFICE FOR THE EASTERN DISTRICT OF NEW YORK has sought documents from the bank in relation to compliance with anti-money laundering laws and the Bank Secrecy Act.

Sustainalytics has decided to engage with the company due to the rescinding of NYDFS' banking license, which indicates how

severe and egregious its compliance issues are. We are looking further into information from the NYDFS and FINANCIAL ACTION TASK FORCE guidance on terrorism financing. We recently reached out to Habib to continue dialogue and engage with the NYDFS to seek confirmation that the bank’s NY division has been closed.

HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD

Human Rights Impacts of Surveillance Systems



Matthew Barg
Associate Director

Status: Engage

Contribution to SDGs:



HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD (Hikvision) is the world's largest manufacturer of video surveillance equipment with a 21 per cent market share. 50 per cent of its revenue is derived from surveillance cameras, though the firm also participates across the value chain, supplying video recorders, data storage equipment, and video management systems software. Hikvision allegedly sold surveillance cameras to at least three so-called vocational training centres in the autonomous territory of Xinjiang, China. Reportedly, up to 1.5 million Uighurs and other Muslims have been detained in these centres without trial, on the basis of their ethnicity and faith. Former detainees who managed to leave for other countries claim that they were tortured and brainwashed there; they were made to criticize or renounce their faith.

In October 2018, the Chinese government acknowledged the existence of these centres. Also in 2018, the UN High Commissioner for Human Rights demanded that monitors be allowed access to Xinjiang, but this request was rejected by the Chinese government. According to HUMAN RIGHTS WATCH (HRW), Hikvision appears to have been directly involved in the Integrated Joint Operations Platform (IJOP) policing programme, which identifies suspects based on everything from surveillance footage to bank records, and flags them for investigation by authorities as possible candidates for the centres. HRW alleges that Hikvision won the contract to supply equipment to the IJOP in 2017. In October 2019, the New York Times published articles based on leaked internal Chinese government documents, which provided new and credible details on how the government organised the mass detention of Muslims.

The company released its first ESG report in 2019 wherein it stated that it had commissioned a review of its practices and would improve its human rights compliance practices. However, there are few details elaborating on this intention and the company’s operations present considerable concern of a continued impact on the rights of Uighurs and other Muslim minorities in China. Thus, Sustainalytics has decided to engage

with the company with focus on implementation of a human rights due diligence programme to improve its business policies and practices in line with internationally accepted standards.

ING GROEP NV

Money Laundering



David Frazer
Manager

Status: Engage

Contribution to SDGs:



In March 2019, the Italian CENTRAL BANK ordered ING GROEP N.V. (ING) to stop taking on new Italian clients after it identified lapses in ING's money laundering controls. This action follows two major money-laundering controversies in the past six years:

- In September 2018, ING agreed to pay EUR 775 million to settle an investigation by a Dutch prosecutor into issues including money laundering and corrupt practices between 2010 and 2016. Media reports stated that hundreds of millions of dollars had passed through ING's Moscow branch as part of the so-called Troika Laundromat.
- In 2012, ING paid over USD 600 million to US regulators settle a money-laundering case related to sanctioned Cuban and Iranian clients.

The company's CEO was reported to have acknowledged serious shortcomings during that time period and emphasised a tripling in anti-money laundering personnel and indicated that preventing the bank from being used for money laundering was a top priority for ING.

Consequently, the purpose of our engagement is to understand the details of the company's AML policies, practices and procedures meant to prevent future occurrences of money laundering, and to encourage disclosure where appropriate.

KANGMEI PHARMACEUTICAL CO LTD

Accounting Fraud



Joris Laseur
Manager

Status: Engage

KANGMEI PHARMACEUTICAL CO LTD (Kangmei Pharmaceutical) manufactures traditional Chinese herbal medicines, chemical medicines, and health foods. Reportedly, Kangmei Pharmaceutical fabricated its financial reports from 2016 to 2018. It overstated its cash position by USD 4.3 billion. The company used fraudulent bank deposit slips to increase cash reserves, forged documents for non-existent company activities, and transferred company funds to related parties to trade in its own stock.

The CHINA SECURITIES REGULATORY COMMISSION has vowed to tighten scrutiny of corporate governance and push for

Contribution to SDGs:



tougher punishment. The commission banned three of the top company's executives for life from the securities market and from director positions in listed or non-listed public companies. In September 2019, the commission issued a formal warning and a relatively limited fine of USD 83,000. The company has not been delisted from the SHANGHAI STOCK EXCHANGE.

To date, Kangmei Pharmaceutical's own response to the fraud has been unclear. It has admitted serious deficiencies in its corporate governance and internal controls. The company's board lacks an independent majority, director remuneration is not disclosed, there is only one woman on the board, and the chair and CEO roles are combined and not independent.

Sustainalytics has decided to engage with Kangmei Pharmaceutical on business ethics. We would like to see sufficient measures to recover from the fraud and to prevent a reoccurrence.

MOZAMBIQUE EMATUM FINANCE

Asset Misappropriation



David Frazer
Manager

Status: Engage

Contribution to SDGs:



MOZAMBIQUE EMATUM FINANCE (MEF) is a Mozambican, state-owned, debt-issuing vehicle. In 2013, MEF borrowed USD 850 million from the INTERNATIONAL MONETARY FUND (IMF) to purchase tuna fishing vessels but spent USD 500 million on maritime security equipment instead. In April 2016, the existing MEF bond was exchanged for a new sovereign bond. Shortly afterward, news outlets reported that the company had hidden loans of USD 1.4 billion. Investors stated they were not informed about the additional loans until after they accepted the government's offer to exchange the existing bond for a new sovereign bond.

The IMF and foreign donors suspended access to the nation's funding, triggering a currency crisis and a sovereign debt default. In December 2018, the US JUSTICE DEPARTMENT charged MEF executives of orchestrating a USD 2 billion fraud and bribery scheme related to loans issued to MEF and two other companies, and of stealing around USD 200 million in loan proceeds. In March 2019, the Mozambican ATTORNEY GENERAL'S OFFICE charged 20 suspects in relation to the deals. There are attempts by the Mozambique FINANCE MINISTRY to replace the original bonds for bonds with a face value of 900 million US and 2031 maturity, irrespective of the CONSTITUTIONAL COUNCIL, Mozambique's highest body in matters of constitutional law, declaring such activity null and void.

The only identifiable contact with direct affiliation with the company is a Brazil-based economist, who Sustainalytics has sought to

contact, receiving no response. As an alternate course of action, Sustainalytics will look into local government or non-profit organisations with an aim to facilitate transparency and oversight of bond proceeds utilisation, as well as treatment of labour.

OIL AND NATURAL GAS CORPORATION LIMITED

Operations in Territories with Elevated Human Rights Risks



Jonathan Kellar
Manager

Status: Engage

Contribution to SDGs:



OIL AND NATURAL GAS CORPORATION LIMITED (ONGC) operations in Sudan, South Sudan, Myanmar and Syria are associated with allegations of human rights violations committed in surrounding communities.

The company's foreign exploration arm, OVL, is engaged in oil production activities in Sudan and South Sudan. In April 2012, the South Sudanese government seized for nearly two weeks the Heglig oil fields, an area in which ONGC operates. South Sudan withdrew after the international community condemned the seizure. The conflict has escalated between Sudan and South Sudan since South Sudan's secession, resulting in a deterioration of humanitarian conditions, and populations in the disputed areas now face violence, displacement and food insecurity. In January 2016, Sudan offered three oil and gas blocks for exploration and development to ONGC VIDESH, a wholly owned subsidiary and overseas arm of ONGC. However, a news article in August 2019 indicated that ONGC and its Chinese and Malaysian partners have decided to exit their oil blocks in Sudan, frustrated by years of reluctance by the Sudanese government to pay for the oil it lifts from these blocks.

In Myanmar, OVL has a 17 per cent stake in offshore blocks A-1 and A-3, an 8.35 per cent interest in a joint venture constructing an onshore pipeline project, and a 20 per cent stake in the SHWE OFFSHORE PIPELINE JOINT VENTURE COMPANY. It has been alleged that the Magwe villagers who were forced off their land for the Shwe construction received almost no compensation. ONGC is also involved in an operating consortium and a joint venture in Syria.

Sustainalytics met with the company as part of the Emerging Markets Engagement a number of times up to September 2017 and we observed a limited approach to dealing with the risks associated with Sudan and South Sudan. Similarly, we held a dialogue with the company as part of the Burma Engagement up to 2016 and saw a low level of preparedness to handle potential or actual human rights impacts.

In relation to South Sudan, Myanmar and Syria, we will renew engagement with the company on this issue and encourage it to follow international best practices for respecting human rights. We will also monitor the company's continuing presence in Sudan and continue engagement as needed. In particular, we will seek to ensure that while operating in conflict-affected regions, it undertakes due diligence adapted to the specific situation of the region and act adequately on the findings. We would also like to see ONGC engage with governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.

PAN AMERICAN SILVER CORP

Violations of the Rights of Indigenous Peoples



Stina Nilsson
Senior Manager

Status: Engage

Contribution to SDGs:



PAN AMERICAN SILVER CORP (Pan American) acquired TAHOE RESOURCES (Tahoe) in February 2019. Tahoe has faced extensive community opposition at its Escobal mine in Guatemala, where residents voted against the mine and local leaders have been reportedly kidnapped, killed and tortured. In April 2013, the Guatemalan MINISTRY OF ENERGY granted Escobal an operating license, resulting in widespread protests and a violent clash with public and private security forces. In response, the government declared a state of emergency. Despite the opposition, the mine continued to run, while over the following years, Tahoe made concrete efforts in community outreach activities.

In September 2018, the Guatemalan CONSTITUTIONAL COURT suspended the Escobal licence, subject to lack of consultations with the indigenous Xinka peoples in the larger vicinity of the mine. As of November 2019, the mining operations remain suspended awaiting the results of the consultation. Once the consultation process is completed, it will be reported back to the Supreme Court and assessed for approval.

GES (prior to the acquisition by Sustainalytics) had an extensive dialogue with Tahoe, including a visit to the mine in Guatemala in 2014. At the time, Tahoe made substantial improvements in overall management of human rights, improved community relations in connection to the Escobal mine and had all licences in place. As the Xinkas were not in the immediate vicinity of the mine, focus was rather on non-indigenous communities literally next to the mine.

Following the court order in relation to consultation with the Xinkas and the acquisition by Pan American Silver, Sustainalytics had a call with the company. During the call, it stated that, in relation to the Guatemalan Constitutional Court's suspension of

the Escobal licence, the MINISTRY OF ENERGY AND MINES now leads the consultation process, in which Pan American participates. The company also stated that it was its understanding that the pre-consultation phase was delayed as the Ministry faced difficulties in identifying the rightful representatives of the Xinkas.

The company has a statement on human rights on its website, but neither does it refer to key international human rights standards, nor to norms on the rights of indigenous peoples. Given the exposure to such human rights issues in particular, improvements are warranted. The company states that its strategy in Guatemala is to ensure that there is wide acceptance of the mine and that a social licence to operate is the wider objective. Pan American pointed out that it would not run a mine where there is wide opposition.

Since the Guatemalan Constitutional Court suspension of the Escobal license, Sustainalytics has been monitoring the consultation process and will continue to do so ongoing. We will furthermore engage with Pan American to align its policies and practices to international human rights norms.

PETROCHINA CO LTD

Operations in Territories With Elevated Human Rights Risks



Ewa Klewar
Senior Associate

Status: Engage

Contribution to SDGs:



PETROCHINA COMPANY LIMITED (PetroChina) is an oil and gas producer and distributor in China. CHINA NATIONAL PETROLEUM CORPORATION (CNPC), a state-owned enterprise, is the controlling shareholder of PetroChina. PetroChina, due to overlapping financial interests and corporate governance links with CNPC, is linked to operations in a number of high-risk, conflict-affected countries including Sudan, South Sudan, Syria and Myanmar. PetroChina has interests in Myanmar where it operates the Sino-Myanmar pipeline and opened its first retail outlet in April 2019. Operations in Myanmar entail high risks in human rights area, as since 2017, the military of Myanmar has been involved in the forced removal of some 700,000 Rohingya people from the country.

