



ERSTE 
Asset Management

Quarterly Engagement Report

2021 - 1

Content

Executive Summary	Page 3
Quarterly Statistics	Page 6
UN Sustainable Development Goals Attribution	Page 7
Engagement Brief	Page 8
Engage	Page 9
Cox & Kings (India) Ltd.	Page 9
GCM Resources	Page 9
JBS S.A.	Page 10
NLC India Ltd.	Page 10
POSCO Coated & Color Steel Co., Ltd.	Page 11
Sime Darby Plantation Sdn Bhd	Page 11
Top Glove Corp Bhd	Page 12
Resolved	Page 13
Bausch Health Companies Inc	Page 13, 14
Corteva, Inc.	Page 15
Novonor	Page 16
Company Dialogue & Progress Summary	Page 17
Engage Cases	Page 18
Disengage Cases	Page 41
Resolved Cases	Page 43
Archived Cases	Page 44
Global Standards Engagement Overview	Page 45
About Erste Asset Management	Page 47
About Sustainalytics	Page 48

This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during December 2020 to February 2021. Use of and access to this information is limited to clients of Sustainalytics and is subject to Sustainalytics legal terms and conditions.

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

Executive Summary



Hanna Roberts
 Executive Director
 Engagement Services

The new year has started off with a full engagement meeting agenda and as we prepare for the 2021 proxy voting season, we are also starting to map Sustainalytics' engagement program's alignment with the EU Sustainable Action Plan, including requirements around Principle Adverse Impacts.

As we leave 2020 and some of the initial impacts of COVID behind, the world is gradually learning to come to terms with more mid- to long-term impacts of the pandemic. This includes the impact on business operations, such as supply chain resilience, adapting to new frontline worker status, strengthening health and safety processes, and improving the overall employee experience. We are also seeing an increased pressure from investors to demand companies align executive remuneration with the COVID pandemic and market fallout; something we expect to hear more about at upcoming AGMs.

In terms of the impact of recent geo-political developments, we are carefully monitoring the situation in Myanmar and assessing how this may affect our screening and engagement services. We provide a short update on that as well.

Finally, between December 2020 to February 2021, we have the following updates of new Engage and Resolved cases.

New engagements

- **Cox & Kings (India) Ltd.**, an India-based tours and travel company, is implicated in a fraud incident in India, where the company should work towards ensuring that misappropriation of funds cease.
- **GCM Resources Plc** holds the mining rights for the proposed Phulbari coal and power project in Bangladesh. The plan comprises a large open-cast coal mine and two associated 2,000 MW power plants and the case will focus on human rights impacts and encourage improved disclosure of its processes and consultation with local communities.
- **JBS S.A.**, an international company involved in beef, lamb, and poultry processing from Brazil. JBS is one of the world's largest exporters of animal protein. In order to prevent deforestation of the Amazon rainforest, cattle and soy farming are under embargo in several areas in Brazil. Both the Brazilian environmental protection agency and collaborating investigative journalists have found indications of embargo breaches involving JBS S.A., through its numerous indirect suppliers.
- **NLC India Ltd.** is a state-owned energy company, which operates mines and power plants with recurring workplace accidents. NLC should ensure compensation is suitably assessed and paid to and received by all of the workforce dependents.
- **POSCO Coated & Color Steel Co., Ltd.**, a daughter company of POSCO, manufactures coated steel sheets, and in a joint venture with Myanmar Economic Holdings Public Company Ltd (MEHL), founded by the military regime in 1990. Its relationship with MEHL places the company at risk of being complicit in human rights violations, particularly in the light of the military coup in Myanmar in January 2021. Also see below for more details on the situation in Myanmar.
- **Sime Darby Plantation Sdn Bhd** is a Malaysian palm oil plantation company, implicated in labour rights violations. The engagement focus will be for the company to undertake steps to protect labour rights, end forced labour practices in its operations, and mitigate impact on its workforce.
- **Top Glove Corp Bhd** manufactures and sells gloves and faces labour abuse claims at its Malaysian manufacturing operations, specifically forced labour and health and safety concerns. The alleged practices related to recruitment fees imposed on migrant workers by employment agents, which in turn could lead to debt bondage.

Resolved engagements

- The past quarter's concluded cases include two cases on **Bausch Health Companies Inc.** (formerly Valeant Pharmaceuticals), a global specialty pharmaceutical, consumer health, and medical device company, with one case on price discrimination and the other case on accounting fraud. In relation to the price discrimination case, the company was

subpoenaed by US prosecutors for documents related to its drug prices and the accounting fraud case was due to the company announcing lower-than-expected earnings, a delay in filing its annual report, and as such triggering a sell-off of the company's stock.

- A product-related incidents case on **Corteva, Inc.**, a US company, formed in 2019 as the agriculture division of the DowDuPont merger and subsequent separation. The case was centered around future liability associated with the continued manufacture and use of chlorpyrifos-containing pesticides, as there are concerns that it could cause brain damage in children, among other health hazards and in December 2019, the European Union banned the use of chlorpyrifos.
- We also concluded a fraud case on **Novonor** (formerly known as Odebrecht). The company's services include engineering and construction, industry, development and operation of infrastructure and energy projects. Novonor faced numerous allegations of involvement in corruption and criminal conspiracy globally and the engagement focused on ensuring that all requirements by the US Department of Justice were resolved and externally monitored, including the company's anti-corruption programme and governance structure.

Myanmar – update on political situation

With the end of the rule of the military junta in 2011, a slow democratic transformation started in Myanmar. The country has since witnessed a number of positive developments in relation to various topics, including the first parliamentary elections, new labour laws, and a relaxation of press censorship. The return to civilian rule enabled Myanmar to re-engage with countries and businesses across the globe and paved the way for financial actors to consider investing in the country again.

However, these positive changes have in recent years been overshadowed by the escalation of ethnic conflicts, in particular the persecution and violence against the Rohingya minority. According to the UN Independent International Fact-Finding Mission on Myanmar (FFMM), the Myanmar military (the Tatmadaw) was responsible for violations of international human rights law and international humanitarian law against ethnic minorities in Rakhine, Kachin and Shan states between 2011 and 2018. The Tatmadaw systematically engaged in indiscriminate attacks on civilians, sexual violence, forced disappearances and the destruction of hundreds of villages. The FFMM recommended that the leaders of Tatmadaw should be investigated and prosecuted for genocide, crimes against humanity and war crimes. As a result of the military campaign against the Rohingya in Rakhine in 2017, over 850,000 members of this ethnic minority have been displaced and thousands were killed.

On 1 February 2021, the military forces overthrew Myanmar's democratically elected government in a coup d'état and imposed a state of emergency for at least one year. The military detained the head of the ruling National League of Democracy (NLD) and state counsellor, Aung San Suu Kyi, the country's president, Win Myint and numerous members of the government, parliamentarians, human rights defenders and civil society leaders. Vice President U Myint Swe handed over the power in the country to the commander-in-chief of the defense forces, Gen. Min Aung Hlaing. The military accused the NLD of irregularities and fraud during the elections held on 8 November 2020, in which the ruling NLD won 83% of the available seats and the party of the military junta, the USDP, got only 5% of seats. These allegations have not been supported by numerous members of the international community.

Since the military seized power, the people of Myanmar have taken to streets of towns and cities across the country to protest peacefully against the military rule and to show support to Aung San Suu Kyi. Thousands of workers, including civil servants, railway staff, doctors, teachers, bank employees and factory workers, have gone on strike as part of a civil disobedience movement. During the weekend of 13 February, 2021, tanks, armored vehicles and soldiers were deployed into Yangon, Mandalay, Sittwe, Myitkyina and other major cities. The UN Special Rapporteur assigned to the human rights situation in Myanmar, as well as many NGOs, including Amnesty International and Human Rights Watch, have expressed concern over potential violent actions of the military and security forces to crush dissent. So far, the military and the police have ordered overnight internet shutdowns, introduced new legislation to deter protests, and engaged in arbitrary arrests with several incidents of violent crackdowns on protesters and journalists. It remains to be seen how the military will further respond to these protests.

The international community has widely condemned the military coup and called on the Tatmadaw to restore power to the democratically elected government, to release all those unjustly detained and to respect human rights and the rule of law. The US authorities imposed targeted sanctions on current and former military officers who led the coup, as well as four members of the newly established State Administrative Council and three business entities involved in jade and ruby mining that are owned or controlled by the military.

In the light of these political developments in the country, companies and investors face additional risks and need to ensure their operations comply with international standards. Sustainalytics' GSS assesses companies' compliance with the United Nations' (UN) Global Compact Principles. It also provides information on its complementary standards, such as the Organization for Economic Cooperation and Development's (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, as well as their underlying conventions. GSE engages with companies identified by the GSS process.

In February 2021, GSS issued a Watchlist status assessment for POSCO and its wholly owned subsidiary - POSCO Coated & Color Steel (POSCO C&C) for its association with Myanmar's military. In November 2020, the coalition of civil society groups filed a complaint with the South Korean OECD National Contact Point against POSCO alleging that, through its commercial affiliation with the Tatmadaw, the company is complicit in gross human rights abuses in Myanmar. POSCO C&C has 70% stakes in two joint ventures with a conglomerate, Myanmar Economic Holding Limited (MEHL), in Myanmar. According to the UN Independent Fact-Finding Mission on Myanmar, MEHL is controlled by the military and generates substantial revenues for the Tatmadaw which strengthens its operational capacity. GSE will initiate engagement with POSCO C&C on its operations in Myanmar.

Sustainalytics continues to closely monitor the political situation in Myanmar, as well as corporate involvement in the country and companies' responses to the situation. Given the recent developments, we are in the process of mapping the most salient risks for companies and investors. The Global Standards Screening will monitor the response by companies facing a heightened risk of complicity in human rights abuses for operations in Myanmar and will assess companies' alignment with international standards.

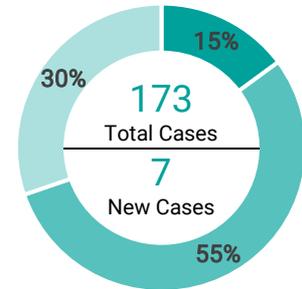
Quarterly Statistics December 2020 – February 2021

During December 2020 – February 2021, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to 173 Engage and Resolved cases.

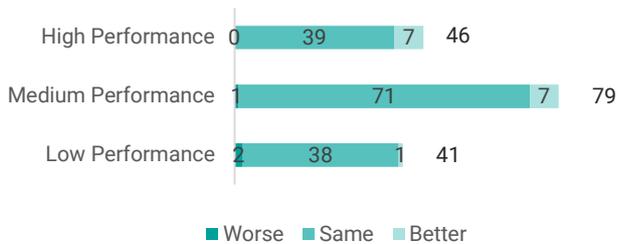


Cases by Theme

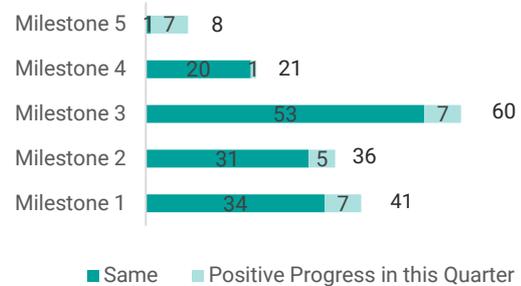
Environmental	26
Social	95
Governance	52



