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# QUARTERLY ENGAGEMENT REPORT

2020:1

*This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during December 2019 to February 2020. Use of and access to this information is limited to clients of Sustainalytics and is subject to Sustainalytics legal terms and conditions.*

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# ENGAGEMENT BRIEF

## EXECUTIVE SUMMARY

Since May 2019, Sustainalytics developed Global Standards Engagement as an overlay to the Global Standards Screening service, including an expanded scope within the business ethics area, we have assessed the engagement potential of around 140 new engage cases. We also started engagements on several new companies involved in controversies that occurred during this period. All together, we decided to engage on around 110 issues. Several cases were closed after in-depth assessments and company dialogues, concluding that further engagement efforts were not warranted.

### **Concluded engagements**

In the last three months, we successfully concluded engagement with seven companies:

- A Brazilian company accused of corrupt practices.
- A tobacco company accused of labour right violations at plantations in Bangladesh and Indonesia.
- Two South-Korean companies involved in controversial project in Myanmar.
- A Chinese company involved in two fatal workplace accidents.
- A company linked to labour rights violation on Indonesian palm oil plantations.
- A US company which faced accusation of workplace harassment.

During the same period, Sustainalytics started engagements with 40 companies from different sectors over a range of issues. They include 25 companies accused of business ethics misconduct, two companies involved in environmental violations, 10 engagements on human rights and three companies linked to labour rights violations.

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

Since December, we initiated engagements with five companies involved in corrupt practices and three accused of money laundering. In addition, we started engaging with companies linked to accounting fraud, general fraud and competition. As a result, we entered into engagement dialogue with six companies accused of accounting fraud, four companies from financial sector involved in fraudulent practices in general and three accused of anti-competitive behaviour. Furthermore, additional four engagement cases on consumer fraud has started.

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

We initiated two new engagements on companies linked to deforestation, which is considered to have a strong contribution to climate change and negative impacts on biodiversity. One company supplies soy from South America, and another has been involved in illegal logging controversies in southeast Asian and African countries.

#### ***Human rights cases***

With regards to human rights, Sustainalytics started engagements with three companies, which are involved in operations in high-risk and conflict-affected countries. In addition, Sustainalytics started engaging with six companies involved in consumer rights controversies. This covers engagements with companies accused of product quality and safety breaches; product-related fatalities and consumer fraud. We are also initiating engagement with a Chinese company, providing critical telecommunications equipment and communications surveillance technology to states with poor human rights records.

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

In the previous three months, we started engaging with three companies linked to labour rights violations such as poor working conditions, forced labour and a company involved in systemic health and safety workplace accidents.

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## BRF SA

### Corrupt Practices



**Enrique Figallo**  
Senior Associate

Status: Resolved

Contribution to SDGs:



BRF SA is an international producer of fresh and frozen animal protein foods. The product portfolio includes marinated, frozen, whole and cut meat, specialty meats, portioned products, and frozen prepared entrees.

In 2017, federal authorities in Brazil launched the investigation Operação Carne Fraca into a corruption scheme targeting the nation's largest meat producers, including BRF. Reportedly, BRF faced allegations of distributing contaminated meat products and bribing health inspectors to conceal the wrongdoing. A Brazilian police investigation claimed that four shipments of exported BRF meat contained salmonella and/or included adulterants to mask the meat's spoilage.

The investigation by the Brazilian authorities is ongoing, with BRF cooperating and discussing a potential leniency deal. As part of the cooperation, in October 2019, BRF admitted to paying about USD 4.5 million in bribes until 2017 to 57 federal auditors working for Brazil's MINISTRY OF AGRICULTURE in nine states. The company stated that the people involved in the scheme are no longer working at BRF.

Since the start of the police investigation, Sustainalytics was in dialogue with the company and had several conference calls and meetings onsite with BRF's compliance team to better understand the measures undertaken to improve the company's compliance system.

In 2018, BRF also clarified that it had an anti-corruption programme in place and was working on refining a number of initiatives designed to strengthen the company's ethics and integrity framework. During 2019, the company described that it had created a transparency committee to follow up on the internal investigation and a new compliance structure led by a chief compliance officer, and that it had developed an Integrity System including compliance-related risk assessments, a variety of internal controls and policies, online and onsite anti-corruption training for all employees, and a whistleblower system.

In February 2020, BRF explained that it has implemented new policies and procedures to address potential risks, improved internal controls when doing business with third parties, reduced the time to investigate and close cases reported through the whistle-blower system, and conducted an external assessment of its compliance system to identify potential gaps. Even though the investigation is still ongoing, BRF has shown



willingness to collaborate with authorities and investors to address any concerns.

Overall, these positive developments show that the company is more aware of its corruption risk exposure and it is implementing internal procedures and controls to better mitigate these risks as much as possible. Considering these improvements, Sustainalytics has decided to resolve the case on corruption practices. Meanwhile, Sustainalytics will continue engaging with the company regarding its food quality and safety policies and processes as part of the consumer fraud case.

## BRITISH AMERICAN TOBACCO PLC

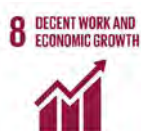
### Labour Rights Violations at Plantations



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



In 2016 and 2017, NGOs and the media reported labour rights violations in BRITISH AMERICAN TOBACCO's (BAT) supply chain in Bangladesh and Indonesia. The allegations included the use of child labour, debt bondage, as well as adverse health impacts of pesticides on workers.