PetroChina's reporting includes limited references to human rights and there is no evidence of a formal human rights policy or human rights impact assessments. There is furthermore no commitment to the systematic consultation with communities affected by its projects and we found no substantial information on a grievance mechanism in place to report complaints and possible human rights violations.

The aim of this engagement is for the company to undertake human rights due diligence specific to an area, when operating in conflict-affected countries, and to act upon the findings. It should also explore the possibilities to engage with governments and other relevant stakeholders in order to encourage and, wherever possible, contribute to local peace efforts.

PETROLIAM NASIONAL BERHAD

Operations in Territories with Elevated Human Rights Risks



Jonathan Kellar
Manager

Status: Engage

Contribution to SDGs:



PETROLIAM NASIONAL BERHAD (Petronas) has been operating in several high-risk and conflict-affected countries including Sudan, South Sudan and Myanmar for decades. The nature of these operations arguably makes the company complicit in human rights violations as they generate substantial revenue that is used by governments to fund the purchase of weapons that undermine peace, security, and stability. For decades, Sudan and South Sudan have experienced significant conflicts and associated alleged human rights violations.

Petronas has been engaged in Sudan and South Sudan through significant stakes in several oil producing consortia since the mid-1990s. It has also faced allegations of providing fuel to Sudanese bombers in Darfur, in violation of a United Nations arms embargo. An August 2019, media report indicated that Petronas and its Chinese and Indian partners have decided to exit their oil blocks in Sudan, frustrated by years of reluctance by the Sudanese government to pay for the oil it lifts from these blocks.

In Myanmar, Petronas, through its subsidiaries, is involved in oil and gas projects and also holds a stake in a joint venture operating the Yetagun Gas Project. Since August 2017, the political situation has deteriorated with the country's armed forces committing human rights violations against the Rohingya minority. The company has come under pressure to withdraw from Myanmar from investors, civil society and Malaysian MPs as a sign of protest against the persecution of the Rohingya.

Sustainalytics will monitor whether Petronas exits Sudan and will seek to encourage the company to follow international best practices for respecting human rights. In particular, we will seek to ensure that it: undertakes appropriate due diligence while operating in conflict-affected regions; engages with governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides; and, wherever possible, contributes to local peace efforts.

PG&E CORP

Product-Related Fatalities



Ewa Klewar
Senior Associate

Status: Engage

Contribution to SDGs:



PG&E CORP. (PG&E) is a utility company based in California. The company has faced allegations of violating safety regulations including a pipeline explosion and wildfires ignited by its electrical transmission lines. The incidents have led to a large number of fatalities and widespread destruction of homes and infrastructure. Several of the deadly wildfires that caused major damage across Northern California in 2017 were found to have been ignited by PG&E's equipment. Moreover, in May 2019, the California DEPARTMENT OF FORESTRY AND FIRE PROTECTION said PG&E's electrical transmission lines caused the Camp Fire in 2018, that killed 85 people and destroyed over 18,500 houses and structures.

Facing billions in liabilities, in January 2019, the company filed for voluntary Chapter 11 bankruptcy, which allows a debtor to reorganize its financial affairs. If PG&E resolves its bankruptcy by the end of June 2020, it will be able to participate in a recently enacted, USD 21 billion state fund to help California's investor-owned utilities pay for future wildfires liabilities. In July 2019, the Wall Street Journal published an article alleging that, according to the leaked documents, the company knew its equipment could fail and ignite fires but had failed to perform the necessary upgrades. PG&E said it disagreed with the allegations.

Nevertheless, PG&E has already been taking numerous actions to address wildfire risks. In February 2019, it submitted its Wildfire Safety Plan to the California PUBLIC UTILITIES COMMISSION. The plan includes expanding its Community Wildfire Safety Program, enhancing vegetation management around power lines, conducting enhanced safety inspections of electric infrastructure in high fire-threat areas and hardening the electrical system. PG&E also announced additional safety precautions including the expansion of PG&E's Public Safety Power Shutoff programme.

Sustainalytics has started dialogue with the company. The engagement will monitor company progress on the goals set out in the Wildfire Mitigation Plan. But, will also focus on ensuring that PG&E creates a more comprehensive, risk-based, safety strategy that addresses employee, contractor and public safety.

PT PERUSAHAAN PERKEBUNAN LONDON SUMATRA INDONESIA TBK /

PT SALIM IVOMAS PRATAMA TBK

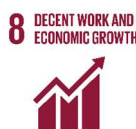
Labour Rights Violations at
Plantations



**Ewelina
Łukasik-Morawska**
Manager

Status: Engage

Contribution to SDGs:



Since 2016, several NGOs, including the RAINFOREST ACTION NETWORK (RAN) have published a couple of reports presenting labour rights violations at Indonesian palm oil plantations operated by INDOFOOD AGRI RESOURCES' (IndoAgri) subsidiaries: PT PERUSAHAAN PERKEBUNAN LONDON SUMATRA INDONESIA (Lonsum) and PT SALIM IVOMAS PRATAMA TBK (Salim Ivomas). Consequently, the organisations filed a complaint with the ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO) alleging that Lonsum and Salim Ivomas were involved in human and labour breaches including cases of child labour, exposure to pesticides, remuneration below the living wage, and the use of company-controlled unions.

According to the complaint, Lonsum and Salim Ivomas were non-compliant with the RSPO's principles and code of conduct. The subsidiaries had failed to meet the deadline to submit an action plan set by the RSPO Complaints Panel and in November 2018, the RSPO suspended Lonsum's and Salim Ivomas's certification. In January 2019, Salim Ivomas and Lonsum withdrew from the RSPO, pre-empting the organisation's decision in March 2019 to terminate their membership.

Following the allegations, both Lonsum and Salim Ivomas have published on their websites general information regarding corporate social responsibility. The companies also mention some internal policies which are not disclosed to the public. In 2017, the companies published the Sustainable Palm Oil Policy however they lack a clear commitment to ensuring fair labour practices.

Consequently, Sustainalytics has decided the engage with Lonsum and Salim Ivomas to encourage better disclosure regarding internal processes and policies that should address human rights risks and prevent future reoccurrences.

STEINHOFF INTERNATIONAL HOLDINGS NV

Accounting Fraud



Joris Laseur
Manager

STEINHOFF INTERNATIONAL HOLDINGS N.V. (Steinhoff) is a global holding company that owns brands in various retail segments, including general merchandise and household goods. Over an extended period (FY2009-2017), Steinhoff entered into USD 7.4 billion (EUR 6.5 billion) worth of fictitious and/or irregular transactions with third parties that it secretly controlled. The proceeds were used to inflate its asset values and profit.

Status: Engage

Contribution to SDGs:



Steinhoff has made arrangements with creditors and is now managing its litigation risk and looking to reduce its debt and financing costs. In March 2019, Steinhoff identified eight individuals responsible for inflating asset and profit values, which had contributed to EUR 15 billion in write-downs. Two supervisory board members were replaced. Two executive board members have left since March 2019. The company has established a Governance Social and Ethics Committee. In order to ensure that the company's remediation plan is delivered upon, it hired its former forensic accountant to become its Chief Compliance and Risk Officer as of 1 July 2019.

Sustainalytics has decided to engage with Steinhoff on business ethics. We would like to see Steinhoff demonstrate that its measures are sufficient to recover from the fraud and to prevent any reoccurrences. Steinhoff should also disclose more details about its remediation plan and report on its progress more transparently.

STRYKER CORPORATION

Quality and Safety Breaches



Ewelina Łukasik-Morawska
Manager

Status: Engage

Contribution to SDGs:



STRYKER CORPORATION (Stryker) has been involved in several controversies related to product quality and safety. The most serious one concerns its hip replacement device, for which the company has faced thousands of claims over the past few years from plaintiffs who alleged that Stryker was negligent in designing, manufacturing and marketing the product, which has caused metal poisoning in a number of patients.

The company recalled its Rejuvenate and ABGII hip implants in 2012 because the devices could corrode and cause inflammation in the tissue in and around the implant. Stryker also paid around USD 2 billion in order to resolve thousands of lawsuits filed over the defective devices, covering around 95 per cent of eligible patients. However, around 2000 related lawsuits were still pending, as of August 2019.

In a similar case, the company recalled its LFIT Anatomic V40 hip replacement implants in November 2016 over concerns that the device was defective. In November 2018, Stryker agreed to settle multiple lawsuits over the LFIT V40 implants. In February 2019, Stryker launched a field action to repair a defect in its LIFEPAK 15 Monitor/Defibrillator. The company has received 58 reports of device failure, including six patient deaths since it was launched in 2009.

In response to the incidents, Stryker set up a patient telephone helpline. The company also states that its products go through clinical testing, consisting of safety and efficacy studies, followed by pre-market approval applications. Stryker claims that it complies with the FOOD AND DRUG ADMINISTRATION'S (FDA) Quality System regulations that set standards for product design and manufacturing processes, require maintenance of certain records and provide for inspections of the company's facilities by the FDA.

The recurrence of quality and safety incidents indicates gaps in the company's management of this issue. There is also a lack of transparency on the topic of product safety in the company's reporting, which could indicate poor product safety management. Based on these observations, Sustainalytics has decided to engage.

SURUGA BANK LTD

Fraud



David Frazer
Manager

Status: Engage

Contribution to SDGs:



In May 2019, SURUGA BANK LTD revealed it had extended a total of 7,813 fraudulent loans for real estate investments, with total outstanding related loan receivables standing at JPY 553.7 billion (USD 5.14 billion). Since March 2018, the company has been under scrutiny by Japan's FINANCIAL SERVICES AGENCY

It was revealed that unrealistic sales targets were set for the sales employees, and that managers used verbal harassment to push them to meet these targets. This environment motivated employees to take extreme measures, resulting in wide-scale falsification of loans at the bank.

Five of the bank's senior executives, including the chairman and the president resigned following the revelations. The bank's CEO apologised publicly for there having been so many findings of wrong doing.

We have reached out to Suruga Bank with the aim of encouraging more disclosures regarding the company's consumer financial protection policies, and internal governance controls related to consumer malpractice. Sustainalytics has decided to engage with the company regarding its incentive structures and corporate culture, and the implementation of controls to prevent consumer financial protection compliance breaches.

TEVA PHARMACEUTICAL INDUSTRIES LIMITED

Price-Fixing Violations



**Ewelina Łukasik-
Morawska**
Manager

Status: Engage

Contribution to SDGs:



TEVA PHARMACEUTICAL INDUSTRIES LIMITED (Teva) and its subsidiaries have been involved in anti-competitive and corrupt practices in various countries over the last few years. According to a lawsuit filed in May 2019 by 44 US state attorneys general, TEVA PHARMACEUTICALS USA (Teva USA), a wholly owned subsidiary of Teva, has been involved in industry-wide collusion to maintain market share, avoid price erosion and keep prices high for over 100 different generic drugs in the US. It is suspected that the height of the price-fixing practices was between July 2013 and January 2015.

Teva USA has also been subject to the US DEPARTMENT OF JUSTICE (DOJ) Antitrust Division's investigation into the issue. Previously, in May 2015, Teva and its subsidiary, CEPHALON INC. entered into a settlement with the US FEDERAL TRADE COMMISSION and agreed to pay USD 1.2 billion to resolve allegations that the companies had paid their competitors to hold back generic competition to its narcolepsy therapy, Provigil (so-called pay-for-delay practices). In January 2018, Teva settled bribery allegations in Russia, Mexico, and Ukraine with an Israeli regulator for USD 22 million, while in December 2016, it settled with the US DOJ for USD 519 million for violation of the Foreign Corrupt Practices Act (FCPA).

Teva, since its internal investigation in 2012, has laid off employees involved in bribery in Mexico, Ukraine and Russia, and has implemented further measures to prevent bribery and corruption, such as appointing a global head of compliance and implementing training for employees on compliance and anti-corruption measures. Under the Deferred Prosecution Agreement signed with the DOJ, the company agreed to improve its internal controls to prevent a reoccurrence of bribery and corruption.