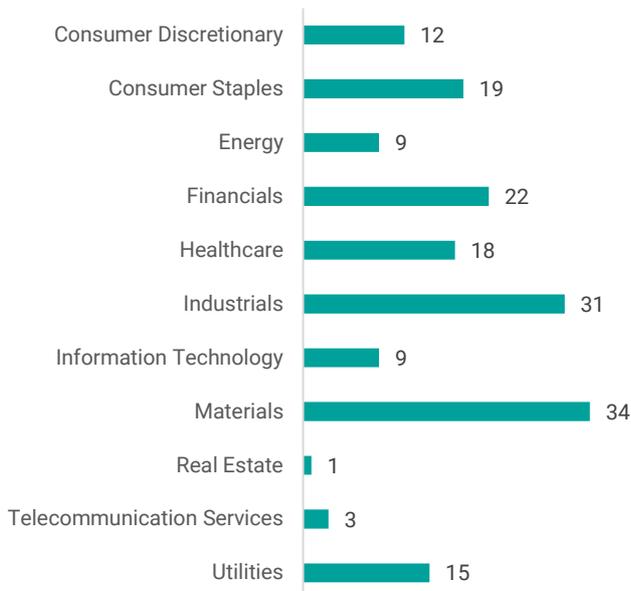
Engagement Performance Overview*



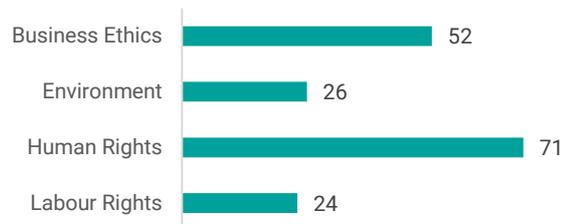
Milestone Overview*



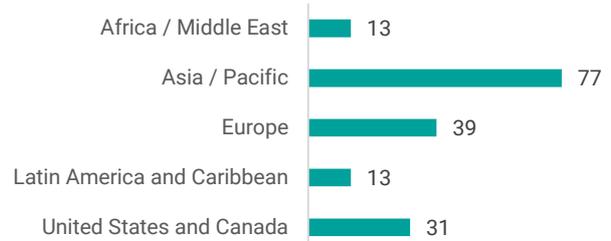
Cases by Sector



Cases by Norm



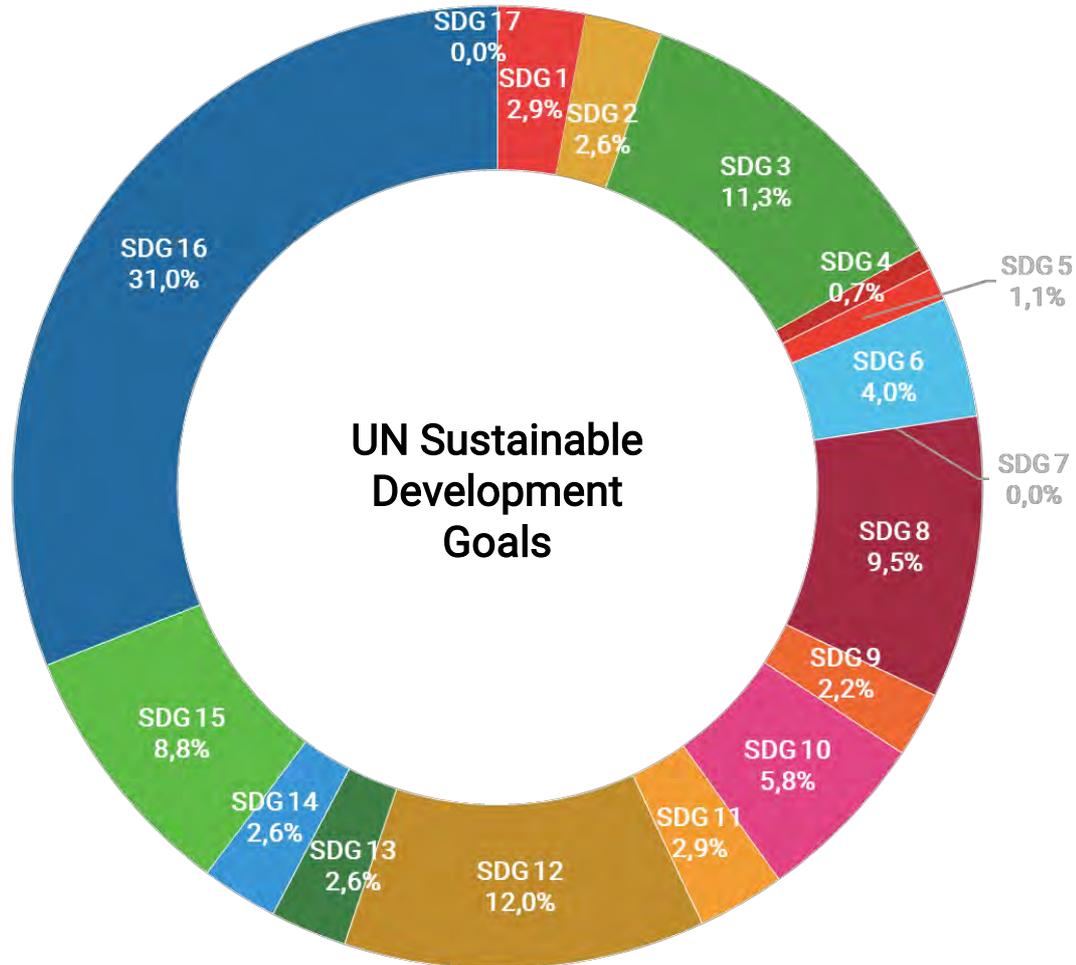
Cases by Headquarters



* Seven new cases were opened at the end of Q1, 2021. Within the next quarter, performance and milestone assessments will be available and included in the performance statistics.

 **UN Sustainable Development Goals Attribution**

173 Engage and Resolved cases in this quarter can be attributed to the following SDGs. The count within the chart below might add up to more than these cases as a case can relate to more than one SDG. We map the Global Standards Engagement cases with relevant SDGs and our engagement dialogue aims to work toward achieving the sustainable outcomes.



- SDG 1 - No Poverty
- SDG 3 - Good Health And Well-Being
- SDG 5 - Gender Equality
- SDG 7 - Affordable And Clean Energy
- SDG 9 - Industry, Innovation And Infrastructure
- SDG 11 - Sustainable Cities And Communities
- SDG 13 - Climate Action
- SDG 15 - Life On Land
- SDG 17 - Partnerships For The Goals
- SDG 2 - Zero Hunger
- SDG 4 - Quality Education
- SDG 6 - Clean Water And Sanitation
- SDG 8 - Decent Work And Economic Growth
- SDG 10 - Reduced Inequalities
- SDG 12 - Responsible Consumption And Production
- SDG 14 - Life Below Water
- SDG 16 - Peace, Justice And Strong Institutions

Companies Mentioned in this Engagement Brief

● Engage
 ● Associated
 ● Disengage
 ● Resolved
 ● Archived

● BAUSCH HEALTH COMPANIES INC	13, 14
● CORTEVA INC.	15
● COX & KINGS (INDIA) LTD.	9
● GCM RESOURCES PLC	9
● JBS S.A.	10
● NLC INDIA LTD.	10
● NOVONOR	16
● POSCO	11
● POSCO COATED & COLOR STEEL CO., LTD.	11
● SIME DARBY PLANTATION SDN BHD	11
● TOP GLOVE CORP BHD	12

Engage Cases

Cox & Kings (India) Ltd.

Background

COX & KINGS (INDIA) LTD. (C&K) went to bankruptcy court in October 2019 and is under investigation by the Indian Enforcement Directorate (ED). In late 2020, the firm's internal auditor and CFO were arrested, while a promoter was taken into temporary custody. PricewaterhouseCoopers (PwC) conducted an audit in February 2020 and found that statements for certain accounts were inflated and documents and records were fabricated to obtain a GBP 47 mn loan from Yes Bank in 2018 (for a total of USD 496 mn in loans outstanding to Yes Bank). India's Enforcement Directorate found the individuals had misappropriated assets via fraudulent loans from Yes Bank.

Engagement Objective and Activity

Cox & Kings should ensure that misappropriation of funds has ceased. The company should identify actual sales and other records, recoup misappropriated funds, and settle debts and accounts payable to the extent possible. The company should replace the management involved in the inappropriate activities, responsibly reform internal control and compliance systems, and publicly disclose policies and programmes illustrating a robust framework addressing fraudulent activities.

Next Step

Our next step is to establish contact with the company via email or call to introduce our engagement and begin discussing what steps the company is taking to reform policies and internal compliance systems to address and prevent fraudulent activities.

STATUS

Engage

ISSUE(S)

► Fraud

ENGAGEMENT MANAGER



Angela Flaemrich
Associate Director
Toronto

CONTRIBUTION TO SDGs



GCM Resources Plc

Background

GCM RESOURCES PLC (GCM) holds the mining rights for the proposed Phulbari coal and power project in Bangladesh. The plan comprises a large open-cast coal mine and two associated 2,000 MW power plants. The project will require the resettlement of over 40,000 people and the diversion of numerous rivers. There has been considerable local opposition to the proposal since at least 2005. In 2006, three people were killed and more than 100 were injured and in 2016, at least four people were killed by police during villagers' demonstrations against the project. In 2012, a UN Special Rapporteur report highlighted serious concerns related to residents' rights to food and water, and the freedom of expression of those opposing the project. GCM has not obtained final approval from the government. However, in 2019, it signed a contract for the engineering, procurement, and construction of the power plants.

Engagement Objective and Activity

GCM Resources should provide full disclosure on its consultation process and the plans it has developed to address the change of the communities from predominantly agricultural subsistence to a proposed life in an urban environment without infringing their human rights. GCM should provide evidence that the environmental impacts have been analyzed and will be adequately mitigated.

Next Step

Sustainalytics will undertake a full review of the project's environmental and social impact assessment (ESIA) and identify the main areas of concern and gaps in disclosure. Following this, we shall seek dialogue with GCM Resources and encourage improved disclosure of its processes and consultation with local communities.

STATUS

Engage

ISSUE(S)

► Mining Project(s) Resulting in Adverse Human Rights Impacts

ENGAGEMENT MANAGER



K Bruce Jackson
Associate Director
London

CONTRIBUTION TO SDGs



JBS S.A.

Background

To prevent deforestation of the Amazon rainforest, cattle and soy farming are under embargo in several areas in Brazil. Both the Brazilian environmental protection agency and collaborating investigative journalists found indications of embargo breaches involving JBS S.A.. The company has tightened control and has actively cut out direct suppliers in embargoed areas, but it has been very challenging for JBS to extend these procedures to its numerous indirect suppliers. The Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) monitors JBS's cattle purchasing activities and has repeatedly fined JBS entities for breaching sourcing embargoes. JBS acknowledges the severity of its association with illegal deforestation and it is working on various options to address the challenges with the due diligence of its many indirect suppliers throughout the Amazon region.

Engagement Objective and Activity

JBS is expected to stop sourcing cattle, meat, and/or animal feed from suppliers that are either directly or indirectly involved in irresponsible deforestation practices in the Amazon region. As such, JBS should develop and implement comprehensive measures to identify non-compliant suppliers. Furthermore, JBS should intensify collaboration with other relevant stakeholders to mitigate deforestation. Sustainalytics has already been engaging with JBS on a variety of ESG issues. Deforestation has also been discussed before, with the most recent call taking place in October 2020.

Next Step

Sustainalytics currently has ongoing engagement dialogues with JBS on business ethics issues, and we will be scheduling a new engagement call to inquire about JBS's progress since the last call in October 2020. We would like to discuss how JBS is working to improve the execution of its responsible raw material procurement policy and reinforce its collaborative efforts with other local stakeholders.

NLC India Ltd.

Background

NLC INDIA LTD. (NLC) is a state-owned energy company, which operates mines and power plants. In May 2020, at the company's Thermal Power Station II in Neyyell, Tamil Nadu, a boiler explosion in Unit VI resulted in five fatalities and three injured. Then, in July 2020, there was another explosion at Unit V, which killed 15 and injured a further eight. NLC closed the plant and 14 senior executives were disciplined. An investigation identified the root cause of the July accident to be that "staff did not have the required knowledge of the standard operating protocols and of the equipment they were tasked to deal with".

Engagement Objective and Activity

NLC should ensure compensation is suitably assessed and paid to and received by all of the dependents. NLC should be transparent on the findings of the investigations and the lessons learnt from the accidents. NLC should also ensure that all recommendations from the investigations are acted upon and improve disclosure of health and safety metrics and training programmes.

Next Step

Sustainalytics will request a conference call with NLC to confirm what actions it has taken since the incidents. We will request disclosure of the findings of the investigations and for a programme of actions to be enacted to prevent potential recurrences.

STATUS

Engage

ISSUE(S)

► Deforestation

ENGAGEMENT MANAGER



Anita Nagarajan
Manager
London

CONTRIBUTION TO SDGs



STATUS

Engage

ISSUE(S)

► Recurring Workplace Accidents

ENGAGEMENT MANAGER



K Bruce Jackson
Associate Director
London

CONTRIBUTION TO SDGs



POSCO Coated & Color Steel Co., Ltd.

Background

According to the UN and Amnesty International, the revenues from Myanmar Economic Holdings Public Company Ltd (MEHL), founded by the military regime in 1990, provides financial support for operations linked to violations of human rights and humanitarian law. POSCO, through its subsidiaries POSCO COATED & COLOR STEEL CO., LTD. (POSCO C&C), has two joint ventures with MEHL: Myanmar POSCO Coated and Color Steel Co., Ltd. and Myanmar POSCO Steel Company Ltd. Even though there is no transparent data on the use of dividends, its relationship with MEHL places POSCO at risk of being complicit in human rights violations, particularly in the light of the military coup in Myanmar, in January 2021.

Engagement Objective and Activity

POSCO C&C should follow the international best-practice for respecting human rights and align its policies with the UN Guiding Principles on Business and Human Rights. It should undertake due diligence on its businesses in Myanmar, adapt to the specific situation of the region and act adequately on the findings. The company should also engage with the relevant stakeholders to encourage open and accountable management of the revenues it provides. Should transparent and responsible management of revenues be impossible, the company should withdraw from the country.

Next Step

The initial dialogue with POSCO C&C will focus on the way the company performs its due diligence and its general approach to operating in territories considered to be high risk. Based on that information, further engagement will investigate areas of potential improvement, to ensure all the relevant impacts are identified, and the company acts upon them in a responsible way.

STATUS

Engage

ISSUE(S)

► Operations in Territories with Elevated Human Rights Risks

ENGAGEMENT MANAGER



Ewa Klewar
 Manager
 Zielona Góra

CONTRIBUTION TO SDGs



Sime Darby Plantation Sdn Bhd

Background

In December 2020, US Customs and Border Protection placed a detention order on palm oil produced by SIME DARBY PLANTATION SDN BHD (SDP) in Malaysia due to forced labour findings. Its investigation was triggered by an anti-trafficking group and "reasonably indicated" labour abuses, such as physical and sexual violence, restriction of movement, intimidation and threats, debt bondage, withholding of wages, and excessive overtime. SDP responded with a commitment to protect labour rights and fight forced labour. In October 2020, it appointed PwC and an NGO specializing in the rights of migrant workers to help SDP "strengthen its human rights commitments". The Roundtable on Sustainable Palm Oil (RSPO) is also investigating SDP as its initial review of audit findings from 2020 "did not generate any red flags".