Although Teva has improved its compliance policies on bribery and corruption, and related business ethics issues, the company's track record of misconduct, in terms of anti-competitive practices and corruption, involving top-level management, indicates shortcomings in its management systems. In response to the generic drug market allocation collusion and price-fixing allegations, Teva denied any misconduct and stated that it does not discuss individual pricing strategies with its competitors. In light of the above-mentioned deficiencies, Sustainalytics has decided to engage with the company and further discuss its approach to anti-competitive strategies and developing an equitable pricing strategy.

THE BOEING COMPANY

Quality and Safety Breaches



Joris Laseur
Manager

Status: Engage

Contribution to SDGs:
Not applicable

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

Since October 2018, two Boeing 737 MAX aircraft have crashed, reportedly caused by a malfunctioning of an automated flight control system. All crew and passengers died, 346 in total. 737 MAX aircraft have been temporarily grounded globally since March 2019. In addition, in April 2019, the New York Times made allegations of poor quality aircraft and weak safety processes at Boeing's 787 Dreamliner manufacturing facility in South Carolina, US.

Boeing has been reassuring its customers, authorities and the flying public that safety has always been and continues to be at the core of everything it does. It has been collaborating with the authorities to return the 737 MAX to commercial flight. Strong market demand is urging Boeing to increase productivity and to deliver more fuel-efficient aircraft. However, pressure on the workforce can be counter-productive, at least in the short term. The claims that Boeing has been downplaying or ignoring the concerns of whistle-blowers at its South Carolina facility (where the 787 Dreamliner is made), have not helped in restoring confidence.

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

TIGER BRANDS LIMITED

Product-Related Fatalities



Linda Björk
Manager

Status: Engage

A listeria outbreak began in South Africa in 2017 which caused more than 200 deaths. In March 2018, the South African DEPARTMENT OF HEALTH announced that the disease was traced to a Polokwane production facility belonging to ENTERPRISE FOODS, a subsidiary of TIGER BRANDS LIMITED (Tiger Brands). Enterprise Foods made a recall of all ready-to-eat meat products and closed the factories that manufactured these products. Tiger Brands' independent testing later confirmed the findings of the Department of Health. According to the authorities, sausage meat produced at the facility was infected with the bacteria, which cause flu-like symptoms, nausea and

Contribution to SDG:



diarrhoea, as well as infection of the blood stream and brain. A listeria infection can be very serious for pregnant women and people with weak immune systems. The company is currently facing a class action lawsuit over its role in the incident.

Tiger Brands states that no link has been confirmed between the presence of listeria in its Polokwane plant and the illness and deaths. The company believes that liability has to be proven in court and then any compensation will be determined. After the incident, Tiger Brands has made several improvements to product safety, including introducing new protocols in which every batch gets pasteurised and tested before being sent to the market. By end of 2018, all manufacturing facilities had been given permission to reopen.

Prior to the listeria outbreak, the company did not have consistent operational practices and procedures for product safety in the group. In 2017, the company initiated a new approach and it is continuing to push for consistency and the enterprise and supplier development office is now driving this work within the organisation.

Sustainalytics has decided to engage with Tiger Brands on product safety. We would like to see adequate measures taken to responsibly address the impacts of the incident. The company should also ensure consistency of operational practices and procedures for product safety across the group.

UBER TECHNOLOGIES INC

Privacy Breaches



Matthew Barg
Associate Director

Status: Engage

UBER TECHNOLOGIES INC. (Uber), operates as a technology platform for the mobility of people and goods. The firm offers multi-modal passenger transportation, restaurant food delivery, and connects freight carriers and shippers. Uber allegedly breached the privacy of its drivers and customers. In November 2017, Uber disclosed a data breach that had taken place in late 2016 and compromised the personal information (names, emails and phone numbers) of 57 million users, as well as the driver's licence information of 600,000 US drivers.

In September 2018, Uber agreed to pay USD 148 million in settlements to 50 US states for the breach, while various regulators are still investigating the issue. For instance, in July 2019 in Colombia, Uber was ordered to install a third-party monitor to oversee its data security practices and to improve them due to the 2016 breach. Uber has also been criticised for

Contribution to SDGs:



misusing the data of its customers and drivers through internal software tools.

From a company management perspective, Uber has made important privacy management changes, including the introduction of its first Chief Privacy Officer in 2018. As part of its settlement with the US FEDERAL TRADE COMMISSION (FTC), Uber will conduct independent audits of its privacy program every two years. The company has also introduced privacy impact assessments and relaunched its own Privacy Champions programme to build-up a culture of respect for privacy. However, the effectiveness of these measures is still of high concern given the company's business model and the elevated impact of FTC penalties in the case of new violations.

The company was very responsive to Sustainalytics' request for a conference call to discuss the firm's privacy and data management practices. In November 2019, Sustainalytics has an initial conference call with Uber's Chief Privacy Officer. Sustainalytics has decided to continue the dialogue with the company to confirm that its data privacy and security programme have been adequately improved to mitigate future violations.

VEDANTA LIMITED / VEDANTA RESOURCES PLC

Community Protests



Ewa Klewar
Senior Associate

Status: Engage

Contribution to SDGs:



STERLITE COPPER (Sterlite), controlled by VEDANTA RESOURCES' subsidiary, VEDANTA LIMITED (Vedanta) has been the subject of community opposition since its Tuticorin copper smelting plant opened in Tamil Nadu state in India in 1997. The plant was the seventh-largest copper smelter in the world and accounted for 36 per cent of India's copper demands. The protests against the plant gained intensity in 2018, after Sterlite applied for approval to double its capacity. The protesters alleged that significant air pollution and groundwater contamination was emanating from these operations. In May 2018, a large demonstration against Sterlite took place in the streets of Tuticorin, leading to violent clashes with the police in which 13 people were killed. Since then, the plant has remained closed.

Sustainalytics is in a productive dialogue with Vedanta. Two conference calls have taken place during which the company presented its view on the background of the conflict and the measures it is taking to improve its community relations. Vedanta has shared details of several good initiatives, which demonstrates that social issues continue to be high on its agenda. It has analysed the root causes of the protest and

proposed some changes, such as relaxing financial requirements for local vendors in order to make contracts with Sterlite easier to access. It has also prepared plans for addressing other identified issues, related to health and education in the region, which will be implemented in the event the plant is reopened. Vedanta is also working on presenting environmental data in a way that would be easily understandable for the local communities.

Sustainalytics is continuing the engagement dialogue with the company, focusing on the company's framework for improving communication with stakeholders and the way it is applied across all operations. We have also proposed that the company becomes a signatory of the Voluntary Principles on Security and Human Rights and will follow up on that topic.

WELLS FARGO & COMPANY

Fraud



David Frazer
Manager

Status: Engage

Contribution to SDGs:



Between 2011 and 2016, the employees of WELLS FARGO & COMPANY (Wells Fargo) created approximately 3.5 million customer accounts without their knowledge to inflate internal cross-selling figures and meet sales targets. As a result, in September 2016, Wells Fargo settled with the CONSUMER FINANCIAL PROTECTION BUREAU (CFPB) and others for USD 190 million. In February 2018, the Federal Reserve restricted the bank's growth until it addressed deficiencies in its compliance and governance policies, which represented the single most impactful regulatory action against a bank in modern banking history.

In 2018, Wells Fargo agreed to a number of settlements over the fake accounts: in May 2018, Wells Fargo agreed to pay USD 480 million to settle allegations from investors; in October 2018, it paid a USD 65 million settlement with New York State; and in December 2018, it paid a USD 575 million settlement with 50 US states.

Previous Sustainalytics communications with the company have been robust; we note that in general, opposition has waned as investors acknowledge the efforts made by the bank in the last couple of years. We have, however, identified some gaps in the company's disclosures that warrants further engagement.

Sustainalytics has decided to engage the company regarding its incentive structures and corporate culture, and the implementation of controls to prevent compliance breaches in consumer financial protection.

PETRÓLEOS DE VENEZUELA SA

Corrupt Practices/
Oil Spill(s)/
Recurring Workplace
Accidents



Matthew Barg
Associate Director

Status: Disengage

Corrupt Practices | Contribution to SDGs:



Oil Spill(s) | Contribution to SDGs:

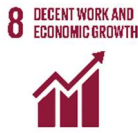


PETRÓLEOS DE VENEZUELA S.A. (PDSVA) is a gas and oil company. It is engaged in exploring, extracting, transporting, manufacturing, refining, storing, and marketing crude oil and other hydrocarbons. Sustainalytics has decided to disengage with the company as a result of three particular cases:

- Corrupt practices. In November 2015, news media reported that US authorities had been investigating PDSVA, one of its former company presidents and a one-time Venezuelan energy minister, as well as several other company officials for alleged corruption and money laundering. Since this case emerged, numerous company officials have been charged with various forms of corrupt practices in Venezuela, and a total of 10 US-based PDVSA contractors have pleaded guilty to violating the US Foreign Corrupt Practices Act (FCPA) to obtain contracts with PDVSA.
- Oil spills. Since 2016 Petroleos de Venezuela has experienced several oil spills in Venezuela. In November 2016, a 25,000 barrel crude oil pipeline leak affected drinking water in Anzoategui state. In January and March 2017, two crude oil leaks of an unspecified amount occurred at the Jose oil terminal; in February 2017, the company’s pipeline leaked more than 10,000 barrels of oil in Barinas state, and 8,000 barrels of diluted crude and oil in in August 2017 in Anzoategui state. In June 2017, the NATIONAL FEDERATION OF PETROLEUM WORKERS OF VENEZUELA showed PDVSA records with two to three leaks of crude every week on average and blamed the leaks on the company’s poor infrastructure maintenance.
- Recurring workplace accidents. According to news media reports, PDVSA has experienced several workplace accidents within the last few years. The most severe one was a massive explosion that took place in August 2012 at the company’s Amuay refinery, in Venezuela. The explosion killed at least 48 people, injured approximately 80 others and damaged 1,600 homes. Right after the accident, the company was accused by locals of having neglected maintenance of its facilities and not improving safety standards, despite numerous accidents in previous years. Between 2013 and 2017, a number of other minor fires and explosions occurred at PDVSA's refineries, including its Amuay refinery.

Sustainalytics has tried to contact the company about the above-mentioned issues. However, the company has not responded to

Recurring Workplace Accidents |
Contribution to SDGs:

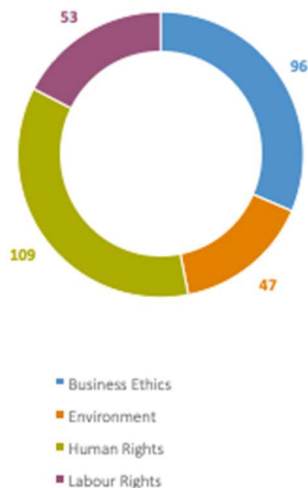


Sustainalytics' repeated requests for a conference call to discuss the firm's business practices and measures aimed at strengthening ESG management. Since 2015, various analysts and engagement managers from Sustainalytics (and previously GES) have unsuccessfully attempted to establish dialogue with PDVSA, by sending e-mails and calling their company headquarters, as well as PDVSA's United States commercial offices.

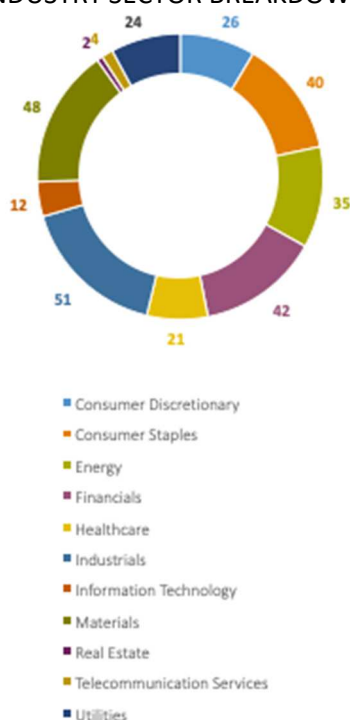
Given the lack of dialogue and the relatively poor level of ESG disclosure in publicly available documentation, there is a perception that the ESG commitments have not been translated into adequate policies and reporting. As such, Sustainalytics has decided to discontinue attempts at dialogue and disengage with the company.

ENGAGEMENT SUMMARY REPORT

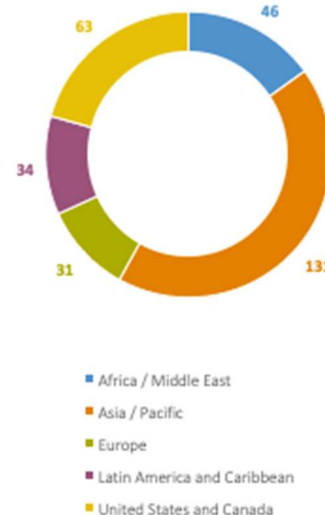
NORM AREA BREAKDOWN



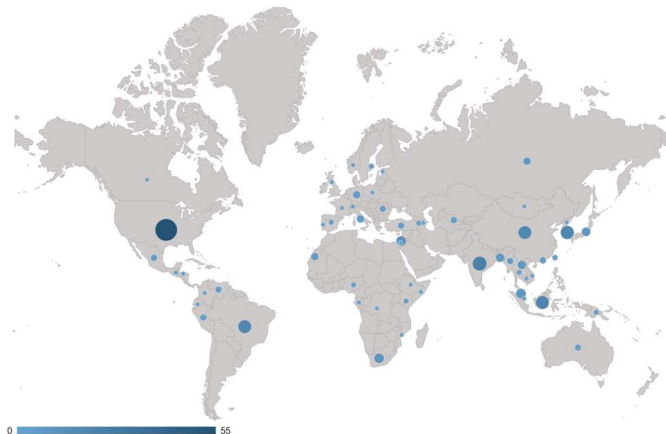
INDUSTRY SECTOR BREAKDOWN



GEOGRAPHIC BREAKDOWN



ENGAGEMENT MAP




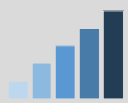
During September-November 2019, Sustainalytics worked on **305** issues related to Global Standards Engagement.

Of **216** *Engage* cases, we have continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **145** cases. The remaining **71** cases were added as Global Standards Engagement was introduced in May 2019 and engagement may commence within the next three months.

In **89** *Evaluate* cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or to further engage with the company – if it is a case with severe consequences for the environment or humans.

COMPANY DIALOGUE & PROGRESS SUMMARY

HOW TO READ THIS REPORT

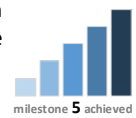
Country	<p>The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.</p>
Year	<p>The year shows when the case was upgraded to Engage status.</p>
Response	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> <ul style="list-style-type: none"> ● excellent ● good ● standard ● poor ● none
Progress	<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"> ↑ excellent ↗ good → standard ↘ poor ↓ none
Performance	<p>The indicator describes the combined company progress and response performance.</p> <ul style="list-style-type: none"> ▲ High performance: good or excellent response and / or progress of the business conduct issue ▶ Medium performance: standard level of response and progress ▼ Low performance: poor or no response in combination with poor or no progress <p>new, same, better or worse – indicates the change in either Response or Progress since the last quarterly report.</p>
Time	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div style="display: flex; align-items: center; margin-top: 10px;">  <p>After two years, the case will be reviewed by Sustainalytics and a disengage recommendation can be issued if all other engagement options are ineffective</p> </div>
Milestone	<p>The indicator describes the milestone achieved from 1 to 5.</p> <div style="margin-top: 10px;">  </div>

RESOLVED LIST

AFRICA / MIDDLE EAST

Eskom Holdings SOC Limited South Africa
(2017)
Corrupt Practices

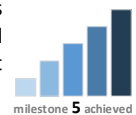
Eskom has introduced a range of anti-bribery and corruption measures including lifestyle audits of senior management and their spouses (to identify whether they are living beyond their known financial means), as well as investigations into ghost and duplicate employees. Also, the company made the change of senior management in February 2018 and removed 11 senior executives implicated in corruption. In addition, it is clearing up some 1,049 disciplinary cases. Of the 239 instances raised through the whistleblowing system, 122 had been concluded and 67 cases of disciplinary actions were underway.



LATIN AMERICA AND CARIBBEAN

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

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



ARCHIVED

Agrokor d.d. (2018) <i>Embezzlement</i>	Croatia	Sustainalytics considers the company's involvement as severe due to the egregious nature of the fraud, embezzlement and financial misrepresentation allegations. However, because of structural changes and the fact that since April 2019 Agrokor no longer exists as a legal entity (and all the company's remaining assets were transferred to a new legal entity called Fortenova Group), Sustainalytics decided to archive this engagement case.
Bangkok Bank Public Company Limited (2014) <i>Financing of Controversial Project</i>	Laos	Based on the bank's decreased leverage and its unwillingness to engage in dialogue despite numerous attempts over the years, Sustainalytics has decided to archive the case. However, considering the fact that Bangkok Bank's public reporting on management of environmental and social risks in project financing is very limited, Sustainalytics will continue to monitor the company and its potential involvement in future hydropower projects.
China National Chemical Corp. (2017) <i>Fraudulent Marketing Practices</i>	China	China National Chemical Corp (ChemChina) acquired Syngenta in 2017 and took responsibility for its outstanding liabilities. In February 2018, Syngenta settled the outstanding lawsuit, for an undisclosed amount, with Archer Daniels and Midland in relation to the alleged fraudulent marketing of its Agrisure Viptera GM corn seed in the years from 2010 to 2013. Given the main incident occurred before ChemChina's acquisition of Syngenta and that it appears there are no outstanding lawsuits in relation to the incident, the case will be archived. Sustainalytics will continue to monitor the company in relation to the potential violations of other products.
Coal India Limited (2017) <i>Activities Resulting in Adverse Human Rights Impacts</i>	India	Sustainalytics has decided to archive this case profile, and merge the incident with the other ongoing Coal India case on <i>Recurring Workplace Accidents</i> , where Sustainalytics will look to continue to push for dialogue.
EDP - Energias de Portugal, SA (2019) <i>Product-Related Fatalities</i>	Portugal	Sustainalytics has decided to archive the engagement case at this stage as the company has showed it now has an integrated strategy in place to prevent wildfires linked to its equipment. In its safety strategy, the company focuses on the maintenance of equipment and ensuring a safe distance between the lines and the vegetation. It uses new technologies to support those actions, such as aerial thermography and LiDAR 3D photography. All the company's initiatives are integrated under Vega plan. It also proactively engages with legislators and civil protection entities to clarify competences of different actors in fire prevention and to promote more effective laws. According to the Police' investigation, the Pedrógão Grande fire started from the thunder. As stated by EDP, there is no evidence that the wildfires in Portugal originated from its equipment. Sustainalytics will continue to monitor for new information regarding the company's performance. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
Gitanjali Gems Ltd (2018) <i>Fraud</i>	India	Sustainalytics considers the company's involvement as severe due to the magnitude of the alleged fraud and due the fact that the illicit transactions appear to have been systematic. However, Gitanjali Gems' creditors have decided not to extend its corporate insolvency resolution process and have voted to liquidate the company. Since the company is heading for liquidation, Sustainalytics has decided to archive this case.
Honda Motor Co Ltd (2015) <i>Product-Related Fatalities</i>	United States	Honda Motor has been linked to over 20 deaths and more than 200 injuries resulting from accidents caused by faulty airbags in Honda vehicles since 2004. Honda has recalled, and repaired millions of airbags and it has the highest completion rate among the car makers impacted. Takata, the supplier of the faulty airbags, also catered to BMW, Chrysler, Ford, Mazda, Nissan, and Toyota. In 2017, Honda agreed to a so-called economic loss settlement totalling USD 605 million. No further major investigations or lawsuits on the issue are pending. Furthermore, Honda has contributed to compensation trust funds to support victims of Takata airbag accidents. Honda has invested in better crash test simulations and quality management. Based on these positive developments, Sustainalytics assesses that Honda will complete the final phase of the, yet ongoing, recalls in a satisfactory manner. As such, Sustainalytics does not regard engagement to be warranted on the matter.

Khon Kaen Sugar Industry PCL (2012) <i>Land Grabbing</i>	Cambodia	Sustainalytics has decided to archive the case on the grounds that Khon Kaen Sugar Industry PLC (KSL) has adopted a responsible course of action by investigating and addressing the alleged improper acquisition of land that was developed for cane plantations in Cambodia. The company has engaged with the interested parties and compensated the affected communities. In addition, KSL developed a corporate social responsibility policy where the company commits itself to human rights protection. KSL has no history of similar incidents in other locations. Furthermore, the company has said it does not plan to invest in high-risk countries such as Cambodia.
Kobe Steel Ltd (2018) <i>Consumer Fraud</i>	Japan	Sustainalytics has decided to archive the case at this stage based on Kobe Steel showing significant effort to address the issue of consumer fraud. Through engagement dialogue, it has been established that the company has been working on reforming its business model in order to strengthen its governance and management. Moreover, the company introduced proactive and significant board-level changes, increasing the number of Independent Directors and appointing an Independent Director as Chairman of the Board. Sustainalytics will continue to monitor the company's performance. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
Krung Thai Bank Public Company Limited (2014) <i>Financing of Controversial Project</i>	Laos	Based on the bank's decreased leverage and its unwillingness to engage in dialogue despite numerous attempts over the years, Sustainalytics has decided to archive the case. Krung Thai Bank seemingly does not have any policy in place to address environmental and social risks in project financing, but there are indications that the bank assesses risks related to project financing in general. Sustainalytics will continue to monitor the company and its potential involvement in future hydropower projects.
Korea Hydro & Nuclear Power Co Ltd (2018) <i>Corrupt Practices</i>	South Korea	The corrupt practices were included in an engage case on the company's parent Korea Electric Power Corp (KEPCO). Sustainalytics resolved this case in November 2018 on the basis that KEPCO reacted constructively to address the issues of anti-bribery and corruption and there have been no further allegations of corruption since 2016. Thus, Sustainalytics does not regard engagement to be warranted on the matter.
Maruti Suzuki India Ltd (2012) <i>Anti-Union Practices</i>	India	Maruti Suzuki India (MSI) has had multiple strikes at its Manesar manufacturing facility in India since June 2011, concerning freedom of association and better employment conditions. In July 2012, a dispute resulted in violence, with one HR manager killed and about 100 other managers injured. Since then, MSI settled with its three labor unions in 2015 and again in 2018, and employment conditions for both permanent and temporary staff have improved. As there has been no new indications of significant protests for better working conditions since, Sustainalytics has decided to archive the case. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
Mitsubishi Motors Corporation (2016) <i>Consumer Fraud</i>	Japan	Mitsubishi Motors has had a poor track record with respect to customer service and regulatory compliance. Breaches have included negligence of customer complaints and manipulation of fuel performance testing data. The fact that the latest compliance breach already dates back to 2016 supports the company's claim that it has implemented effective measures to prevent customers and authorities from being misled again in the future. The measures cover governance, systems, procedures, and training. Hence, Sustainalytics has decided to archive the case. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
Nintendo Co. Ltd. (2017) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Indonesia	From a company management perspective, Nintendo updated its CSR Procurement Guidelines and Responsible Mineral Procurement Policy referring to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which covers Indonesia. Moreover, Nintendo applies the Responsible Minerals Assurance Process (RMAP) as a procurement method to support their responsible sourcing approach. Additionally, there have been regulatory changes in mineral mining in Indonesia that require mining business licenses and the application of good mining practices from all suppliers. Given these developments, Sustainalytics has decided to archive the case.