Engagement Objective and Activity

SDP is expected to undertake steps to protect labour rights, end forced labour practices in its operations, and mitigate impact on its workforce. The company should cooperate with investigations and take steps to ascertain areas of risk and/or failure related to maintaining respect for labour rights, particularly the prevention of forced labour. SDP should provide transparency into steps and processes it will enact to ensure commitments to respect labour rights are implemented.

Next Step

Sustainalytics will reach out to SDP to establish a dialogue concerning the allegations of forced labour within the company's operations. Throughout the engagement, Sustainalytics will hold dialogue with the company to better understand the steps SDP is taking to effectively improve and remediate current labour practices and to communicate investor expectations regarding labour rights and working conditions.

STATUS

Engage

ISSUE(S)

► Labour Rights Violations at Company Operations

ENGAGEMENT MANAGER



Matthew Barg
 Associate Director
 Toronto

CONTRIBUTION TO SDGs



Top Glove Corp Bhd

Background

TOP GLOVE CORP BHD (Top Glove) faces labour abuse claims at its Malaysian manufacturing operations, specifically forced labour and health and safety concerns. In 2020, US Customs and Border Protection placed a detention order on disposable gloves produced by two subsidiaries on the basis that they were products of forced labour. The alleged practices related to recruitment fees imposed on migrant workers by employment agents, which in turn could lead to debt bondage. Additionally, media reports flagged unsafe working and poor living conditions at Top Glove due to COVID-19 exposure. The investigations revealed that the company failed to enforce social distancing rules and housed migrant workers in cramped hostels. The Ministry of Human Resources found similar problems and opened several investigations of the issue.

Engagement Objective and Activity

Top Glove should take steps to end any forced labour practices and to ensure appropriate COVID-19 protocols to protect workers are in place, both in its factories and dormitories. The company is also expected to ensure practices to mitigate forced labour, such as its Zero Recruitment Fee Policy, are implemented for its entire workforce and to act proactively to protect worker health. Top Glove should further show its policies and practices align with internationally accepted labour rights standards.

Next Step

Sustainalytics will reach out to Top Glove to establish a dialogue about its labour practices. Through the engagement, Sustainalytics will outline investor expectations regarding labour rights and working conditions.

STATUS

Engage

ISSUE(S)

► Labour Rights Violations at Company Operations

ENGAGEMENT MANAGER



Matthew Barg
Associate Director
Toronto

CONTRIBUTION TO SDGs



Resolved Cases

Bausch Health Companies Inc

Background

In March 2016, BAUSCH HEALTH COMPANIES INC (Bausch), formerly known as Valeant Pharmaceuticals International Inc. announced lower-than-expected Q4 FY2015 earnings, a delay in filing its annual report, and a mistake in its adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) forecast, triggering a sell-off of the company's stock. The company's retraction of its EBITDA forecast (down by 3-9%) fueled allegations of accounting irregularities. Since 2015, Bausch has faced allegations of accounting irregularities over its partnership with specialty pharmacy Philidor Rx Services LLC. The company was criticized for creating "phantom sales" through its partner, thereby deceiving auditors and investors. Bausch is also under investigation by US Attorney's Offices for the District of Massachusetts and the Southern District of New York, as well as the New Jersey State Bureau of Securities, regarding its relationship with specialty pharmacies and accounting practices. The company also admitted that its former CFO had engaged in "improper" conduct, which led to the misstatement of results. All these developments point to severe ethical issues in the company's financial reporting, which Bausch has not been able to address properly. In January 2018, a group of investors filed a lawsuit against the company alleging its misconduct had incurred losses worth USD 80 bn. Lastly, two former executives were sentenced to imprisonment for fraud in 2018.

Engagement Objective

The engagement objective was to ensure that Bausch has adequate risk management systems and internal controls. Bausch should demonstrate that its compliance program and code of conduct work effectively in practice. The company should also cooperate with authorities to resolve outstanding legal proceedings.

Engagement Activities

Sustainalytics has been in dialogue with the company since 2019. We have held several conference calls and continuous email exchanges with the company. During the dialogue, the company was very constructive and open to discussing what it described as "legacy issues" associated with the company's previous senior management when it was Valeant.

Outcome

Following the many allegations, Bausch changed much of its senior management including a new external CEO recruited in May 2016. The company also appointed a Head of Compliance, who is also a General Counsel. The Head of Compliance reports directly to the CEO and Board and is in charge of a fully independent compliance department.

Bausch revised and disclosed its Business Ethics Policy in 2019 which may be updated several times a year. The company conducts an annual two days of business ethics training across the whole company, whilst identifying high-risk groups for more bespoke training, such as the Board and executives. It has also put in place a third-party managed business ethics hotline. Finally, many of the significant investigations by, for example, the US Securities and Exchange Commission (SEC) have been concluded and where appropriate the company has paid fines. Based upon these initiatives, we consider the case to be resolved.

STATUS

Resolved

ISSUE(S)

► Accounting Fraud

ENGAGEMENT MANAGER



K Bruce Jackson
Associate Director
London

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	16	Number of Contacts
	4	Conference Calls
	2	Correspondence
	0	Meetings in Person

CASE TIMELINE

	Engagement Since	Oct 2019
	Milestone 1	Oct 2019
	Conference Call	Nov 2019
	Milestone 2	Nov 2019
	Conference Call	May 2020
	Conference Call	Jun 2020
	Milestone 3	Jun 2020
	Conference Call	Dec 2020
	Milestone 4	Dec 2020
	Milestone 5	Jan 2021
	Case Resolved	Feb 2021

Bausch Health Companies Inc

Background

In October 2015, the company was subpoenaed by US prosecutors for documents related to its drug prices. Bausch Health (then known as Valeant Pharmaceutical International Inc.) had also been asked for similar documents by the head of the House Oversight Committee and the US Special Committee on Aging. Bausch faced criticism for acquiring niche pharmaceutical companies and then increasing its drug prices to exceptionally high levels, several of which were critical medicines for chronic illnesses. The company allegedly passed on its price increases through its network of specialty pharmacies. In February 2016, the House Oversight Committee reported that Bausch Health's pricing strategy was developed to meet pre-set profit targets. It also revealed an internal conversation by Bausch Health's former CFO, in which he mentioned that Bausch Health had derived 80% of its revenue's growth in Q1 FY2015 from drug price increases.

Engagement Objective

Bausch Health was expected to put in place policies and practices that ensure a consistent methodology for the pricing of its drugs and improved affordability to customers, including a drug pricing model that meets competition guidelines and ensures equitable access to its medicines. It should ensure that the governance and oversight of the company reflect this strategy and that incentives discourage the inflation of drug prices to meet pre-set targets.

Engagement Activities

Sustainalytics has been in dialogue with the company since 2019. We have held several conference calls and continuous email exchanges with the company. During the dialogue, the company was very constructive and open to discussing what it described as "legacy issues" associated with the company's previous senior management when it was Valeant.

Outcome

Following the many allegations, Bausch changed much of its senior management including a new external CEO recruited in May 2016. In October 2016, the company developed a Patient Access and Pricing Committee (PAPC). During our dialogue, the company explained that the purpose of the PAPC was to undertake annual price reviews of existing products with a remit to ensure any proposed price increases were not greater than 9%. The PAPC also reviews new product pricing by either comparing to existing drug treatments for the same condition or to modelling against a similar drug where possible. However, the company did not want to release an annual update of its drug pricing for commercial reasons.

In addition, the company states that for North America, which accounts for the largest proportion of its sales, it has patient assistance programmes for the majority of its drugs, including all of its specialist drugs.

Based upon these initiatives, we consider the case to be resolved.

STATUS

Resolved

ISSUE(S)

▸ Price Discrimination

ENGAGEMENT MANAGER



K Bruce Jackson
Associate Director
London

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	24	Number of Contacts
	4	Conference Calls
	3	Correspondence
	0	Meetings in Person

CASE TIMELINE

	Engagement Since	May 2019
	Milestone 1	Oct 2019
	Conference Call	Nov 2019
	Milestone 2	Nov 2019
	Conference Call	May 2020
	Conference Call	Jun 2020
	Milestone 3	Jun 2020
	Conference Call	Dec 2020
	Milestone 4	Dec 2020
	Milestone 5	Jan 2021
	Case Resolved	Feb 2021

Corteva, Inc.

Background

CORTEVA INC. was formed in June 2019, after spinning off from the then DowDuPont (itself formed by the merger of The Dow Chemical Co. and Dupont De Nemours, Inc. in August 2017). The company had taken on the future liability associated with the continued manufacture and use of pesticides that contain chlorpyrifos. Due to the likely liability associated with the company's continued manufacture and sale of chlorpyrifos, media reports considered the company to be at a high risk of future litigation associated with the use of this chemical and its alleged environmental and health impacts. In December 2019, the European Union banned the use of chlorpyrifos. In November 2018, California's Department of Pesticide Regulation issued temporary restrictions on the use of chlorpyrifos due to allegations that it could cause brain damage in children, among other health hazards. Previously, in May 2018, Hawaii became the first US state to ban the use of chlorpyrifos.

Engagement Objective

The engagement objective required Corteva to address how it is preparing to address potential future liabilities in relation to its chlorpyrifos products, as well show that it amends its research and development in order to mitigate the potential health and environmental impacts of future products.

Engagement Activities

Sustainalytics initiated dialogue in August 2019 and held the first call in April 2020. During the call, Corteva confirmed a February press release, stating the production of chlorpyrifos would cease by the end of April 2020, except for a contractual obligation to provide it to a former subsidiary until December 2020.

From calls with other companies, Sustainalytics became aware that Corteva had potential liabilities associated with per- and polyfluoroalkyl substances (PFAS) – a group of persistent chemicals which are the subject of several court actions in the US and elsewhere. We addressed these concerns in a call in August 2020. Corteva clarified its contractual obligations regarding PFAS and highlighted that many of the court actions refer to PFAS-containing aqueous film-forming foams used for firefighting, which the company reported that neither it nor its predecessors produced.

Corteva also provided an explanation of its "sustainability filter", i.e., how it assesses new and existing products in order to ensure that none have potentially harmful environmental or health impacts.

Outcome

In February 2020, Corteva announced that it was ceasing the production of chlorpyrifos by the end of 2020. Corteva has introduced a "sustainability filter" that includes factors addressing habitat health, water, air and soil stewardship and sustainable production (including persistence and bioaccumulation) and land use. Any new or existing product that fails to meet any of the filter's requirements is discontinued. This might explain the cessation of production of some chemicals, including chlorpyrifos.

The sustainability filter is an integral part of Corteva's product stewardship program which includes risk assessments and monitoring from product development to product launch, use and registration renewal. Based upon these developments, we consider the case to be resolved.

STATUS

Resolved

ISSUE(S)

► Product-Related Incidents

ENGAGEMENT MANAGER



K Bruce Jackson
Associate Director
London

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	36	Number of Contacts
	2	Conference Calls
	7	Correspondence
	0	Meetings in Person

CASE TIMELINE

	Engagement Since	Aug 2019
	Milestone 1	Aug 2019
	Milestone 2	Feb 2020
	Conference Call	Apr 2020
	Milestone 3	Apr 2020
	Conference Call	Aug 2020
	Milestone 4	Oct 2020
	Milestone 5	Feb 2021
	Case Resolved	Feb 2021

Novonor

**Previously as Odebrecht S.A.*

Background

NOVONOR has faced numerous allegations of involvement in corruption and criminal conspiracy globally. In 2016, Novonor agreed to pay USD 2.6 bn to settle a criminal probe with the US, Brazilian and Swiss authorities. It also agreed to have external monitors oversee the implementation of its anti-corruption programme. Novonor admitted to having paid over USD 780 mn in bribes from 2001 to 2016 in 12 countries to secure more than 100 contracts that generated USD 3.3 bn in profit. Prior to the settlement, Novonor's former CEO, was sentenced to 19 years in prison on charges of money laundering and corruption. The ex-CEO said that each year, 0.5-2% of the company's revenue was directed to illicit payoffs, mainly to Brazilian politicians and executives of state-owned companies. Since that was revealed, a large number of Novonor's executives have been jailed, but have subsequently reached plea deals in order to receive more lenient sentences.

Engagement Objective

Novonor was expected to ensure that all requirements by the US Department of Justice (DOJ) were resolved and externally monitored, including the company's anti-corruption programme and governance structure.

Engagement Activities

Sustainalytics has had a related corruption case on Novonor in the past that generated substantial engagement efforts and improvements by the company of its anti-corruption programme. We opened this new engage case in 2020 as a result of a reported break in external monitoring by the DOJ, and in order to engage with the company to complete the requirements set by the DOJ.

During a call with Sustainalytics in September 2020, the company described how its external monitoring process had worked to date, how it intended to comply with the few remaining DOJ requirements and assured us that the external monitoring period would be successfully completed in November 2020.

Throughout the monitoring period, Novonor's focus has been on the effectiveness of the compliance system and internal control environment in managing compliance missteps. A risk-based approach with regards to compliance matters has been the underlying theme in all of its subsidiaries, according to the company.

Outcome

In November 2020, Novonor (Odebrecht at the time) stated in a press release that "The DOJ monitor certified that Odebrecht's compliance system, including its policies and procedures, is designed and implemented to prevent and detect potential violations to anti-corruption laws. This system is recognized by all members of the Odebrecht Group as an important part of the day-to-day operations of the Business". With the approval from the regulator (DOJ), Novonor has fulfilled the change objective of resolving outstanding requirements from the external monitor. Sustainalytics therefore regards the engagement as resolved.

STATUS

Resolved

ISSUE(S)

► Fraud

ENGAGEMENT MANAGER



Stina Nilsson
Associate Director
Stockholm

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	14	Number of Contacts
	1	Conference Calls
	4	Correspondence
	0	Meetings in Person

CASE TIMELINE

	Engagement Since	Aug 2020
	Milestone 1	Sep 2020
	Milestone 2	Sep 2020
	Conference Call	Sep 2020
	Milestone 3	Sep 2020
	Milestone 4	Sep 2020
	Milestone 5	Jan 2021
	Case Resolved	Feb 2021

Company Dialogue & Progress Summary

Legend

Country	The country in the list indicates where the business conduct issue occurred. The breakdown into the regions: Africa/ Middle East, Asia/ Pacific, Europe, Latin America and Caribbean and United States and Canada is based on where the company headquarter is.
Year	The year shows when the case was downgraded to Engage status.
Response	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> 
Progress	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> 
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 in combination with good or excellent Progress.  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 Performance - indicates the change in either Response or Progress since the last quarterly report.</p>
Low Performance Tracker (Tracker)	<p>The indicator describes the time elapsed with Low Performance. One piece equals three months.</p>  <p>After two years, the case will be reviewed by Sustainalytics and a Disengage status can be selected if all other engagement options are ineffective.</p>
Milestones	<p>The indicator describes the milestone achieved from 1 to 5.</p> 

Engage

AFRICA / MIDDLE EAST

Bezeq The Israeli Telecommunication Corp. Ltd. (Israel, 2019)

► Corrupt Practices

Change Objective: Bezeq should implement and demonstrate an appropriate anti-corruption programme and internal control mechanisms. It should further ensure that its media ethics guidelines are sufficient to guard against similar subjective influence and cooperate with the authorities on the ongoing investigations.



El Sewedy Electric Co (Tanzania, 2020)

► Power Project(s) Resulting in Negative Environmental Impacts

Change Objective: Elsewedy should identify the gaps in the existing strategic environmental assessment, demonstrate actions taken to address the gaps, and publicly disclose the results. The company should use its leverage to ensure that mitigation measures are in place wherever possible to address the negative impacts of the project. It should also have a due diligence process in accordance with international norms to mitigate negative environmental impacts in future projects.



Eskom Holdings SOC Limited (South Africa, 2019)

► Air Pollution

Change Objective: 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 prioritize the plants which will remain operational for a longer time and be able to prove it takes all the possible actions to minimize the impacts of its operations.



Harmony Gold Mining Co. Ltd. (South Africa, 2015)

► Fatal Accident(s)

Change Objective: Harmony Gold should make sure that families of 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.



MTN Group Limited (South Africa, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: MTN Group should implement a robust human rights due diligence programme to improve its business policies and practices in line with internationally accepted standards. The programme should provide clear guidance criteria to identify high risk jurisdictions and manage that heightened exposure. The company should also provide transparent reporting on human rights issues that provides insight into its management of these issues and exposure in high-risk markets.



*Associated company: *MTN Nigeria Communications Ltd.*

Mumias Sugar Company Limited (Kenya, 2019)

► Accounting Fraud

Change Objective: Mumias Sugar should reinforce board oversight and compliance measures, such as a more effective code of conduct, whistleblower mechanism, and structural compliance awareness training. Furthermore, the company should take measures to compensate the dismissed staff.



OCP S.A. (Western Sahara, 2016)

► Operations in Occupied Territories

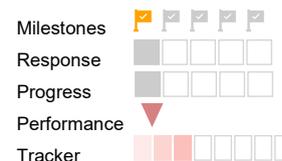
Change Objective: OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.



Orascom Investment Holding SAE (North Korea, 2020)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: OIH should implement and disclose human rights policies and due diligence to improve its business policies and practices in line with internationally accepted standards. Regular human rights impact assessments of its operations in sensitive jurisdictions. The company should provide some transparent reporting on human rights issues that give insight into the management of these issues and exposure in high-risk markets.



Sibanye Stillwater Ltd. (South Africa, 2018)

► Recurring Workplace Accidents

Change Objective: 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's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.



Teva Pharmaceutical Industries Limited (United States, 2019)

► Price-Fixing Violations

Change Objective: 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 ensures equitable access to medicine and implement competition guidelines.



The Okomu Oil Palm Co PLC (Nigeria, 2019)

► Activities Resulting in Adverse Human Rights Impacts

Change Objective: Okomu should ensure that affected communities are consulted in a meaningful manner, according to the principles 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.



Tiger Brands Limited (South Africa, 2019)

► Product-Related Fatalities

Change Objective: 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.



Tongaat Hulett Limited (South Africa, 2020)

► Accounting Fraud

Change Objective: Tongaat Hulett should ensure its Code of Business Conduct and Ethics is observed throughout its entire operations. The company should implement a dedicated program to deliver on the commitment in the Code to detect, prevent and combat corruption, and improve transparency in reporting on how it ensures compliance in this area.

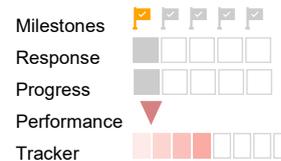


ASIA / PACIFIC

63 Moons Technologies Ltd (India, 2020)

► Fraud

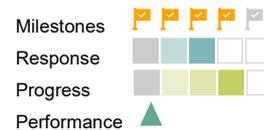
Change Objective: 63 moons should cease ownership in any market infrastructure. The company should implement robust countermeasures to guard against financial crime and strengthen its internal controls. 63 moons should reimburse affected investors.



Adani Enterprises Limited (Australia, 2016)

► Project(s) with Environmental and Human Rights Risks

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



Adani Ports & Special Economic Zone Ltd (India, 2020)

► Project(s) with Environmental and Human Rights Risks

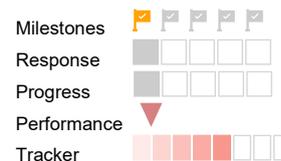
Change Objective: APSEZ should adopt corporate policies and processes addressing environmental and social risks in infrastructure projects. It should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards. The company should also engage with stakeholders transparently, with efforts in place to increase transparency and disclosure in relation to stakeholder management and its projects.



Aekyung Industrial Co., Ltd. (South Korea, 2019)

► Quality and Safety Violations

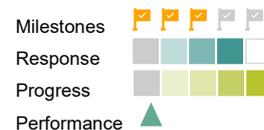
Change Objective: Aekyung Industrial should disclose the findings of any internal and external investigations into the disinfectant issue. It should respond appropriately to these findings, including reviewing, upgrading and externally assuring its quality and safety management system as needed, and disclosing outcomes of product safety audits. It should also ensure suitable compensation of victims and/or their families.



AMP Limited (Australia, 2019)

► Consumer Fraud

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



Aviation Industry Corporation of China, Ltd. (China, 2020)

► Operations in Territories with Elevated Human Rights Risks

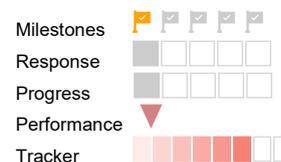
Change Objective: AVIC should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.



AviChina Industry & Technology Company Limited (China, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: 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.



Bharat Heavy Electricals Limited (Bangladesh, 2017)

► Project(s) with Environmental and Human Rights Risks

Change Objective: 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 was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.



China Energy Engineering Corporation Ltd (China, 2019)

► Fatal Workplace Accident(s)

Change Objective: 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.



China Huarong Asset Management Co Ltd (China, 2019)

► Corrupt Practices

Change Objective: Huarong 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 disclose the respective policies publicly and provide details on their implementation.

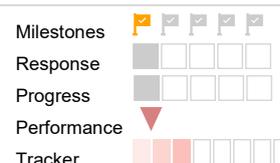


*Associated companies: **Huarong International Financial Holdings Ltd., Huarong Investment Stock Corp Ltd and Huarong Real Estate Co., Ltd.**

China National Petroleum Corp. (China, 2020)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: China National Petroleum Corp. 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.

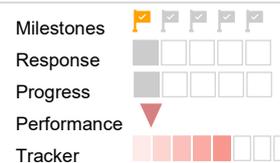


*Associated company: **CNPC Global Capital Ltd. (New)**

China North Industries Corp. (China, 2019)

► Operations in Territories with Elevated Human Rights Risks

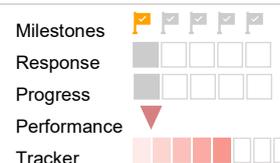
Change Objective: China North Industries should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.



China Northern Rare Earth (Group) High-Tech Co Ltd (China, 2019)

► Project(s) Resulting in Negative Environmental and Human Rights Impacts

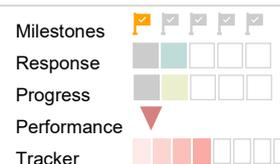
Change Objective: China Northern Rare Earth (Group) High-Tech Co should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimize further environmental contamination. It should display a comprehensive program to address the health, community and environmental impacts of the tailings site.



China Petroleum & Chemical Corp. (China, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: China Petroleum & Chemical Corp. should ensure its practices are generally aligned with international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond appropriately 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.

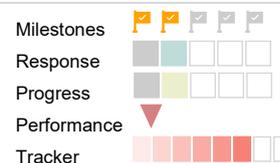


*Associated company: **Sinopec Kantons Holdings Ltd**

China Railway Group Ltd (Democratic Republic of the Congo, 2019)

► Forced Evictions

Change Objective: CREC 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.

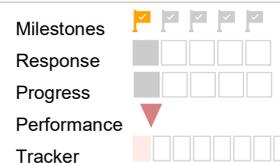


*Associated company: **China Railway Engineering Corp.**

Chongqing Energy Investment Group Co. Ltd. (China, 2020)

► Recurring Workplace Accidents

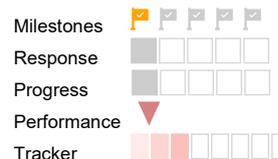
Change Objective: Chongqing should compensate the victims and the families of decedents. The company should ensure that all of its equipment is properly maintained (including emergency equipment) and that the safety management systems should be revised and independently assessed by an independent third party.



CK Power Public Co. Ltd. (Laos, 2020)

► Project(s) with Environmental and Human Rights Risks

Change Objective: CK Power should demonstrate it has processes in place to adequately assess and monitor the impacts that the Xayaburi dam has been having on Mekong communities and biodiversity. The company should cooperate with relevant international stakeholders and independent experts on appropriate mitigation plans, to address the adverse impacts of the project where possible and remediate human rights impacts that have been identified.



Commonwealth Bank of Australia (Australia, 2019)

► Money Laundering

Change Objective: CBA should ensure it is not complicit in any money laundering. The company should strengthen its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) processes and implement all improvements in accordance with the Remedial Action Plan. The company should ensure it has robust internal controls, risk management, sufficient and effective board oversight.



Convoy Global Holdings Ltd (Hong Kong, 2019)

► Fraud

Change Objective: Convoy should implement the remediation programme to eliminate irregularities in the company. The legal proceedings against the former executives should be pursued to recover the losses and provide necessary compensation to the investors. Furthermore, the company should ensure adequate risk management and internal controls.



Cox & Kings (India) Ltd. (India, 2021)

► Fraud

Change Objective: Cox & Kings should ensure that misappropriation of funds has ceased. The company should identify actual sales and other records, recoup misappropriated funds, and settle debts and accounts payable to the extent possible. The company should also replace management involved in the inappropriate activities, responsibly reform internal control and compliance systems, and publicly disclose policies and programmes illustrating a robust framework addressing fraudulent activities.



Dajia Insurance Group Co., Ltd. (China, 2019)

► Fraud

Change Objective: Dajia Insurance Group should demonstrate business ethics-related policies and programmes, such as Code of Conduct, Anti-Fraud Policy, Compliance and Risk Management processes, that are robust and universally applied across the company.



**Previously as Anbang Insurance Group Co., Ltd.*

**Associated company: TongYang Life Insurance Co Ltd and Dajia Life Insurance Co. Ltd.*

FGV Holdings Bhd. (Malaysia, 2017)

► Labour Rights Violations at Company Operations

Change Objective: 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.

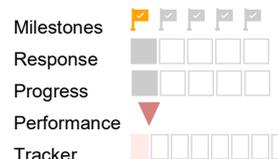


**Associated company: MSM Malaysia Holdings Bhd*

Formosa Taffeta Co., Ltd. (Vietnam, 2020)

► Labour Rights Violations at Company Operations

Change Objective: Formosa Taffeta should demonstrate that its labour practices align with international standards. The onus is on the company to confirm that its labour practices are appropriate and that it is not complicit in rights violations at any of its facilities, including Dong Nai. The company should also ensure its disclosure shows its policies and practices are effectively implemented and operating.



**Associated company: Formosa Chemicals & Fibre Corp*

Golden Agri-Resources Ltd (Indonesia, 2020)

► Deforestation

Change Objective: Golden Agri Resources should implement robust environmental protection policies, and enhanced policies to oversee executive conduct in order to prevent illegal deforestation and properly track environmental activities. GAR should disclose these changes to the aforementioned policies as much as possible.