Orascom Investment Holding SAE (2012) <i>Operations in Territories with Elevated Human Rights Risks</i>	North Korea	Sustainalytics has chosen to archive this case on the basis that Koryolink, the mobile operator that is majority owned by Orascom Investment Holding, is a joint venture with the North Korean national government. The operator is legally subject to the requirements of the authoritarian regime and it is considered unlikely that the company would be able to make changes in line with international standards. Orascom has been operating in North Korea since 2008 and in 2015 the company stated that it has effectively lost control of its local asset. While there is implicit concern regarding the risk exposure, it is understood that Orascom is not in a position to influence the operation of Koryolink. Nevertheless, this conclusion will be reassessed accordingly if new incidents or information arise.
Patisserie Holdings PLC (2018) <i>Accounting Irregularities</i>	United Kingdom	The company's assets were split up and purchased by an Irish private equity group and a family-owned business in early 2019. Sustainalytics has assessed the company's accounting irregularities as severe however, given that there is no longer a party to engage with, Sustainalytics has decided to archive this engagement case.
PT Timah (Persero) Tbk (2012) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Indonesia	Sustainalytics considers further engagement with the company unwarranted as there have been no new reports suggesting the company's involvement in environmental damage in Indonesia since 2016. Additionally, the company's reporting suggests positive developments in the company's approach towards environmental issues, reflected in an implemented rehabilitation programme and ongoing engagement with local communities. Sustainalytics will continue to monitor the company's performance. Should new, relevant information emerge, Sustainalytics will reconsider this conclusion.
Syngenta (2017) <i>Fraudulent Marketing Practices</i>	China	Syngenta's alleged fraudulent marketing of its genetically modified Agrisure Viptera corn occurred in 2010. In 2013, China placed a ban on US corn imports due to cross contamination from the unapproved Agrisure Viptera corn. There have been numerous lawsuits brought against Syngenta with the company settling many out of court, the last in February 2018. Given the time that has elapsed since the issue, no similar issues have reoccurred, the Chinese regulator has since approved this specific product, and that Syngenta appears to have settled the majority, if not all cases, Sustainalytics does not consider that engagement is warranted currently. We will continue to monitor the company in relation to the potential violations of other products.
Taseko Mines Ltd (2013) <i>Mining Project with Environmental and Human Rights Risks</i>	Canada	Sustainalytics has decided to archive the case due to the fact that the future of the New Prosperity project is currently uncertain, and engagement is thus currently unwarranted. In September 2019, the court issued an injunction order to prevent Taseko Mines Ltd. from performing any work until the court rules whether the provincial permit for a drilling program infringes on Tsilhqot'in indigenous rights. Sustainalytics continues to follow the court proceedings on the case. Should new, relevant information emerge, Sustainalytics will reconsider this decision.
Taurus Armas SA (2017) <i>Operations in Territories with Elevated Human Rights Risks</i>	Brazil	Taurus Armas has been linked to a violation of a UN targeted arms embargo. In 2015 a shipment of 3,000 firearms was allegedly destined for a Yemeni arms dealer, who has been on the UN sanction list for arms dealings in Somalia, Eritrea and Yemen. Taurus Armas cancelled further shipments after learning of concerns about the deal. It stated that it had not been aware that there were restrictions on the intermediary company or its owner. There have not been any new reports of more controversial arms deals involving Taurus Armas. Sustainalytics has decided to archive the case, however, should new, relevant information emerge, Sustainalytics will reconsider this decision.
Toshiba (2016) <i>Accounting Fraud</i>	Japan	Toshiba reportedly overstated its profits by USD 1.22 billion between 2008 and 2014. Unrealistic financial targets posed by senior executives induced managers to falsify accounts to appear to have achieved their targets. To recover from the scandal, Toshiba has been reforming its internal control structure and corporate culture. Most notably, it established two new board committees dealing with compliance; it invested in compliance training; and it improved its communication with shareholders. Considering that the company has taken several significant measures to recover as well as prevent recurrence, Sustainalytics has decided to archive the case.

Universal Health Services (2017) <i>Fraud</i>	United States	In July 2019, Universal Health Services (UHS) reached an agreement over its alleged involvement in health care fraud that took place between 2005 and 2013. UHS took the responsible course of action by engaging in the official investigations and cooperating with all agencies involved. The company monitors its business and has developed an ethics and compliance programme with respect to government laws and regulations. The company also aims to further enhance the existing compliance system. As the company has implemented measures to improve its compliance system, Sustainalytics has decided to archive the case.
Volkswagen AG (2017) <i>Antitrust Violations</i>	Germany	Given the close link between the EU antitrust allegation and emissions scandal, this case will be merged with the ongoing engagement on the emissions scandal. As part of the ongoing emissions case, an objective is for VW to demonstrate that the company has improved its corporate culture. Sustainalytics has incorporated ethics into this assessment of culture. Originally this assessment related to allegations tied to antitrust and collusion activity to prevent the development of clean emissions technology, together with BMW and Daimler.
<i>*Includes AUDI AG cases, now fully covered by Volkswagen AG</i>		
VTB Bank (public joint-stock company) (2011) <i>Financing of Controversial Project</i>	Armenia	Sustainalytics has decided to archive the case due to the fact that in June 2019 the bank sold the mining operation and it therefore has no future leverage on how the mine should be operated. Previously, VTB had stated that it was looking for an operator which was willing to address the environmental issues at the site. It should be noted that although VTB Bank is not a signatory to the Equator Principles it does state that it abides by them when providing project financing.
ZTE Corporation (2017) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	China	From a company management perspective, ZTE now includes tin mining from Indonesia in its conflict-free mineral policy and responsible sourcing approach. Moreover, ZTE sources tin mainly from smelters and refiners in Indonesia which are part of the conformant list of the Responsible Minerals Assurance Process. Additionally, there have been regulatory changes in mineral mining in Indonesia that require mining business licenses and the application of good mining practices from all suppliers. Given these developments, Sustainalytics has decided to archive the case.

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

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

ENGAGE LIST

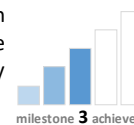
AFRICA / MIDDLE EAST

Change objective

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

Palestinian Authority

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

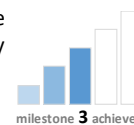


● good ↘ poor ▶ same

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

Palestinian Authority

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



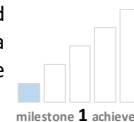
● good ↘ poor ▶ same

Eskom Holdings SOC Limited (2019)
Air Pollution

South Africa



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

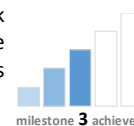


● poor ↘ poor ▼ same

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

Palestinian Authority

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



● good ↘ poor ▶ same

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

South Africa

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

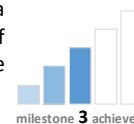


● good → standard ▲ same

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

Palestinian Authority

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

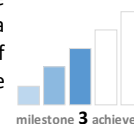


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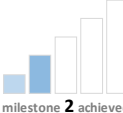
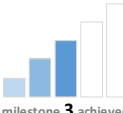
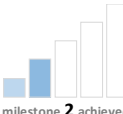
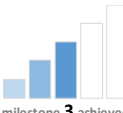
Mizrahi Tefahot Bank Ltd. (2010)
Financing of Illegal Settlements in Occupied Territories

Palestinian Authority

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



● good ↘ poor ▶ same

<p>OCP S.A. (2016) <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ same</p>			
<p>Sibanye-Stillwater (2018) <i>Recurring Workplace Accidents</i></p>	<p>South Africa</p>	<p>Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.</p>	 <p>milestone 3 achieved</p>
<p>● poor → standard ▶ same</p>			
<p>Teva Pharmaceutical Industries Limited (2019) <i>Price-Fixing Violations</i></p>	<p>United States</p>	<p>Teva should take appropriate actions by investigating the alleged misconduct internally and cooperate with authorities to address the issue. The company should also develop and implement a drug pricing model that ensure equitable access to medicine and implement in competition guidelines.</p>	<p>new</p>
<p>The Okomu Oil Palm Co PLC (2019) <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	<p>Nigeria</p>	<p>Okomu should ensure that affected communities are consulted according to the principle of Free, Prior and Informed consent. It should also implement its human rights policy and demonstrate human rights due diligence in its operations to prevent adverse human rights impacts.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ new</p>			
<p>Tiger Brands Limited (2019) <i>Product-Related Fatalities</i></p>	<p>South Africa</p>	<p>Tiger Brands should ensure that it has taken appropriate actions to responsibly address the impacts of the incident. Tiger Brands should also demonstrate that it has taken adequate measures to improve consistency of operational practices and procedures for product safety across the group.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ new</p>			

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

- Bezeq The Israel Telecommunication Corporation Limited** , *Corrupt Practices*, Israel
- MTN Group Limited**, *Operations in Territories With Elevated Human Rights Risks*, South Africa
- Mumias Sugar Company Limited**, *Accounting Fraud*, Kenya
- Pepkor Holdings Ltd.**, *Accounting Fraud*, South Africa – relates to **Steinhoff International Holdings N.V**
- Uchumi Supermarkets Limited**, *Fraud*, Kenya

ASIA / PACIFIC

Change objective

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

Australia

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



● standard ↗ good ▲ better

Aekyung Industrial Co., Ltd. (2019)
Quality and Safety Violations

South Korea

Aekyung Industrial Co. should disclose the outcomes of any internal and external investigations into the humidifier disinfectant issue. It respond appropriately to the findings of such investigations, including reviewing and and substantially upgrading its quality and safety management system as needed, and have this system externally assured. It should also ensure that victims and/or their families are suitably compensated for the harm caused.

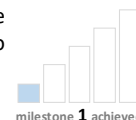
new

Agricultural Bank of China Limited (2018)
Corrupt Practices

China



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

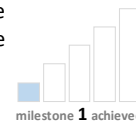


● none ↓none ▼ same

Agricultural Bank of China Limited (2018)
Money Laundering

United States

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

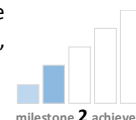


● none ↓none ▼ same

AMP Limited (2019)
Consumer Fraud

Australia

AMP should ensure that robust policies and internal controls addressing product governance and business ethics are implemented, universally applied and where appropriate, disclosed.



● standard →standard ► new

Anbang Insurance Group Co., Ltd. (2019)
Fraud

China

Anbang Insurance Group should adopt anti-corruption and anti-fraud policies, and ensure that robust internal controls addressing product governance and business ethics are implemented and universally applied.



● standard →standard ► new

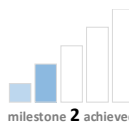

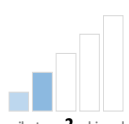




AviChina Industry & Technology Company Limited (2019)
Operations in Territories With Elevated Human Rights Risks


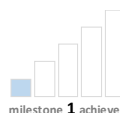


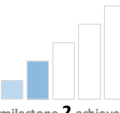


China

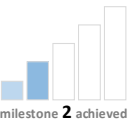



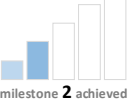
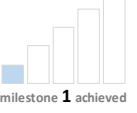

AviChina should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.

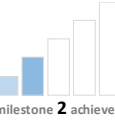
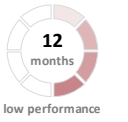
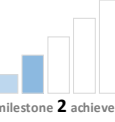
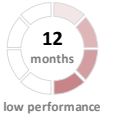
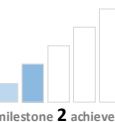
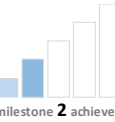

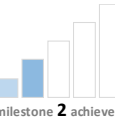



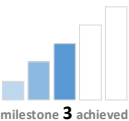
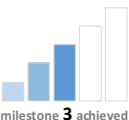

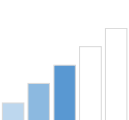

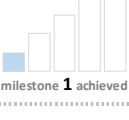
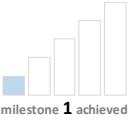

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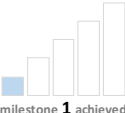

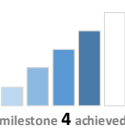
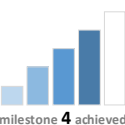
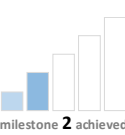