*Associated company: **PT Sinar Mas Agro Resources & Technology Tbk**



Habib Bank Limited (Pakistan, 2019)

► Money Laundering

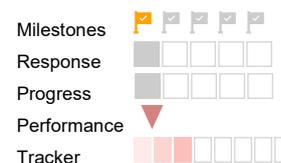
Change Objective: Habib Bank should implement appropriate risk management systems and internal controls that address financial crime, including money laundering and terrorist financing, as well as demonstrate that they are robust and universally applied. The company should ensure a high level of risk management in satellite offices that are in line with global banking best practices.



Hanergy Mobile Energy Holding Group Co., Ltd. (Hong Kong, 2020)

► Accounting Fraud

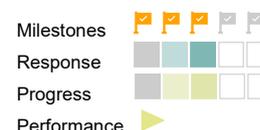
Change Objective: Hanergy Mobile Energy should strengthen its risk management and internal controls and improve disclosure on relevant policies and their implementation.



Hangzhou Hikvision Digital Technology Co., Ltd. (China, 2019)

► Human Rights Impacts of Surveillance Systems

Change Objective: Hikvision should take steps towards ensuring its surveillance products and services are not contributing to human rights abuses. The company should implement a robust human rights due diligence program to bring its business policies and practices in line with internationally accepted standards and that support the company in managing exposure, including in high-risk countries. The company should also provide transparent reporting on human rights issues that provides insight into its management of these issues and exposure in high-risk markets.



Indofood Agri Resources Ltd (Indonesia, 2018)

► Labour Rights Violations at Plantations

Change Objective: IndoAgri should adopt and implement a more rigorous social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also strengthen its grievance mechanism.

*Associated companies: **PT Indofood Sukses Makmur Tbk (New)**, **PT Perusahaan Perkebunan London Sumatra Indonesia Tbk (New)** and **PT Salim Ivomas Pratama Tbk (New)**



Inner Mongolia Baotou Steel Union Co. Ltd. (China, 2019)

► Environmental Pollution

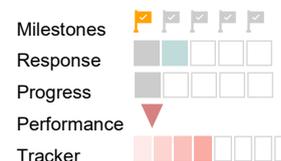
Change Objective: Inner Mongolian Baotou Steel Union should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimize further environmental contamination. It should display a comprehensive programme to address the health, community and environmental impacts of the tailings site.



Kangde Xin Composite Material Group Co., Ltd. (China, 2020)

► Accounting Irregularities

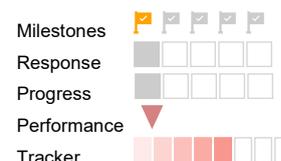
Change Objective: Kangde Xin should ensure that an independent investigation is held into the alleged financial mismanagement at the company. The company should seek to have the embezzled funds returned where practical. It should also ensure that its business transactions are verifiable by third party auditors and that it has the protocols in place to prevent recurrence of similar incidents.



Kangmei Pharmaceutical Co Ltd (China, 2019)

► Accounting Fraud

Change Objective: 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.



Korea Electric Power Corporation (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Change Objective: KEPCO’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.



Korea Western Power Co., Ltd. (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Change Objective: KOWEPO 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.



Lotte Corp (South Korea, 2019)

► Embezzlement

Change Objective: 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.

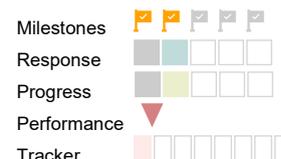


**Associated companies: Lotte Chemical Corp, Lotte Chilsung Beverage Co Ltd, Lotte Confectionery (New), Lotte Data Communication Co., Lotte Fine Chemical Co., Ltd., Lotte Food Co., Ltd., LOTTE Himart Co. Ltd., Lotte Non-Life Insurance Co., Ltd., Lotte Shopping Co., Ltd.*

Lu Thai Textile Co., Ltd. (Myanmar, 2019)

► Poor Working Conditions

Change Objective: Lu Thai Textile should improve the working conditions in its factories in Cambodia and Myanmar in compliance with international standards. It should implement a rigorous programme to monitor and report on labour rights policies and procedures to address labour rights risks and impacts within its operations.



Luckin Coffee, Inc. (China, 2020)

► Accounting Fraud

Change Objective: Luckin Coffee should ensure it has robust policies and procedures regarding executive misconduct and executive ethics as well as robust oversight of reporting and accounting, in order to prevent future occurrences of accounting fraud.



Mitsubishi Materials Corporation (Japan, 2019)

► Quality and Safety Violations

Change Objective: Mitsubishi Materials Corporation should ensure that it has in place suitable board-level oversight of quality control and take steps to strengthen the quality control culture throughout the business. It should obtain independent verification of the steps it has taken to improve its quality control framework.



NLC India Ltd. (India, 2021)

► Recurring Workplace Accidents

Change Objective: NLC India should ensure that compensation has been paid to the victims/victims’ dependents. The company should investigate the incidents and should be transparent on the lessons learnt. NLC should identify and report progress on the actions to be undertaken to prevent recurrences.



NTPC Limited (Bangladesh, 2017)

► Project(s) with Environmental and Human Rights Risks

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



NTPC Limited (India, 2018)

► Recurring Workplace Accidents

Change Objective: 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.



OFILM Group Co., Ltd. (China, 2020)

► Forced Labour

Change Objective: OFILM Group should put in place a group-wide human rights due diligence programme and provide greater disclosure on relevant policies and implementation thereof. The company should also adopt grievance mechanisms accessible to all employees.



Oil and Natural Gas Corporation Limited (India, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: Oil and Natural Gas Corporation Limited should follow international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake due diligence adapted to the specific situation of the region and act adequately on the findings. The company should also engage with governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.



*Associated company: **ONGC Videsh Ltd.** (New)

Olympus Corporation (United States, 2019)

► Product-Related Fatalities

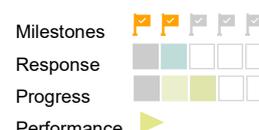
Change Objective: Olympus should continue to improve the safety of its duodenoscopes by enabling health care professionals to clean fixed endcap duodenoscopes effectively before re-use and to transition to disposable endcap duodenoscopes. Progress could be demonstrated by further reduction in the residual contamination rate for high-concern organisms and/or the number of incidents associated with the company's duodenoscope products.



Page Industries Ltd. (India, 2020)

► Systemic Labour Rights Violations

Change Objective: Page Industries should guarantee the freedom of association to the employees across all manufacturing sites. The company should ensure decent working conditions in its factories. Page is encouraged to improve its reporting on health and safety incidents and preventive measures.



PetroChina Co Ltd (China, 2019)

► Operations in Territories with Elevated Human Rights Risks

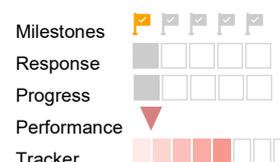
Change Objective: PetroChina should follow the international best-practice for respecting human rights. While operating in conflict-affected countries, it should undertake the due diligence adapted to the specific situation of the region and act adequately on the findings. The company should also engage with the governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.



Petroliam Nasional Berhad (Malaysia, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: Petroliam Nasional Berhad should follow international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake 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.



*Associated company: **Petronas Global Sukuk Ltd.**

POSCO (Uzbekistan, 2012)

► Labour Rights Violations in Supply Chain

Change Objective: POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary POSCO International 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.

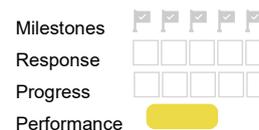


POSCO Coated & Color Steel Co., Ltd. (Myanmar, 2021)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: POSCO should undertake the human rights due diligence of its businesses in Myanmar, adapted to the specific situation of the region. As a result, it should engage with the relevant stakeholders and take any necessary actions to ensure the business relationship with MEHL does not make it complicit in any human rights violations. Should that not be possible, it should withdraw from the partnership.

*Associated company: **POSCO (New)**



POSCO INTERNATIONAL Corp. (Uzbekistan, 2012)

► Labour Rights Violations in Supply Chain

Change Objective: 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 the company 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.



PT Indonesia Asahan Aluminium (Persero) (Indonesia, 2020)

► Environmental Impacts from Waste Practices

Change Objective: PT Indonesia Asahan Aluminium (Inalum) should introduce a policy prohibiting riverine tailings disposal in future projects, where there is a viable and more environmentally sustainable alternative. Inalum should ensure that the existing monitoring and reporting of the tailings management at Grasberg is maintained and enhanced in accordance with current development mines.



PT Sinar Mas Group (Indonesia, 2020)

► Deforestation

Change Objective: Sinar Mas and its subsidiaries should demonstrate clear action plans and targets concerning deforestation, also accounting for its suppliers, and disclose these plans and targets as much as is appropriate. Sinar Mas through its affiliation with Global Agri-Resources should implement enhanced policies to oversee executive conduct in order to prevent illegal deforestation and properly track environmental activities.



*Associated companies: **PT Indah Kiat Pulp & Paper Tbk** and **PT Pabrik Kertas Tjiwi Kimia Tbk**

PT Tiga Pilar Sejahtera Food Tbk (Indonesia, 2019)

► Consumer Fraud

Change Objective: PT Tiga Pilar Sejahtera Food Tbk 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. The anti-corruption programme should be reported on and transparent in terms of implementation, follow-up mechanisms, corrective actions and external verification.



Punjab National Bank (India, 2019)

► Fraud

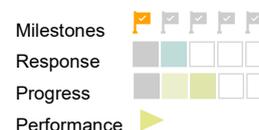
Change Objective: PNB should improve its internal control systems by monitoring adherence to its policies, especially at the executive level. The company should apply the directives issued by regulators and implement a company-wide code of conduct addressing financial crime issues.



Ratch Group Public Co. Ltd. (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Change Objective: 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.



Rio Tinto Ltd. (Australia, 2020)

► Violations of the Rights of Indigenous Peoples

Change Objective: Rio Tinto should agree on a compensation package with the Puutu Kunti Kurrama and Pinikura (PKKP), the Traditional Owners of the destroyed rock-shelters. The company should ensure that it rebuilds community relations with the PKKP and has suitable community relations mechanisms across all its operations that inform communities of important findings in a timely manner. The company should ensure that its community relations teams are fully integrated into its operations to ensure that all operational decisions are made in conjunction with the community relations teams to prevent similar incidents in the future.

*Associated company: **Energy Resources of Australia Ltd.**



Samling Global Limited (Malaysia, 2019)

► Deforestation

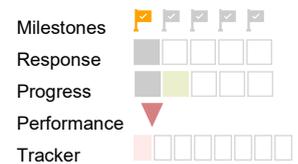
Change Objective: Samling Global should cease excessive and illegal logging practices. It should mitigate impacts to affected communities and promote significant reforestation of affected areas. The company should implement transparent and detailed forest management policies and systems aligned with the Statement of Principles on Forests, sufficient to regain FSC certification.



SAMSUNG BIOLOGICS Co., Ltd. (South Korea, 2020)

► Accounting Fraud

Change Objective: Samsung BioLogics should ensure that robust policies and internal controls addressing business ethics – and accounting fraud especially – are implemented effectively throughout the organization, including subsidiaries. It should strengthen its corporate governance and culture of integrity. Furthermore, no allegations related to business ethics should arise.



Samsung C&T Corp. (South Korea, 2020)

► Accounting Fraud

Change Objective: Samsung C&T should ensure that robust policies and internal controls addressing business ethics – and accounting fraud especially – are implemented effectively throughout the organization, including subsidiaries. It should strengthen its corporate governance and culture of integrity. Furthermore, no allegations related to business ethics should arise.



Samsung Electronics Co., Ltd. (South Korea, 2017)

► Corrupt Practices

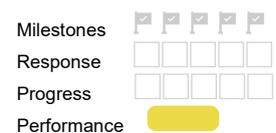
Change Objective: Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.



Sime Darby Plantation Sdn Bhd (Malaysia, 2021)

► Labour Rights Violations at Company Operations

Change Objective: SDP is expected to undertake steps to protect labour rights, end forced labour practices in its operations, and mitigate impact on its workforce. The company should cooperate with investigations and take steps to ascertain areas of risk and/or failure related to maintaining respect for labour rights, particularly the prevention of forced labour. SDP should provide transparency into steps and processes it will enact to ensure commitments to respect labour rights are implemented.



SK Discovery Co. Ltd. (South Korea, 2019)

► Quality and Safety Violations

Change Objective: SK Discovery Co. Ltd. should disclose the findings of any internal and external investigations into the disinfectant issue. It should respond appropriately to these findings, including reviewing, upgrading and externally assuring its quality and safety management system as needed, and disclosing outcomes of product safety audits. It should also ensure suitable compensation of victims and/or their families.



*Associated company: **SK Chemicals Co. Ltd.**

SK Holdings Co Ltd (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

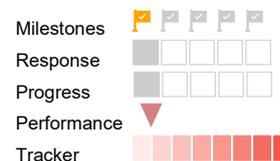
Change Objective: SK Holdings' subsidiary should conduct a comprehensive assessment of the safety and stability of the project, together with independent experts and take appropriate mitigation measures. It should use its leverage to ensure adequate consultations with, and compensations to, project-affected 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.



Steel Authority of India Limited (India, 2019)

► Fatal Workplace Accident(s)

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



Suruga Bank Ltd. (Japan, 2019)

► Fraud

Change Objective: Suruga Bank should ensure that robust policies and programs related to consumer fraud, sales culture, sales conduct oversight and other risk management systems are in place to ensure strong business ethics practices and prevent recurrence of loan falsification incidents. The company should disclose substantial changes to consumer related policies as much as possible.



Tokyo Electric Power Company Holdings, Incorporated (Japan, 2011)

► Incident(s) Resulting in Negative Environmental and Human Rights Impacts

Change Objective: 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.



Top Glove Corp Bhd (Malaysia, 2021)

► Labour Rights Violations at Company Operations

Change Objective: Top Glove should take steps to end any forced labour practices and to ensure appropriate health and safety protocols to protect workers from COVID-19 and other risks are in place, both in factories and dormitories. The company is also expected to ensure practices to mitigate forced labour, such as its Zero Recruitment Fee Policy, are implemented for its entire workforce and to act to proactively protect worker health. Top Glove should further show its policies and practices align with internationally accepted labour rights standards.



*Associated company: **Top Glove Labuan Ltd.** (New)

Toshiba Corp. (Japan, 2020)

► Accounting Fraud

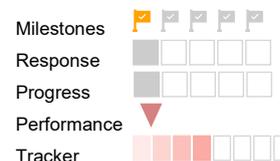
Change Objective: Toshiba should ensure that robust policies and internal controls addressing business ethics – and accounting fraud especially – are implemented effectively throughout the organization, including subsidiaries.



Unitech Limited (India, 2019)

► Consumer Fraud

Change Objective: Unitech should demonstrate its ability to meet contractual obligations, such as action to complete the stalled housing projects, or otherwise compensate home buyers and investors for their losses. Unitech should also reform its corporate governance strategy and internal control mechanisms and show evidence of its successful implementation.



Vedanta Limited (India, 2019)

► Community Protests

Change Objective: Vedanta should analyze 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.



*Associated company: **Hindustan Zinc Limited**

Westpac Banking Corporation (Australia, 2020)

► Money Laundering

Change Objective: Westpac should ensure it is not complicit in any money laundering. The company should strengthen its Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) processes and implement all improvements in accordance with the Response Plan. The company should ensure it has robust internal controls, risk management, sufficient and effective board oversight.



Wilmar International Limited (Indonesia, 2019)

► Violations of the Rights of Indigenous Peoples

Change Objective: Wilmar should resolve active complaint cases in Indonesia, Liberia, Nigeria and Uganda and take appropriate measures against any identified gaps. The company should also strengthen implementation of its policies by reporting more regularly on progress and the outcomes of site audits.



*Associated company: **Shree Renuka Sugars Ltd**

Wockhardt Limited (India, 2019)

► Quality and Safety Breaches

Change Objective: Wockhardt should meet international regulatory requirements to obtain clearance on its manufacturing sites. Wockhardt should also disclose information about its product quality risk management system and good manufacturing practices to ensure compliance with international quality standards.



Yes Bank Ltd (India, 2020)

► Fraud

Change Objective: Yes Bank should properly report non-performing assets to the regulator. The bank should responsibly manage the restructuring process and reform the internal control and compliance systems to ensure their effectiveness. A robust anti-corruption policy should be adopted; its implementation should be properly overseen at the board level and sufficiently disclosed in the public reporting.



Zhejiang Huahai Pharmaceutical Co., Ltd. (China, 2019)

► Consumer Fraud

Change Objective: Zhejiang Huahai should meet international regulatory requirements in order to receive a clearance on its products. Zhejiang should also disclose information about its product quality risk management system and good manufacturing practices to ensure compliance with international quality standards.



Zijin Mining Group Company Limited (Papua New Guinea, 2015)

► Activities Resulting in Adverse Human Rights Impacts

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



*Associated company: **Guyana Goldfields Inc (New)**

Zijin Mining Group Company Limited (Papua New Guinea, 2015)

► Activities Resulting in Negative Environmental Impacts

Change Objective: Zijin Mining 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.



*Associated company: **Guyana Goldfields Inc (New)**

ZTE Corporation (Iran, 2019)

► Human Rights Impacts of Surveillance Systems

Change Objective: ZTE should take steps to ensure its technology products and services, particularly those providing surveillance or monitoring capabilities, are not complicit in the violation of human rights. The company should implement a robust human rights due diligence programme to improve its business policies and practices in line with internationally accepted standards, particularly for its activities in high risk countries. The company should also provide transparent reporting on human rights issues that provides insight into its management of these issues and exposure in high-risk markets.



EUROPE

Andritz AG (Turkey, 2010)

► Project(s) Resulting in Negative Environmental and Human Rights Impacts

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



Atlantia S.p.A. (Italy, 2018)

► Quality and Safety Violations

Change Objective: 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.



*Associated company: **Autostrade per l'Italia SpA**

Barclays PLC (United Kingdom, 2019)

► Corrupt Practices

Change Objective: Barclays should ensure on-going implementation of whistle-blower policies as mandated by regulators, as well as relevant international organizations and global banking industry best-practices. The company should also implement best practices regarding whistle-blower protections and procedures, ensure that whistle-blower bodies have the appropriate independence and provide disclosures regarding the on-going enforcement of whistle-blower policies. To the extent possible, Barclays should disclose all relevant material regarding whistleblowing protections, business ethics at the executive level, and corporate culture.



Bayer AG (United States, 2018)

► Concealing Data on Product-Related Toxicity

Change Objective: 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.



*Associated company: **Bayer CropScience Limited**

Bayer AG (United States, 2019)

► Quality and Safety Breaches

Change Objective: Bayer AG 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.



*Associated company: **Bayer CropScience Limited**

BMW Group (Germany, 2019)

► Antitrust Violations

Change Objective: BMW should ensure that it is not complicit in any antitrust violations. It should demonstrate how its commitment to compliance is sufficiently supported by procedures and practices, as well as accountability at board level. Furthermore, it should continue to collaborate with the authorities in order to enable the European Commission to conclude its investigation.



Bolloré SA (Cameroon, 2019)

► Activities Resulting in Adverse Human Rights Impacts

Change Objective: Bolloré 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.



Boohoo group Plc (United Kingdom, 2020)

► Labour Rights Violations in Supply Chain

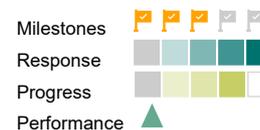
Change Objective: Boohoo should ensure that it no longer sources from suppliers that violate workers' rights. It should also put in place a human rights due-diligence programme that includes robust audits and addresses the root-causes of illegal practices in its supply chain (e.g. purchasing practices and unauthorized subcontractors). In addition, the company should adopt an effective grievance mechanism accessible to supply chain workers.



Credit Suisse Group AG (Switzerland, 2019)

► Fraud

Change Objective: 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.



Daimler AG (Germany, 2019)

► Antitrust Violations

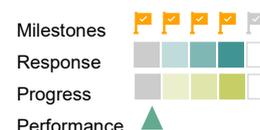
Change Objective: Daimler should ensure that it is not complicit in any antitrust violations. It should demonstrate how its commitment to compliance is sufficiently supported by procedures and practices, as well as accountability at board level. Furthermore, it should continue to collaborate with the authorities in order to enable the European Commission to conclude its investigation.



Danske Bank A/S (Estonia, 2018)

► Money Laundering

Change Objective: 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. To the extent possible, Danske Bank should disclose all changes related to its AML program.



Deutsche Bank AG (Russia, 2019)

► Money Laundering

Change Objective: 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. The bank should publish comprehensive disclosures on how it is managing AML risks, how it trains employees in different ways, and how the board is set up to prevent financial crime.



DNO ASA (Norway, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: DNO ASA should follow international best practice for respecting human rights. While operating in Kurdistan Region of Iraq and other disputed or conflict-affected regions, it should undertake 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.



EDP - Energias de Portugal, S.A. (Portugal, 2020)

► Corrupt Practices

Change Objective: EDP should commission an independent investigation into the allegations, it should disclose the findings and show how it plans to enact any recommendations. The company should also ensure that executive contracts have both malus and clawback provisions.



**Associated Companies: EDP - Energias do Brasil SA, EDP Renováveis, S.A. and Viesgo Infraestructuras Energéticas SL (New)*

G4S PLC (Qatar, 2020)

► Forced Labour

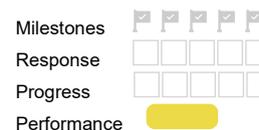
Change Objective: G4S should ensure it is not complicit in any forced labour. The company should assure its Supplier Code of Conduct and Migrant Worker Policy are implemented throughout its global operations, including subsidiaries. G4S shall show it has accurate processes to manage grievances and improve transparency in reporting on how it ensures compliance in this area.



GCM Resources Plc (Bangladesh, 2021)

► Mining Project(s) Resulting in Adverse Human Rights Impacts

Change Objective: GCM Resources should ensure independent oversight of the resettlement process in compliance with international norms on human rights. It should align its processes with Voluntary Principles on Security and Human Rights to ensure non-lethal force at future protests. GCM should indicate the measures taken to minimize environmental impacts, ensure suitable monitoring of its mitigation measures with independently verified monitoring reports.



Genel Energy plc (Somalia, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: Genel should ensure its practices are generally 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 where possible 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.



Indivior PLC (United States, 2019)

► Consumer Fraud

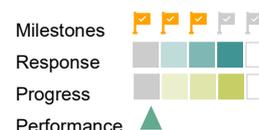
Change Objective: Indivior should develop and implement ethical practices within its marketing and sales programmes. The company should also demonstrate the preventative measures it has undertaken are to be in compliance with regulatory requirements.



ING Groep N.V. (Russia, 2019)

► Money Laundering

Change Objective: 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 it properly addresses corporate culture in order to prevent ethical breaches. The company's risk management framework related to AML should be publicly disclosed as is appropriate.

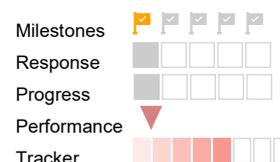


*Associated company: **ING Bank Slaski SA**

Irkut Corporation (Russia, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: 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.



Mallinckrodt PLC (United States, 2020)

► Quality and Safety Breaches

Change Objective: Mallinckrodt should ensure that there are robust governance, compliance, and risk management systems in place. These should address marketing practices, the disclosure of risks from its products, and ethical business practices such as, demonstrated enhancements to anti-diversion systems, and compliance with regulatory requirements. If necessary, the company should comply with settlement provisions, external monitors, and Chapter 11 conditions.



MMC Norilsk Nickel PJSC (Russia, 2010)

► Activities Resulting in Negative Environmental and Human Rights Impacts

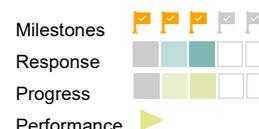
Change Objective: Nornickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.



MMC Norilsk Nickel PJSC (Russia, 2020)

► Spill(s) Resulting in Environmental and Human Rights Impacts

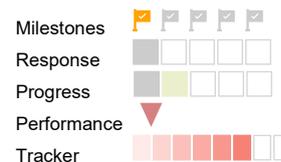
Change Objective: Nornickel should take appropriate actions to contain the oil and prevent further damage to the environment. It should have remedial measures in place to address the impacts of the leak. The company should also ensure that it has the maintenance and monitoring programmes to address the risks to its infrastructure, including from melting permafrost.



Mozambique Ematum Finance 2020 BV (Mozambique, 2019)

▶ Asset Misappropriation

Change Objective: Mozambique Ematum Finance should ensure transparency in its financial practices and treatment of labor in accordance with international standards.



NMC Health PLC (United Arab Emirates, 2020)

▶ Accounting Fraud

Change Objective: NMC 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 in any investigations and seek to resolve any resultant legal proceedings as soon as possible.

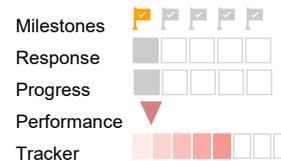


**Associated company: NMC Health (Jersey) Ltd.*

Rostec Corporation (Russia, 2019)

▶ Operations in Territories with Elevated Human Rights Risks

Change Objective: 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.



Sanofi (Philippines, 2020)

▶ Product-Related Fatalities

Change Objective: Sanofi should have a robust governance, compliance, and risk management system in place with respect to its research and development of new products. Sanofi should also ensure appropriate levels of disclosure on the risks and side-effects of its products.



**Associated company: Sanofi India Ltd.*

Siemens AG (Western Sahara, 2017)

▶ Operations in Occupied Territories

Change Objective: 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.



**Associated company: Sivantos GmbH*

Siemens Gamesa Renewable Energy, S.A. (Western Sahara, 2018)

▶ Operations in Occupied Territories

Change Objective: 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.



**Associated company: Siemens Energy AG*

Société Financière des Caoutchoucs SA (Cameroon, 2019)

▶ Activities Resulting in Adverse Human Rights Impacts

Change Objective: 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.



**Associated companies: Société de Caoutchoucs de Grand-Bereby, Socfinaf SA and Socfinasia S.A.*

Steinhoff International Holdings N.V. (South Africa, 2019)

▶ Accounting Fraud

Change Objective: 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.



**Associated company: Pepkor Holdings Ltd.*

Swedbank AB (Sweden, 2019)

► Money Laundering

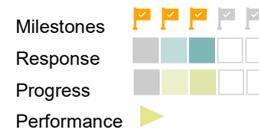
Change Objective: Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight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



Syngenta AG (Thailand, 2019)

► Quality and Safety Breaches

Change Objective: 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.



*Associated companies: *China National Chemical Corp. and Sinochem Group Co., Ltd. (previously as Syngenta Group)*

Telefonaktiebolaget LM Ericsson (Sweden, 2020)

► Corrupt Practices

Change Objective: Ericsson should continue to strengthen its anti-corruption and ethical compliance processes in accordance with commitments its public commitments and the settlement with US authorities. Ericsson should maintain transparency regarding the implementation of these improvements or any new concerns that arise.