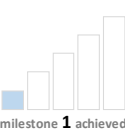
<p>Bharat Heavy Electricals Limited (2017) <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>BHEL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	 <p>24 months low performance</p>		
<p>China Energy Engineering Corporation Ltd (2019) <i>Fatal Workplace Accident(s)</i></p>	<p>China</p>	<p>China Energy Engineering Corporation (CEEC) should carry out an internal investigation into the causes of the accident and accordingly strengthen its control risk management process of construction sites. CEEC should also disclose how it has improved its safety management system across its operations and subsidiaries.</p>	
	<p>new</p>		
<p>China National Chemical Corp. (2019) <i>Quality and Safety Breaches</i></p>	<p>China</p>	<p>ChemChina should, through its wholly-owned subsidiary Syngenta, address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.</p>	
	<p>new</p>		
<p>China North Industries Corp. (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>China</p>	<p>China North Industries should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	
	<p>new</p>		
<p>China Northern Rare Earth (Group) High-Tech Co Ltd (2019) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Mongolia</p>	<p>The company should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. It should display a comprehensive program to address the health, community and environmental impacts of the tailings site.</p>	
	<p>new</p>		
<p>China Railway Group Ltd (2014) <i>Forced Evictions</i></p>	<p>Democratic Republic of the Congo</p>	<p>China Railway Group should compensate the affected communities and create an anti-harassment and discrimination policy adapted to its risk exposure. The company should also ensure that its corporate culture supports the policy and has mechanisms in place to monitor the related compliance.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ new</p>			
<p>China Railway Group Ltd (2014) <i>Recurring Workplace Accidents</i></p>	<p>China</p>	<p>China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	 <p>24 months low performance</p>		
<p>Coal India Limited (2016) <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>Coal India should strengthen both its health and safety management systems resulting in a material and sustained decrease in accident rate and examine and investigate root causes of past accidents, and subsequently identify and correct gaps in its systems. Meanwhile, the company should align its practices to relevant IFC Standards, in particular those related to consultation, resettlement and compensation.</p>	 <p>milestone 1 achieved</p>
<p>● poor ↓ none ▼ same</p>	 <p>12 months low performance</p>		

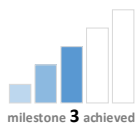


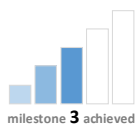
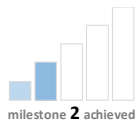

<p>Export-Import Bank of India (2017) <i>Project With Environmental and Human Rights Risks</i></p> <p>● none ↓none ▼ same</p>	<p>Bangladesh</p> <p> 24 months low performance</p>	<p>Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.</p>	<p> milestone 1 achieved</p>
<p>FGV Holdings Bhd. (2017) <i>Labour Rights Violations at Company Operations</i></p> <p>● good ↗ good ▲ same</p>	<p>Malaysia</p>	<p>FGV Holdings Bhd should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>	<p> milestone 4 achieved</p>
<p>Habib Bank Limited (2019) <i>Money Laundering</i></p> <p>new</p>	<p>Pakistan</p>	<p>Habib Bank should implement appropriate risk management systems and internal controls that address financial crime, including money laundering and terrorist financing, as well as demonstrate that they are robust and universally applied.</p>	
<p>Hangzhou Hikvision Digital Technology Co Ltd (2019) <i>Human Rights Impacts of Surveillance Systems</i></p> <p>new</p>	<p>China</p>	<p>Hikvision should implement a robust human rights due diligence program to improve its business policies and practices (inclusive of its tendering process) in line with internationally accepted standards, such as the UN Guiding Principles on Business and Human Rights. The company should also provide transparent reporting on human rights issues and show evidence of its continued adherence to improved human rights management.</p>	
<p>Hyundai Motor Company (2018) <i>Corrupt Practices</i></p> <p>● good ↗ good ▲ better</p>	<p>South Korea</p>	<p>Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	<p> milestone 4 achieved</p>
<p>Indofood Agri Resources Ltd (2018) <i>Labour Rights Violations at Plantations</i></p> <p>● standard → standard ► same</p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	<p> milestone 2 achieved</p>
<p>Industrial And Commercial Bank Of China Ltd (2018) <i>Money Laundering</i></p> <p>● poor ↓none ▼ same</p>	<p>Spain</p> <p> 12 months low performance</p>	<p>ICBC should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should ensure that the board has sufficient and effective oversight of the business.</p>	<p> milestone 1 achieved</p>
<p>Inner Mongolian Baotou Steel Union Co Ltd (2019) <i>Environmental Pollution</i></p> <p>new</p>	<p>China</p>	<p>Inner Mongolian Baotou Steel Union should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. It should display a comprehensive programme to address the health, community and environmental impacts of the tailings site.</p>	

<p>Irkut Corporation (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Russia</p>	<p>Irkut should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	
new			
<p>Italian-Thai Development Public Company Limited (2011) <i>Project With Environmental and Human Rights Risks</i></p>	<p>Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>	 <p>24 months low performance</p>		
new			
<p>Kangmei Pharmaceutical Co Ltd (2019) <i>Accounting fraud</i></p>	<p>China</p>	<p>Kangmei Pharmaceutical should improve its corporate governance and culture. Also, it needs to establish adequate compliance risk management systems and internal controls. understand the cause take appropriate actions by investigating the alleged misconduct internally.</p>	
new			
<p>Korea Electric Power Corporation (2019) <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Korea Electric Power Corporation's subsidiary should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↓ poor ► same</p>			
<p>Korea Western Power Co., Ltd. (2019) <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Korea Western Power Co. should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↓ poor ► same</p>			
<p>Korean Air Lines Co.,Ltd. (2019) <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.</p>	 <p>milestone 2 achieved</p>
<p>● good ↘ poor ► same</p>			
<p>Lotte Corp (2019) <i>Embezzlement</i></p>	<p>South Korea</p>	<p>Lotte should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. Further, Lotte should also ensure that the internal audit committees have the mandate and capacity to carry out its functions properly and strengthen Board independence.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ same</p>	 <p>3 months low performance</p>		

<p>NTPC Limited (2017) <i>Project With Environmental and Human Rights Risks</i></p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	 <p>12 months low performance</p>		
<p>NTPC Limited (2018) <i>Recurring Workplace Accidents</i></p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	 <p>12 months low performance</p>		
<p>Oil and Natural Gas Corporation Limited (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>India</p>	<p>ONGC should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	
			<p>new</p>
<p>Olympus Corporation (2019) <i>Product-Related Fatalities</i></p>	<p>United States</p>	<p>Olympus should continue to improve the safety of its duodenoscope product by enabling appropriate hygiene procedures. Also, the company should cooperate with authorities to resolve outstanding investigations and legal proceedings.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ new</p>			
<p>PetroChina Co Ltd (2017) <i>Corrupt Practices</i></p>	<p>China</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	 <p>21 months low performance</p>		
<p>PetroChina Co Ltd (2018) <i>Fatal Accident(s)</i></p>	<p>China</p>	<p>PetroChina should ensure that an investigation into the causes of pipeline accidents occurs and lessons learnt are applied. It should strengthen its governance and ensure that it has a long-term mechanism for pipeline protection, hazard identification and emergency response procedures in place.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>	 <p>15 months low performance</p>		
<p>PetroChina Co Ltd (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>China</p>	<p>PetroChina should follow the international best-practice for respecting human rights. While operating in conflict-affected countries, it should undertake the due diligence adapted to the specific situation of the region and act adequately on the findings. The company should also engage with the governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.</p>	
			<p>new</p>

<p>Petroleum Nasional Berhad (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Malaysia</p>	<p>Petronas should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	 <p>milestone 3 achieved</p>
<p>POSCO (2012) <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► new</p>			
<p>POSCO (2010) <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project, and verify that the company and its contractors and subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>POSCO INTERNATIONAL Corp. (2012) <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>POSCO INTERNATIONAL Corp. should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>POSCO INTERNATIONAL Corp. (2010) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Myanmar</p>	<p>POSCO INTERNATIONAL Corp. should prevent negative human rights and environmental impacts of the Shwe Project, and ensure that neither the company itself or its contractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>PT Indofood Sukses Makmur Tbk (2018) <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>PT Perusahaan Perkebunan London Sumatra Indonesia Tbk (2019) <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Lonsum should take responsibility for addressing labour rights incidents at its plantations. Lonsum should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Lonsum should also improve the existing Sustainable Palm Oil Policy.</p>	 <p>milestone 1 achieved</p>
<p>● poor → standard ► new</p>			
<p>PT Salim Ivomas Pratama Tbk (2019) <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>Salim Ivomas should take responsibility for addressing labour rights incidents at its plantations. The company should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Salim Ivomas should also improve the existing Sustainable Palm Oil Policy.</p>	 <p>milestone 1 achieved</p>
<p>● poor → standard ► new</p>			

<p>Ratch Group Public Co. Ltd. (2019) <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>Ratch should ensure that a comprehensive assessment of the safety and stability of the project is conducted, together with independent experts and that appropriate mitigation measures are taken. It should use its leverage to ensure adequate consultations with, and compensation to, project-affected communities and a transparent process for grievance and compensation. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.</p>	 <p>milestone 1 achieved</p>
<p>● none ↓ none ▼ same</p>	 <p>3 months low performance</p>		
<p>Rostec Corporation (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Russia</p>	<p>Rostec should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	
<p>new</p>			
<p>Samsung Electronics Co., Ltd. (2017) <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>Singapore Technologies Engineering Limited (2017) <i>Corrupt Practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>SK Discovery Co Ltd (2019) <i>Quality and Safety Violations</i></p>	<p>South Korea</p>	<p>SK Discovery should disclose the outcomes of any internal and external investigations into the humidifier disinfectant issue. It respond appropriately to the findings of such investigations, including reviewing and and substantially upgrading its quality and safety management system as needed, and have this system externally assured. It should also ensure that victims and/or their families are suitably compensated for the harm caused.</p>	
<p>new</p>			
<p>SK Holdings Co Ltd (2019) <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Laos</p>	<p>SK Holdings' subsidiary should conduct a comprehensive assessment of the safety and stability of the project, together with independent experts and take appropriate mitigation measures. It should use its leverage to ensure adequate consultations with, and compensations to, project-affected communities and a transparent process for grievance and compensation. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↓ poor ► same</p>			
<p>Steel Authority of India Limited (2019) <i>Fatal Workplace Accident(s)</i></p>	<p>India</p>	<p>Bhilai Steel Plant should establish a safety committee which would be responsible for the implementation of robust occupational safety norms.</p>	
<p>● none ↓ none ▼ same</p>	 <p>9 months low performance</p>		 <p>milestone 1 achieved</p>
<p>Suruga Bank Ltd. (2019) <i>Fraud</i></p>	<p>Japan</p>	<p>Suruga Bank should ensure that robust policies and programs related to business ethics, policies, compliance processes, governance controls and risk management systems are in place to prevent recurrence of loans falsification.</p>	
<p>new</p>			

<p>Tokyo Electric Power Company Holdings, Incorporated (2011) <i>Incident Resulting in Negative Environmental and Human Rights Impacts</i></p> <p>● standard ↘ poor ▶ same</p>	Japan	TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.	 <p>milestone 3 achieved</p>
<p>Vedanta Limited (2019) <i>Community Protests</i></p> <p>● good → standard ▲ new</p>	India	Vedanta should analyse the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.	 <p>milestone 3 achieved</p>
<p>Wilmar International Limited (2017) <i>Labour Rights Violations at Plantations</i></p> <p>● good → standard ▲ same</p>	Indonesia	Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.	 <p>milestone 4 achieved</p>
<p>Yahoo Japan Corp (2016) <i>Illegal Trading</i></p> <p>● standard → standard ▶ same</p>	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.	 <p>milestone 3 achieved</p>
<p>Zijin Mining Group Company Limited (2015) <i>Activities Resulting in Negative Environmental Impacts</i></p> <p>● standard ↘ poor ▶ same</p>	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.	 <p>milestone 2 achieved</p>
<p>Zijin Mining Group Company Limited (2015) <i>Activities Resulting in Adverse Human Rights Impacts</i></p> <p>● standard ↘ poor ▶ same</p>	Papua New Guinea	Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.	 <p>milestone 3 achieved</p>

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

63 Moons Technologies Ltd, Fraud, India

Changsheng Bio-technology Co., Ltd., Quality and Safety Breaches, China

China Huarong Asset Management Co Ltd, Corrupt Practices, China

China Petroleum & Chemical Corp., Operations in Territories With Elevated Human Rights Risks, China – includes the following related company **Sinopec Kantons Holdings Ltd.**

Commonwealth Bank of Australia, Money Laundering, Australia

Convoy Global Holdings Ltd, Fraud, Hong Kong

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

Hindustan Zinc Limited, *Community Protests*, India – relates to **Vedanta Limited**

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

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

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

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

Mitsubishi Materials Corporation, *Consumer Fraud*, Japan

Petronas Global Sukuk Ltd., *Operations in Territories With Elevated Human Rights Risks*, Malaysia – relates to **Petroliam Nasional Berhad**

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

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

Punjab National Bank, *Fraud*, India

Rosoboronexport JSC, *Operations in Territories With Elevated Human Rights Risks*, Russia – relates to **Rostec Corporation** [NEW]

Samling Global Limited, *Deforestation*, Malaysia

Saudi Arabian Oil Co., *Operations in Territories With Elevated Human Rights Risks*, Saudi Arabia [NEW]

TongYang Life Insurance Co, *Fraud*, China – relates to **Anbang Insurance Group Co., Ltd.**

Unitech Limited, *Consumer Fraud*, India

Unitech Limited, *Consumer Fraud*, India

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

Wockhardt Limited, *Quality and Safety Breaches*, India

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

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

EUROPE

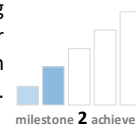
Change objective

AB Volvo (2019)
Operations in Territories With Elevated Human Rights Risks

Israel

Volvo should use its leverage with importers and distributors in high-risk locations to reduce the risk of its products getting implicated in human rights violations. It should establish clear criteria to identify high-risk countries and collaborate with local business partners to conduct human rights due diligence.