United Aircraft Corp. PJSC (Russia, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: 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.



Vedanta Resources Ltd. (India, 2019)

► Community Protests

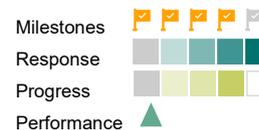
Change Objective: Vedanta should analyze the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.



Volkswagen AG (United States, 2016)

► Activities Resulting in Negative Environmental and Human Rights Impacts

Change Objective: 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.



*Associated company: *Porsche Automobil Holding SE*

Volvo AB (Israel, 2019)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: 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.



Wirecard AG (Germany, 2020)

► Fraud

Change Objective: Wirecard should ensure that it is not complicit in any fraudulent activities. The root causes of the misconduct should be investigated with the involvement of external consultants and stakeholders and high level of public accountability. Wirecard should thoroughly re-examine its internal controls and compliance, and implement robust countermeasures based on the concrete outcomes of the investigation.



LATIN AMERICA AND CARRIBEAN

Andrade Gutierrez SA (Brazil, 2019)

► Corrupt Practices

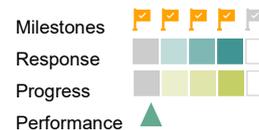
Change Objective: Andrade Gutierrez (AG) should investigate the alleged misconduct and take appropriate measures against any identified gaps, as well as cooperating with authorities to address the issue. AG should also demonstrate the effectiveness of its ethics and compliance work by improving its disclosure.



BRF S.A. (Brazil, 2019)

► Consumer Fraud

Change Objective: 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.



*Associated company: **BFF International Ltd.**

Centrais Elétricas Brasileiras SA (Brazil, 2020)

► Project(s) Resulting in Adverse Human Rights Impacts

Change Objective: Eletrobras should carry out a human rights due diligence process of projects with alleged human rights impacts and address the identified issues in alignment with international norms. It should disclose information on progress, dialogue with the affected communities and conclusions. The company should also be transparent about the methodology used, remediation measures and, where necessary, cooperate with third-party experts.



Eldorado Brasil Celulose S.A. (Brazil, 2019)

► Corrupt Practices

Change Objective: 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.



Empresas Publicas de Medellin E.S.P. (Colombia, 2019)

► Project(s) Resulting in Adverse Human Rights Impacts

Change Objective: 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.



Grupo México, S.A.B. de C.V. (Mexico, 2020)

► Labour Rights Violations at Company Operations

Change Objective: Grupo Mexico should improve its labour practices in accordance with international standards. The company should demonstrate how it is meeting these obligations by improving its external disclosure on the implementations of the measures and their effectiveness.



*Associated company: **GMéxico Transportes SAB de CV and Mexico Generadora de Energia S de RI (New)**

Grupo México, S.A.B. de C.V. (Mexico, 2020)

► Leak(s) Resulting in Environmental and Human Rights Impacts

Change Objective: Grupo Mexico should consult with affected communities and authorities to address concerns over shortcomings in the remediation and compensation measures taken. The company should mitigate any remaining negative impacts of the spill and address shortcomings in compensation measures. Grupo Mexico should strengthen its management of its tailings storage facilities to meet international tailing dam standards.



*Associated company: **GMéxico Transportes SAB de CV and Mexico Generadora de Energia S de RI (New)**

JBS S.A. (United States, 2020)
▶ Antitrust Violations

Change Objective: JBS should ensure that it is not involved in any illegal price-fixing or other types of antitrust practices. It should demonstrate how its commitment to compliance is sufficiently supported by procedures and practices, a speak-up culture and accountability at board level. Furthermore, it should fully collaborate with the authorities in any ongoing investigations.



*Associated companies: **JBS USA Food Co**, **Pilgrim's Pride Corp.** and **Independencia International**

JBS S.A. (Brazil, 2017)
▶ Corrupt Practices

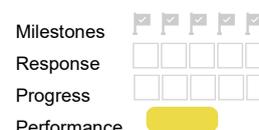
Change Objective: JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective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



*Associated company: **Independencia International**

JBS S.A. (Brazil, 2021)
▶ Deforestation

Change Objective: JBS should stop sourcing cattle, meat, and/or animal feed from suppliers that are either directly or indirectly involved in irresponsible deforestation practices. As such, JBS should develop and implement comprehensive measures to identify non-compliant suppliers. Furthermore, JBS should intensify collaboration with other relevant stakeholders to mitigate deforestation.



*Associated companies: **JBS USA Food Co (New)** and **Independencia International (New)**

Petroleos Mexicanos S.A. de C.V. (Mexico, 2015)
▶ Spill(s) Resulting in Environmental and Human Rights Impacts

Change Objective: 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 minimize likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.



Vale S.A. (Brazil, 2019)
▶ Incident(s) Resulting in Negative Human Rights Impacts

Change Objective: Vale should commission an external technical review into the causes of the collapse; strengthen its management of its tailings storage facilities using best available technology; adopt a policy of designing tailings facility based upon safety first and cost second; ensure remedial programmes are in place and improve the technical knowledge of its board with reporting lines are in place to ensure potential concerns are addressed appropriately.



*Associated company: **PT Vale Indonesia Tbk**

UNITED STATES AND CANADA

3M Co (United States, 2019)

► Activities Resulting in Negative Environmental and Human Rights Impacts

Change Objective: 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.

*Associated Company: **3M India Ltd.**



Amazon.com Inc (United States, 2020)

► Workplace Accident(s)

Change Objective: Amazon should take steps to understand the health and safety risks faced by its workers. It should introduce appropriate improvements involving H&S policies and practices aligned with international standards, including proactively mitigating hazards and improving working conditions. The company should report on its H&S performance and consider independent third-party verification of its management system.



Cargill, Inc. (Brazil, 2020)

► Deforestation

Change Objective: Cargill should demonstrate a clear action plan and targets in relation to deforestation, for both the company and its suppliers. It should establish a monitoring and verification system for supplier's compliance and disclose progress against its company and supplier targets. In Brazil, it should support soy moratorium for the Cerrado biome or take other meaningful action to limit its forest loss.



Caterpillar Inc (Myanmar, 2020)

► Operations in Territories with Elevated Human Rights Risks

Change Objective: Caterpillar 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 and report transparently on these processes.



Citigroup, Inc. (United States, 2019)

► Money Laundering

Change Objective: Citigroup should implement on-going systematic controls related to money laundering, financial crime risk management; implement strong oversight mechanisms to govern those systems and and disclose these systems and changes whenever appropriate. The company should adopt a robust strategy to positively influence the corporate culture into one that results in less regulatory challenges and accusations.



*Associated company: **Associates First Capital Corporation**

CoreCivic Inc (United States, 2019)

► Forced Labour

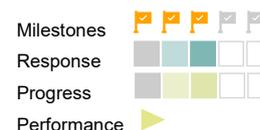
Change Objective: CoreCivic should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.



Dow, Inc. (United States, 2019)

► Quality and Safety Violations

Change Objective: 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.



*Associated company: **Union Carbide Corp.**

DuPont de Nemours, Inc. (United States, 2018)

► Activities Resulting in Negative Environmental and Human Rights Impacts

Change Objective: 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.



Edison International (United States, 2019)

► Product-Related Fatalities

Change Objective: 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.



Energy Transfer LP (United States, 2016)

► Violations of the Rights of Indigenous Peoples

Change Objective: 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.



Facebook Inc (United States, 2018)

► Privacy Breaches

Change Objective: 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.



GEO Group, Inc. (United States, 2019)

► Forced Labour

Change Objective: 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.



Johnson & Johnson (United States, 2018)

► Product-Related Incidents

Change Objective: Johnson and Johnson should ensure that the lessons learned from the numerous product quality issues have been incorporated into its protocols and procedures, to minimize the risk of future litigation.



*Associated company: **Actelion Ltd** (New)

Lockheed Martin Corp (Saudi Arabia, 2020)

► Operations in Territories with Elevated Human Rights Risks

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



McDonald's Corp (United States, 2015)

► Labour Rights Violations at Contractors

Change Objective: 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.



McKesson Corp (United States, 2019)

► Consumer Fraud

Change Objective: McKesson should implement the necessary enhancements to its anti-diversion systems in compliance with regulatory requirements. McKesson should also demonstrate how it has implemented the preventative measures in response to the FDA's warning letter.



*Associated company: **McKesson Europe AG**

Pan American Silver Corp. (Guatemala, 2019)

► Violations of the Rights of Indigenous Peoples

Change Objective: 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.



PG&E Corp (United States, 2019)

► Product-Related Fatalities

Change Objective: 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.



Raytheon Technologies Corp. (Saudi Arabia, 2020)

► Operations in Territories with Elevated Human Rights Risks

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



*Associated company: **Raytheon Co**

Southern Copper Corporation (Mexico, 2015)

► Labour Rights Violations at Company Operations

Change Objective: Southern Copper Corporation should improve its labour practices in accordance with international standards. The company should demonstrate how it is meeting these obligations by improving its external disclosure on the implementations of the measures and its effectiveness.



*Associated company: **Minera Mexico SA de CV (New)**

Southern Copper Corporation (Mexico, 2020)

► Leak(s) Resulting in Environmental and Human Rights Impacts

Change Objective: Southern Copper Corporation should consult with affected communities and authorities to address concerns over shortcomings in the remediation and compensation measures taken. The company show mitigate any remaining negative impacts of the spill and address shortcomings in compensation measures. Southern Copper Corporation should strengthen its management of its tailings storage facilities to meet international tailing dam standards.



*Associated company: **Minera Mexico SA de CV (New)**

Stryker Corporation (United States, 2019)

► Quality and Safety Breaches

Change Objective: 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.



*Associated companies: **Wright Medical Group N.V. (New)** and **Invuity, Inc. (New)**

The Boeing Company (United States, 2019)

► Quality and Safety Breaches

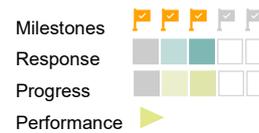
Change Objective: Boeing should accomplish the safe return of the 737 MAX aircraft to commercial flight (i.e. re-certified and flight bans lifted). It should ensure that the people affected by the two accidents are appropriately supported and compensated. Boeing should adopt a robust, precautionary approach to product quality management at all of its commercial aircraft manufacturing facilities.



The Chemours Co (United States, 2018)

► Activities Resulting in Negative Environmental and Human Rights Impacts

Change Objective: Chemours has stated that it wishes to eradicate the discharge of persistent chemicals from its operations; however, there are a number of legacy issues in relation to pollution from its operations, therefore, wish to ensure that Chemours has a strategy in place for each legacy issue and to 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. The company should also show that it is addressing PFAS contamination where it is applicable to its sites.

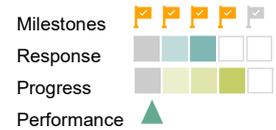


The Goldman Sachs Group, Inc. (Malaysia, 2019)

► Corrupt Practices

Change Objective: Goldman Sachs should implement on-going systematic controls related to business ethics, corruption and bribery and disclose these controls whenever appropriate.

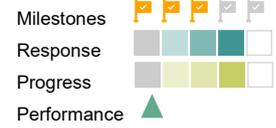
*Associated company: **CMC Markets PLC**



Uber Technologies, Inc. (United States, 2019)

► Privacy Breaches

Change Objective: Uber Technologies should improve its privacy programme 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.



Walmart Inc. (United States, 2006)

► Recurring Labour Rights Violations

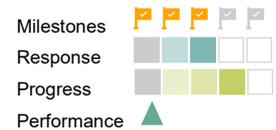
Change Objective: Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.



Wells Fargo & Company (United States, 2019)

► Fraud

Change Objective: 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.



Disengage

AFRICA / MIDDLE EAST

Elbit Systems Ltd.

- ▶ Operations in Occupied Territories Palestinian Authority
- *Associated company: Ashot Ashkelon Industries Ltd.*

Israel Aerospace Industries Ltd.

- ▶ Involvement in Cluster Munitions Israel

Makina Ve Kimya Endustrisi Kurumu

- ▶ Involvement in Cluster Munitions Turkey

Roketsan Roket Sanayii ve Ticaret AS

- ▶ Involvement in Cluster Munitions Turkey

Saudi Arabian Oil Co.

- ▶ Operations in Territories with Elevated Human Rights Risks Saudi Arabia
- *Associated company: Saudi Basic Industries Corp*

ASIA / PACIFIC

Abdul Qader Khan Research Laboratories (AQKRL)

- ▶ Nuclear Weapons Development Pakistan

Aerospace Long-March International Trade Co., Ltd.

- ▶ Involvement in Cluster Munitions China

Air Weapons Complex

- ▶ Involvement in Cluster Munitions Pakistan

Anhui GreatWall Military Industry Co., Ltd.

- ▶ Involvement in Cluster Munitions China

Bharat Dynamics Limited

- ▶ Nuclear Weapons Development India

CH. Karnchang Public Company Limited

- ▶ Project(s) with Environmental and Human Rights Risks Laos

China Aerospace Science & Technology Corp.

- ▶ Involvement in Cluster Munitions China

China North Industries Corp.