● good → standard ▲ new

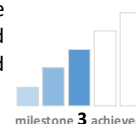


Andritz AG (2010)
Project Resulting in Negative Environmental and Human Rights Impacts

Turkey

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

● standard → standard ► same

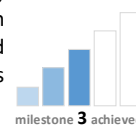


Atlantia S.p.A. (2018)
Quality and Safety Violations

Italy

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

● good → standard ▲ same

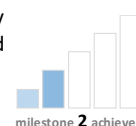


Bayer AG (2018)
Concealing Data on Product-Related Toxicity

United States

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

● standard → standard ► same



Bayer AG (2019)
Quality and Safety Breaches

United States

The company needs to ensure that it has suitable systems for identifying and communicating the side effects of its products to regulators, health professionals, and patients. The company should ensure that customer complaints are reviewed by an independent third-party that can review product quality and safety in relation to customer complaints.

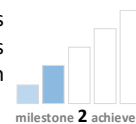
new

Bollore (2019)
Activities Resulting in Adverse Human Rights Impacts

Cameroon

Bollore should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.

● standard ↘ poor ► new



British American Tobacco p.l.c. (2017)
Labour Rights Violations at Plantations

Bangladesh

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

● good → standard ▲ same

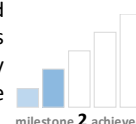


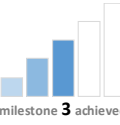
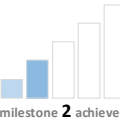

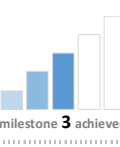


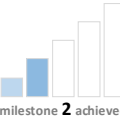
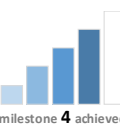
Credit Suisse Group (2019)
Fraud

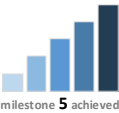
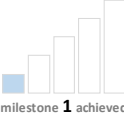
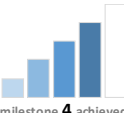
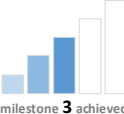
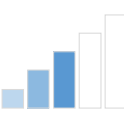
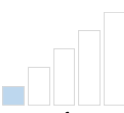
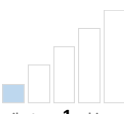
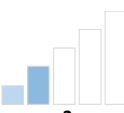
Switzerland


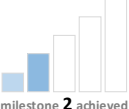


Credit Suisse should ensure that it reviews all of its operations with regard to anti-money laundering. Credit Suisse should implement robust policies, programs, compliance processes and risk management systems that prevent anti-money laundering (AML) and corruption throughout the entire company and where appropriate, disclose these policies.

● standard → standard ► new



<p>Danske Bank A/S (2018) <i>Money Laundering</i></p>	<p>Estonia</p>	<p>Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>Deutsche Bank AG (2019) <i>Money Laundering</i></p>	<p>Russia</p>	<p>Deutsche Bank should ensure that robust policies, programmes, compliance processes and risk management systems addressing anti-money laundering (AML), Know-Your-Customer (KYC), and sanctions issues are in place.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p>Enel Green Power S.p.A. (2019) <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>Enel Green Power SpA should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>Enel SpA (2019) <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>Enel Green Power SpA, a subsidiary of Enel SpA, should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>Genel Energy plc (2019) <i>Operations in Territories With Elevated Human Rights Risks</i></p>	<p>Somalia</p>	<p>Genel should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	 <p>milestone 4 achieved</p>
<p>new</p>			
<p>HeidelbergCement AG (2015) <i>Illegal Exploitation of Natural Resources</i></p>	<p>Palestinian Authority</p>	<p>Heidelberg Cement should be able to demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>ING Groep N.V. (2019) <i>Money Laundering</i></p>	<p>Russia</p>	<p>ING should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. ING should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p>Leonardo S.p.a. (2013) <i>Corrupt Practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			

<p>Mining and Metallurgical Company NORILSK NICKEL PJSC (2010) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	Russia	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	 <p>milestone 5 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>Mozambique Ematum Finance 2020 BV (2019) <i>Asset Misappropriation</i></p>	Mozambique	<p>Mozambique Ematum should ensure that anti-fraud policies and robust internal and external controls are implemented and universally applied that facilitate transparency and oversight of bond proceeds utilisation, as well as treatment of labour.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ new</p>			
<p>Nordea Bank Abp (2015) <i>Money Laundering</i></p>	Sweden	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>Siemens Aktiengesellschaft (2017) <i>Operations in Occupied Territories</i></p>	Western Sahara	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>Siemens Gamesa Renewable Energy, S.A. (2018) <i>Operations in Occupied Territories</i></p>	Western Sahara	<p>Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>SOCFIN Societe Financiere des Caoutchoucs (2019) <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	Cameroon	<p>Socfin should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ new</p>			
<p>Socfinaf SA (2019) <i>Activities Resulting in Adverse Human Rights Impacts</i></p>	Cameroon	<p>Socfinaf should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.</p>	 <p>milestone 1 achieved</p>
<p>● none ↘ poor ▼ new</p>			
<p>Steinhoff International Holdings N.V. (2019) <i>Accounting Fraud</i></p>	South Africa	<p>Steinhoff should demonstrate that it has taken sufficient measures to recover from the fraud and to prevent recurrence. Also, Steinhoff should disclose more details about its Remediation Plan and report on its progress.</p>	 <p>milestone 2 achieved</p>
<p>● poor → standard ► new</p>			

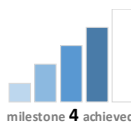
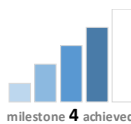
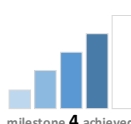
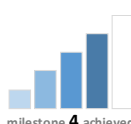
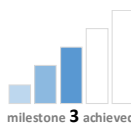
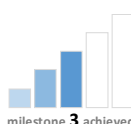
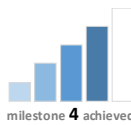
Swedbank AB (2019) <i>Money Laundering</i>	Sweden	Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight of the business.	 milestone 3 achieved
● standard → standard ► same			
Syngenta AG (2019) <i>Quality and Safety Breaches</i>	Thailand	Syngenta should address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.	 milestone 2 achieved
● standard ↘ poor ► same			
United Aircraft Corporation (2019) <i>Operations in Territories With Elevated Human Rights Risks</i>	Russia	United Aircraft should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.	
new			
Vedanta Resources PLC (2019) <i>Community Protests</i>	India	Vedanta should analyse the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.	 milestone 3 achieved
● good → standard ▲ new			
Volkswagen AG (2016) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.	 milestone 3 achieved
● standard → standard ► same			

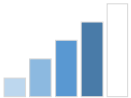
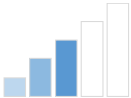
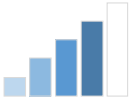
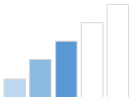
As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in Europe:

- Barclays PLC**, *Price-Fixing Violations*, United Kingdom
- BMW Group**, *Antitrust Violations*, Germany
- Daimler AG**, *Antitrust Violations*, Germany
- DNO ASA**, *Operations in Territories With Elevated Human Rights Risks*, Norway
- Indivior PLC**, *Consumer Fraud*, United States
- ING Bank Slaski SA**, *Money Laundering*, Russia – relates to **ING Groep N.V.**
- Porsche Automobil Holding SE**, *Consumer Fraud*, Germany
- Watchstone Group PLC**, *Accounting Irregularities*, United Kingdom

LATIN AMERICA AND CARRIBEAN

Change objective

<p>Andrade Gutierrez SA (2019) <i>Corrupt Practices</i></p>	<p>Brazil</p>	<p>Andrade Gutierrez (AG) should investigate the alleged misconduct and take appropriate measures against any identified gaps, as well as cooperating with authorities to address the issue. AG should also demonstrate the effectiveness of its ethics and compliance work by improving its disclosure.</p>	 <p>milestone 4 achieved</p>
new			
<p>BRF S.A. (2018) <i>Corrupt Practices</i></p>	<p>Brazil</p>	<p>BRF should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>BRF S.A. (2019) <i>Consumer Fraud</i></p>	<p>Brazil</p>	<p>BRF should ensure that the failure to meet food safety standards due to a bribery scheme has been investigated thoroughly and that its food quality and safety policies and management systems are properly implemented, monitored and reported.</p>	 <p>milestone 4 achieved</p>
new			
<p>CEMEX, S.A.B. de C.V. (2016) <i>Operations in Occupied Territories</i></p>	<p>Palestinian Authority</p>	<p>Cemex should demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>Eldorado Brasil Celulose S.A. (2019) <i>Corrupt Practices</i></p>	<p>Brazil</p>	<p>Eldorado Brasil Celulose SA should ensure that the bribery schemes have been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ new</p>			
<p>Empresas Publicas de Medellin E.S.P. (2019) <i>Project Resulting in Adverse Human Rights Impacts</i></p>	<p>Colombia</p>	<p>EPM should conduct a comprehensive assessment of the safety and stability of the dam, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified impacts and risks. The company should make sure consultations with, and compensation to, project-affected communities are aligned with international norms, such as the IFC performance standards or similar and put in place relevant processes to ensure compliance with international norms for future projects.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>Grupo México, S.A.B. de C.V. (2016) <i>Project Resulting in Adverse Human Rights Impacts</i></p>	<p>Peru</p>	<p>Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			

<p>JBS S.A. (2017) <i>Corrupt Practices</i></p>	<p>Brazil</p>	<p>JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p>JBS S.A. (2015) <i>Recurring Labour Rights Violations</i></p>	<p>United States</p>	<p>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.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>Petroleos Mexicanos S.A. de C.V. (2015) <i>Oil Spill(s)</i></p>	<p>Mexico</p>	<p>PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimise likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p>Vale S.A. (2019) <i>Incident Resulting in Negative Human Rights Impacts</i></p>	<p>Brazil</p>	<p>In order to prevent future worker or community fatalities and damage to the environment, the company should: commission an external technical review into the causes of the dam collapse; strengthen its management and monitoring of its tailings storage facilities using the best available technology; adopt a policy of designing future tailings facility based upon safety first and cost second; ensure that it has in place the necessary remedial programmes to address the socio-economic and environmental impacts of the collapse; and, the company should bring experienced mining professionals on to its board and ensure proper reporting lines are enabled to ensure issues are reported and remedial measures identified and undertaken in a timely manner.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			

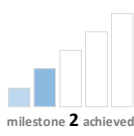


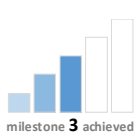
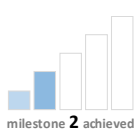


As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement within the next three months with the following companies in Latin America and Caribbean:

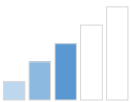

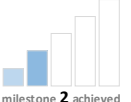

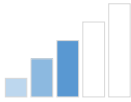
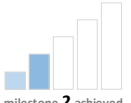
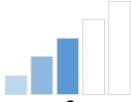
1MDB Global Investments Ltd., Embezzlement, Malaysia


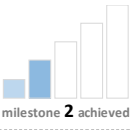
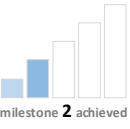
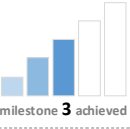
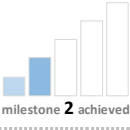
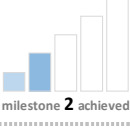
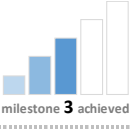
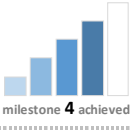
Banco Safra S.A., Corrupt Practices, Brazil

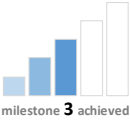
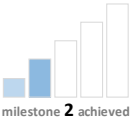
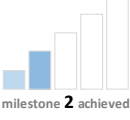
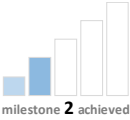



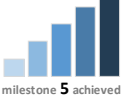
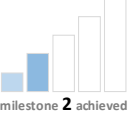
Centrais Elétricas Brasileiras S.A. - Eletrobras, Project Resulting in Adverse Human Rights Impacts, Brazil

UNITED STATES AND CANADA

		<i>Change objective</i>	
3M Co (2019) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	3M Co. should provide greater clarity and public disclosure on its PFAS stewardship initiative and how it is mitigating potential liability from the historic sale/use of its products outside of the US. In addition, the company should explain how it is applying the lessons learnt from PFAS to its product development.	
			new
Bausch Health Companies Inc (2019) <i>Price Discrimination</i>	United States	Bausch Health should restore trust of customers and authorities by establishing a responsible drug pricing policy and improving its disclosure on its pricing practices.	 milestone 2 achieved
			● standard → standard ► new
Bausch Health Companies Inc (2019) <i>Accounting Fraud</i>	United States	Bausch Health should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance program and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding legal proceedings.	 milestone 2 achieved
			● standard → standard ► new
Bunge Limited (2017) <i>Deforestation</i>	Brazil	Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.	 milestone 3 achieved
			● standard → standard ► same
Cargill, Inc. (2012) <i>Labour Rights Violations in Supply Chain</i>	Uzbekistan	Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan, or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.	 milestone 3 achieved
			● standard ↘ poor ► same
CoreCivic Inc (2019) <i>Forced Labour</i>	United States	CoreCivic should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.	 milestone 2 achieved
			● standard → standard ► same
Corteva Inc (2019) <i>Product-Related Incidents</i>	United States	Corteva Agriscience should address how it is preparing itself to address the potential future liabilities in relation to its chlorpyrifos product. And, how the company has amended its research and development in order to mitigate the potential impacts of future products.	 milestone 1 achieved
			● none ↓ none ▼ new
Dow Inc (2019) <i>Quality and Safety Violations</i>	United States	Dow should address how it is addressing the environmental and health legacy associated with its long-term production, marketing and associated use of its chlorpyrifos chemical. And what, if any, changes it has introduced to its research and development protocols to mitigate the potential impacts of future products.	
			new

<p>DuPont de Nemours Inc (2018) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>Edison International (2019) <i>Product-Related Fatalities</i></p>	<p>United States</p>	<p>Edison should address the impacts of the incidents and ensure that remedial measures are in place. It should have comprehensive practices to mitigate wildfire and other physical risks, based on long-term scenario analysis and report transparently on the progress against clearly defined goals. It should also establish wide collaboration with communities, authorities and rescue forces to ensure integrated efforts to minimize the risks of future wildfires.</p>	
<p>new</p>			
<p>Enbridge Inc (2016) <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Enbridge should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>Energy Transfer LP (2016) <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Energy Transfer LP should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>Equifax Inc (2018) <i>Data Breaches</i></p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	 <p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>Facebook Inc (2018) <i>Privacy Breaches</i></p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>GEO Group, Inc. (2019) <i>Forced Labour</i></p>	<p>United States</p>	<p>Geo Group should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>JOHNSON & JOHNSON (2018) <i>Product-Related Incidents</i></p>	<p>United States</p>	<p>Johnson and Johnson should ensure that the lessons learned from the numerous product quality issues have been incorporated into its protocols and procedures, to minimise the risk of future litigation.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► better</p>			

<p>McDonald's Corp (2015) <i>Labour Rights Violations at Contractors</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>		 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>				
<p>Pan American Silver Corp. (2019) <i>Human Rights Violations by Security Forces</i></p>	<p>Guatemala</p>	<p>Pan American Silver should align policies and practices to international human rights norms, in particular with regards to security and human rights and community relation, and in particular with regards to the Escobal mine.</p>		 <p>milestone 2 achieved</p>
<p>● good → standard ▲ new</p>				
<p>Patterson-UTI Energy, Inc. (2018) <i>Fatal Workplace Accident(s)</i></p>	<p>United States</p>	<p>Patterson-UTI Energy needs to investigate and identify the causes of the accident and then ensure that it has identified the lessons learnt and has improved its procedures accordingly. The company should also disclose its health and safety policy and provide details of any related training, as well as be more transparent on reporting similar incidents.</p>		 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>				
<p>PG&E Corp (2019) <i>Product-Related Fatalities</i></p>	<p>United States</p>	<p>PG&E should address the impacts of the incident and ensure that suitable remedial measures have been put in place. The company should also develop a comprehensive, risk-based, safety strategy. The company-wide strategy should address the employee, contractor and public safety and consider future potential risks, including those related to changing climate conditions. The company should also establish a process for monitoring the execution of the strategy.</p>		 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>				
<p>Phillips 66 (2016) <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Phillips 66 should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.</p>		 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>				
<p>Pilgrim's Pride Corporation (2015) <i>Recurring Workplace Accidents</i></p>	<p>United States</p>	<p>Pilgrim's Pride should address the identified health and safety (H&S) shortcomings at its processing facilities. It should implement H&S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&S performance.</p>		 <p>milestone 3 achieved</p>
<p>● poor → standard ► same</p>				
<p>Southern Copper Corporation (2016) <i>Project Resulting in Adverse Human Rights Impacts</i></p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>		 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>				
<p>Stryker Corporation (2019) <i>Quality and Safety Breaches</i></p>	<p>United States</p>	<p>Stryker should take appropriate actions to responsibly address the negative impacts of its products. The company should continue to improve quality and safety of its devices and improve the disclosure of all product-related data to ensure that relevant information is communicated to the public.</p>		
<p>new</p>				

<p>TC Energy Corp. (2018) <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>The company should decide to construct the pipeline, it should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. In addition, it should disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon impacted natural resources. In particular, a best-practice system to detect leakages should be put in place, as should a robust emergency spill response plan. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>Tesla Inc (2018) <i>Labour Rights Violations at Company Operations</i></p>	<p>United States</p>	<p>Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>The Boeing Company (2019) <i>Quality and Safety Breaches</i></p>	<p>United States</p>	<p>Boeing should accomplish the safe return of the 737 MAX aircraft to commercial flight (i.e. re-certified and flight bans lifted). It should ensure that the people affected by the two accidents are appropriately supported and compensated. Boeing should adopt a robust, precautionary approach to product quality management at all of its commercial aircraft manufacturing facilities.</p>	 <p>milestone 2 achieved</p>
<p>● good ↘ poor ▶ same</p>			
<p>The Chemours Co (2018) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>United States</p>	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
 <p>15 months low performance</p>			
<p>Uber Technologies, Inc. (2019) <i>Privacy Breaches</i></p>	<p>United States</p>	<p>Uber Technologies should improve its privacy program in line with regulatory requirements and international norms including implementation of measures to ensure and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security of user data, and appropriate processing and use of data. Uber should also improve public disclosure to provide transparency on its progress toward improvement and preparedness to manage its related risk exposure.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ new</p>			
<p>Walmart Inc. (2017) <i>Recurring Labour Rights Violations</i></p>	<p>United States</p>	<p>Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>Walt Disney Co (2017) <i>Workplace Harassment</i></p>	<p>United States</p>	<p>Walt Disney Co (Twenty-First Century Fox) should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.</p>	 <p>milestone 5 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>Wells Fargo & Company (2019) <i>Fraud</i></p>	<p>Western Sahara</p>	<p>Wells Fargo should ensure that it implements adequate risk management processes and internal controls meant to reduce compliance breaches, and regulatory action, and disclose the results where appropriate.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ new</p>			

Wolverine World Wide, Inc. (2019) **United States** **Wolverine World Wide, Inc. should ensure that compensation is paid to affected residents and measures are in place to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.**
Activities Resulting in Negative Health Impacts



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

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

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

INSYS Therapeutics, Inc., Corrupt Practices, United States

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

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

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

EVALUATE LIST

AFRICA / MIDDLE EAST

Minrav Holdings Ltd.; Shapir Engineering and Industry Ltd; Transnet SOC Limited; Union Bank of Israel Ltd.

ASIA / PACIFIC

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

EUROPE

A.P. Møller - Mærsk A/S; Areva SA; CaixaBank, S.A.; Digi Communications NV; EDP - Energias de Portugal, S.A.; Electricite de France SA; Eni SpA; Fiat Chrysler Automobiles N.V.; G4S PLC; Grupa Azoty S.A.; H & M Hennes & Mauritz AB (publ); J Sainsbury plc; NorgesGruppen ASA; Public Joint Stock Company Uralkali; Renault SA; Rheinmetall AG; Robert Bosch GmbH; Technicolor SA; Veolia Environnement S.A.

LATIN AMERICA AND CARIBBEAN

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

UNITED STATES AND CANADA

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

DISENGAGE LIST

AFRICA / MIDDLE EAST

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

ASIA / PACIFIC

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

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

EUROPE

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

Splav State Research & Production Association Fsue * Previously Splav Engineering Corp. PJSC <i>Involvement in Cluster Munitions</i>	Russia
Tactical Missiles Corp. JSC <i>Involvement in Cluster Munitions</i>	Russia

LATIN AMERICA AND CARIBBEAN

Avibras Indústria Aeroespacial S/A. <i>Involvement in Cluster Munitions</i>	Brazil
Mil-spec Industries Corp. [NEW] <i>Involvement in Cluster Munitions</i>	United States
Mil-spec Industries Corp. [NEW] <i>Involvement in Land Mines</i>	United States
Petróleos de Venezuela S.A. [NEW] <i>Recurring Workplace Accidents</i>	Venezuela
Petróleos de Venezuela S.A. [NEW] <i>Corrupt Practices</i>	Venezuela
Petróleos de Venezuela S.A. [NEW] <i>Oil Spill(s)</i>	Venezuela

UNITED STATES AND CANADA

Motorola Solutions, Inc. <i>Operations in Occupied Territories</i>	Palestinian Authority
The Day & Zimmermann Group, Inc. <i>Involvement in Cluster Munitions</i>	United States

OUR APPROACH

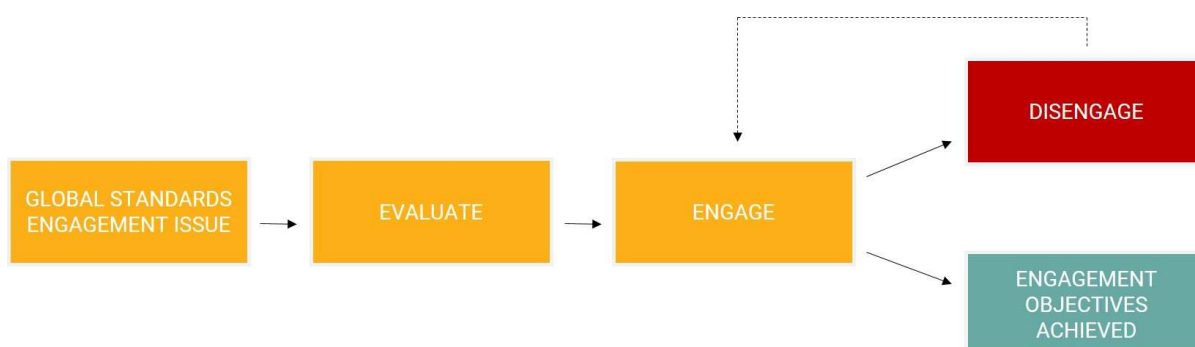
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

RESEARCH AND ENGAGEMENT WORK-FLOW



ABOUT ERSTE ASSET MANAGEMENT

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

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



About Sustainalytics

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

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

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

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