- ▶ Involvement in Cluster Munitions China

China Spacesat Co Ltd

- ▶ Involvement in Cluster Munitions China

Coal India Limited

- ▶ Recurring Workplace Accidents India

Defense Research & Development Organization

- ▶ Inhumane Weapons India
- ▶ Involvement in Cluster Munitions India

Export-Import Bank of India

- ▶ Project(s) With Environmental and Human Rights Risks Bangladesh

Larsen & Toubro Limited

- ▶ Nuclear Weapons Development India

**Associated companies: L&T Finance Holdings Ltd, L&T Technology Services Ltd. and Larsen & Toubro Infotech Limited*

LIG Corp.

- ▶ Involvement in Cluster Munitions South Korea

LIG Nex1 Co Ltd

- ▶ Involvement in Cluster Munitions South Korea

Metallurgical Corporation of China Ltd.

- ▶ Environmental Impacts from Waste Practices Papua New Guinea

**Associated companies: China Metallurgical Group Corp and China Minmetals Group Co. Ltd.*

MindTree Limited

- ▶ Nuclear Weapons Development India

Narendra & Co.	
▶ Involvement in Land Mines	India
National Development Complex	
▶ Involvement in Cluster Munitions	Pakistan
National Engineering & Scientific Commission	
▶ Involvement in Cluster Munitions	
▶ Nuclear Weapons Development	Pakistan
Nityanand Udyog Pvt Ltd.	
▶ Involvement in Land Mines	India
Pakistan Ordnance Factories	
▶ Involvement in Cluster Munitions	Pakistan
Poongsan Corporation	
▶ Involvement in Cluster Munitions	South Korea
Poongsan Holdings Corporation	
▶ Involvement in Cluster Munitions	South Korea
S&T Dynamics Co. Ltd.	
▶ Involvement in Land Mines	South Korea
S&T Holdings Co., Ltd.	
▶ Involvement in Land Mines	South Korea
State Oil Company of Azerbaijan Republic	
▶ Recurring Workplace Accidents	Azerbaijan
Synthetic Moulders Ltd.	
▶ Involvement in Land Mines	India
TATA Advanced Systems Ltd.	
▶ Nuclear Weapons Development	India
Tata Sons Private Limited.	
▶ Nuclear Weapons Development	
<i>*Associated companies: Tata Consultancy Services Ltd. and Tata Investment Corp. Ltd.</i>	India
Walchandnagar Industries Ltd.	
▶ Nuclear Weapons Development	India

EUROPE

Aeroteh SA	
▶ Involvement in Cluster Munitions	Romania
Cia Nationala ROMARM SA	
▶ Involvement in Cluster Munitions	Romania
Rostec Corporation	
▶ Involvement in Cluster Munitions	Russia
Splav State Research & Production Association Fsue	
▶ Involvement in Cluster Munitions	Russia
Tactical Missiles Corp. JSC	
▶ Involvement in Cluster Munitions	Russia

LATIN AMERICA AND CARIBBEAN

Avibras Industria Aeroespacial S/A.	
▶ Involvement in Cluster Munitions	Brazil
Petróleos de Venezuela S.A.	
▶ Corrupt Practices	
▶ Oil Spill(s)	
▶ Recurring Workplace Accidents	
▶ Operations in Territories with Elevated Human Rights Risks	Venezuela

UNITED STATES AND CANADA

Mil-spec Industries Corp	
▶ Involvement in Cluster Munitions	
▶ Involvement in Land Mines	United States
Motorola Solutions, Inc.	
▶ Operations in Occupied Territories	Palestinian Authorities
The Day & Zimmermann Group, Inc.	
▶ Involvement in Cluster Munitions	United States

Resolved

LATIN AMERICA AND CARIBBEAN

Novonor (Brazil, 2020)

With the approval from the regulator (DoJ) in November 2020, Novonor has fulfilled the change objective of resolving outstanding requirements from the external monitor in relation to policies and procedures to detect potential violations to anti-corruption laws. Sustainalytics therefore considers the engagement to be resolved.

* Previously as: **Odebrecht S.A.**

* Associated company: **Ocyan Participacoes SA**

ISSUE

► Fraud

MILESTONES

🟡 🟡 🟡 🟡 🟡 5/5 Achieved

UNITED STATES AND CANADA

Bausch Health Companies Inc (United States, 2019)

Bausch has, since 2015, actively cooperated with the many investigations into accounting malpractice and has accepted any penalties awarded against the company. The company has under its current CEO and board addressed the issues with a number of initiatives detailed in the commentary, details of which the company discloses on its website and in its annual reporting. There have been no further allegations of accounting malpractice reported in the last five years from 2016 to 2020 inclusive. Sustainalytics therefore considers the engagement to be resolved.

ISSUE

► Accounting Fraud

MILESTONES

🟡 🟡 🟡 🟡 🟡 5/5 Achieved

Bausch Health Companies Inc (United States, 2019)

Bausch has, since 2015, actively cooperated with the many investigations into pricing irregularities malpractice and has accepted any penalties awarded against the company. The company has under its current CEO and board addressed these issues with a number of initiatives detailed in the commentary, the most important of which is probably the setting up of the Patient Access and Pricing Committee, details of which the company discloses on its website and in its annual reporting. There have been no further allegations of pricing malpractice reported in the last five years from 2016 to 2020 inclusive. Sustainalytics therefore considers the engagement to be resolved.

ISSUE

► Price Discrimination

MILESTONES

🟡 🟡 🟡 🟡 🟡 5/5 Achieved

Corteva, Inc. (United States, 2015)

In February 2020, Corteva announced that it was ceasing the production of chlorpyrifos by the end of 2020. Corteva has introduced a "sustainability filter" includes factors addressing habitat health, water, air and soil stewardship and sustainable production (including persistence and bioaccumulation) and land-use. Any new or existing product that fails to meet any of the filter's requirements is discontinued. This might explain the cessation of production of some chemicals, including chlorpyrifos. The sustainability filter is an integral part of Corteva's product stewardship program which includes risk assessments and monitoring from product development to product launch, use and including registration renewal. Based upon these developments, Sustainalytics therefore considers the engagement to be resolved.

ISSUE

► Product-Related Incidents

MILESTONES

🟡 🟡 🟡 🟡 🟡 5/5 Achieved

Archived

ASIA / PACIFIC

Hanwha Corp (South Korea, 2008)

Hanwha Corp. (Hanwha) is no longer considered involved in cluster munitions. Hanwha was previously involved in the production of the multi-purpose high explosive warhead K224 (MPSM), which contains nine M73 submunitions. The submunitions weigh roughly 0.5kg each, thus qualifying the weapon system as a cluster munition according to the Convention on Cluster Munitions. In December 2020, the spin-off of its submunitions business into a new independent company called Korea Defense Industry (KDI) was finalized, and Hanwha publicly stated that it will neither conduct any business related to submunitions, nor hold any shares in KDI in the future.

ISSUE

- ▶ Involvement in Cluster Munitions

EUROPE

San Leon Energy Plc (Western Sahara, 2012)

Sustainalytics does not regard further engagement to be warranted on the matter. It is concluded that San Leon Energy has withdrawn from Western Sahara. The company does not report any assets nor operations in Western Sahara since 2018. Furthermore, no recent allegations are linking the company's operations to violating human rights in Western Sahara. However, even though we conclude to archive the case, it is important to highlight that the company does not disclose any information on its human rights approach, and it is not responsive to investors' enquiries. Therefore, San Leon Energy appears to have a low preparedness to address human rights risks and impacts in future operations.

ISSUE

- ▶ Operations in Occupied Territories

Global Standards Engagement Overview

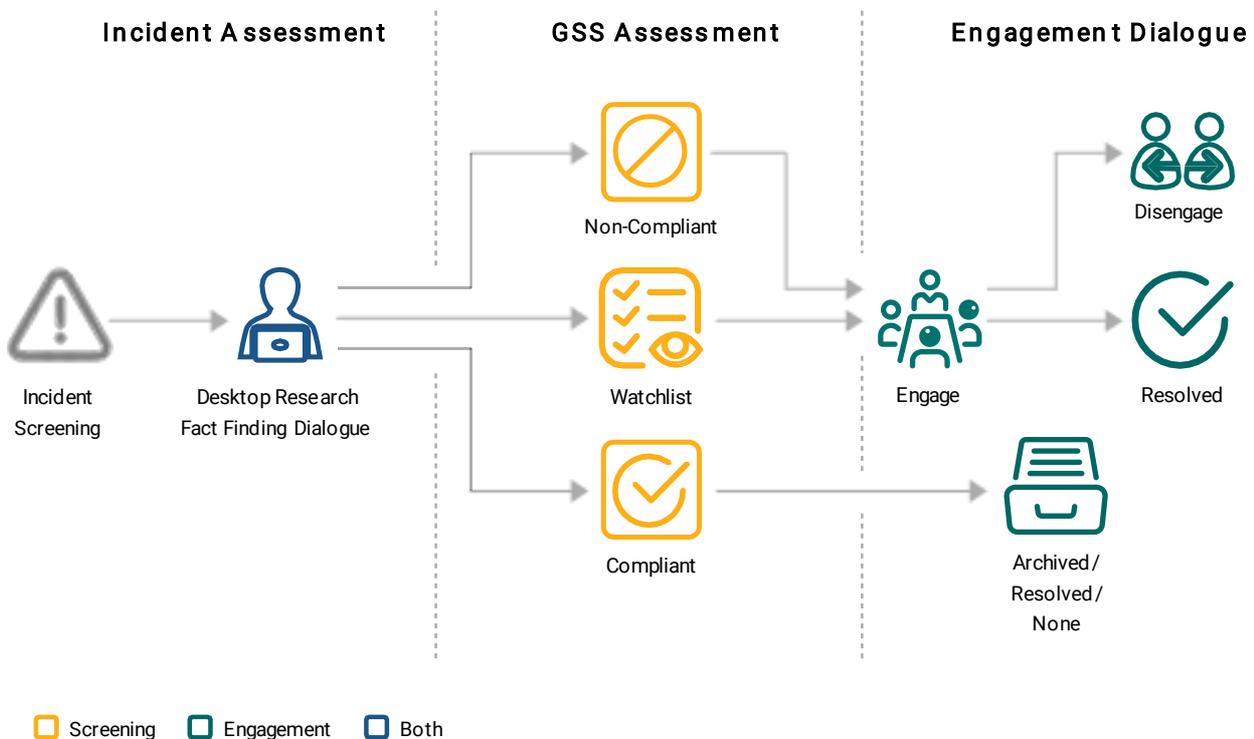
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment of the incident as well as the company's role in mitigating the related repercussions and recurrence. The aim of Global Standards Engagement is not only to verify how a company addresses the incident, but also to effectuate change in the company's policies and/or processes, in order to ensure that it has proper policies and programmes in place to avoid future reoccurrences as well as improve its ESG disclosure.

The Global Standards Engagement is based on our Global Standards Screening (GSS) analysis of more than 20,000 companies. The engagement scope is global and spread across all sectors. Company size ranges from small to large cap.

GSS provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes to or is linked to violations of international norms and standards. The basis of the GSS' assessments are the United Nations (UN) Global Compact Principles. GSS company assessments reflect several dimensions, including:

- Severity of Impacts on Stakeholders and/or Environment – scale, scope and irremediability.
- Company Responsibility – accountability, exceptionality and systematic nature.
- Company Management – response, management systems and implementation.

We start engaging with the companies that are assessed as **Watchlist** or **Non-Compliant** in the Global Standards Screening.



Global Standards Engagement Status

Evaluate

- Cases with potential systematic incidents or an isolated incident that has severe consequences in relation to the environment or humans.
- Verification of the severity and company's responsibility takes between three-six months.
- The fact-finding dialogue and desktop research aims to assess companies' responses to the incident and preparedness to address the problem.

Engage

- Issue identified by Global Standards Screening (assessed as Watchlist or Non-Compliant) such as cases with systematic incidents or an isolated incident that has severe consequences in relation to the environment or society.
- Companies with clear gaps in their policies and management systems.
- Using a variety of engagement activities, the dialogue aims to effect change at the company, to be evidenced by it making a commitment and developing a strategy to address the identified shortcomings.

Associated

- This status flags to clients when the company or case is related to another company or case (for instance a non-autonomous subsidiary), where engagement will take place at the parent company and/or the company involved in the issue. We might engage with other companies in the corporate group if the engagement dialogue with the company closest to the incident is not willing to engage. This also means that some of the companies that are Watchlist/Non-Compliant will receive the engagement status "Associated".

Disengage

- Poor or no progress and/or poor or no response from the company within a period of two years after the start of engagement.
- Companies whose business models rely on activities where engagement would likely be not fruitful (such as involvement in controversial weapons or State-Owned Enterprises complicit in human rights abuses).

Resolved

- The change objective has successfully been met, and the engagement has been concluded.

Archived

- Engagement is currently not warranted, and the case will be continuously assessed for any future changes.

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 64.19 bn (12/31/2019). 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

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 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. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 16 offices globally, Sustainalytics has more than 700 staff members, including more than 200 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com.



Copyright ©2021 Sustainalytics. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), are intended, for internal non-commercial use, and may not be copied, distributed or used in any way, including via citation, unless otherwise explicitly communicated by Sustainalytics. They are provided for informational purposes only and (1) do not constitute investment advice; (2) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (3) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness.

These are based on information made available by the issuer and/ or by third parties, subject to continuous change and therefore are not warranted as to their merchantability, completeness, accuracy, up to dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics nor any of its third-party suppliers accept any liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.