Sustainalytics engaged with BAT following the reports. In response to Sustainalytics, BAT stated it had verified the allegations of labour rights violations with its local subsidiaries in Bangladesh. BAT explained that its internal investigation had not provided any evidence supporting the allegations presented in the report. In addition, BAT highlighted the fact that the annual self-assessment and on-site reviews conducted every four years by an independent body, AB SUSTAIN, did not reveal any noncompliance either. Furthermore, the company explained that it addresses social and environmental issues associated with growing and processing tobacco through its Social Responsibility in Tobacco Production Programme.

In 2019, BAT informed Sustainalytics about the progress made in implementing two programmes across its supply chain: the Sustainable Tobacco Programme (STP) and THRIVE, a sustainable agriculture and farmer livelihoods programme. BAT uses the results to develop action plans and targets including informing multi-stakeholder partnerships and community-based projects focused on longer-term issues and root causes. One of the main achievements of the STP programme is that all suppliers have been independently reviewed on site over the last three years. As such, around 98 per cent of BAT's farmer base have now been monitored.

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

## PETROCHINA CO LTD

### Fatal Accidents



**K Bruce Jackson**  
Associate Director

Status: Resolved

Contribution to SDGs:



PETROCHINA CO LTD (PetroChina) is the listed subsidiary of CHINA NATIONAL PETROLEUM CORP (CNPC). Based upon media reports, the company experienced two pipeline explosions in 2017 and 2018, both explosions took place on the same natural gas pipeline, in Qinglong county, Guizhou province in China, which is owned and operated by PetroChina.

The two explosions accounted for eight fatalities and over 60 injuries of which at least eight were considered critical. The causes of the accident were due to a pipe being crushed by a landslide and in the second incident a gas leak that was ignited.

In December 2019, the company provided extensive written answers to the questions raised on the agenda in relation to health and safety issues.

PetroChina has implemented a strict Health, Safety and Environment (HSE) Management System, which is overseen and monitored by an HSE Committee. The committee also oversees the investigation of major incidents. The company highlighted the importance of risk management and control, with a focus on enhancing execution and standardising its procedures. PetroChina undertakes training on system development, HSE system audits, safety management and emergency processing to employees. It has also strengthened its HSE training of suppliers and subcontractors. Sub-contractors are furthermore included in PetroChina's safety management and the company conducts full-process management of its access, selection, training, use, evaluation and assessment, guiding suppliers to operate in accordance with the law and standardising safety production. Also, HSE performance is reviewed regularly to prevent and reduce accidents by suppliers and contractors. The company has strengthened the trainings for contractors and unify the standards, requirements as well as rewards systems. It also carries out system audits twice a year on all units.

PetroChina's disclosure has improved and refers to the United Nations Sustainable Development Goals (UNSDGs) which it uses as a benchmark to assess company performance. It also reports on mental health along with safety and security in the latest ESG report. Based upon the considerable number of improvements undertaken by PetroChina in regards to governance, training combined with a general decline in HSE statistics in the last few years, Sustainalytics considers the case to be resolved.

## POSCO/

### POSCO INTERNATIONAL

Project Resulting in Environmental and Human Rights Impact



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



POSCO INTERNATIONAL, a subsidiary of POSCO, is the operator of the Shwe project relating to the production of petroleum and the offshore transportation of natural gas from the gas fields off the coast of Rakhine State in Burma. It also holds 25 per cent of the SOUTH-EAST ASIA GAS PIPELINE COMPANY (SEAGP), which is the operator of the overland pipeline that runs from Posco International's onshore gas terminal to the border between Burma and China.

In April 2013, the NGO EARTH RIGHTS INTERNATIONAL published a report claiming that the project disrupted traditional subsistence agriculture and fishing communities and was associated with human rights violations, and the displacement of villagers.

In January 2014, Posco International announced that it had launched production activities at the Shwe gas field. The company further stated it had reached an agreement with the farmers protesting over damages from the project and had paid compensation after a series of direct dialogues with the affected villagers. In 2018 and 2019, an Environmental and Social Impact Assessment (ESIA) Report was conducted to verify the potential influences of the second phase Shwe development project in Myanmar on the nearby natural environment and regional society and to prepare the methods and measures to mitigate such influences.

Over the course of the engagement, Sustainalytics held regular meetings and conference calls with Posco and Posco International. Following the accusations of human rights issues linked to the Shwe project, Posco International committed itself to preventing human rights abuses and to supporting the people in Myanmar in line with its Code of Corporate Conduct and Ethics. Posco International and its contractors have been minimising the impact of the development works on the local population and have compensated all affected communities. Also, the company has performed an Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) in the project areas to avoid or mitigate any anticipated social or environmental risks.

Posco International has performed all the procedures according to the Environmental Conservation Law and Guidelines of Myanmar and the MINISTRY OF NATURAL RESOURCES AND ENVIRONMENTAL CONSERVATION's (MONREC) Environmental Compliance Certificate (ECC). The reports conclude that no major impacts are anticipated from the project and all potential impacts have been properly mitigated.

Posco International has committed itself to minimising risks to the natural environment and indigenous people of the project area, and a continuous monitoring of any such risks during the progress of the development project. The company also periodically publishes an analysis report which presents the results of the monitoring outcomes. Since 2017, a grievance mechanism in project operated areas has been established and stakeholder engagement meetings have been organized with all relevant stakeholders. In June 2019, Posco International published a report titled EIA for the Exploration Drilling in Block A-3. The company is currently implementing the recommendations from the EIA report.

Even though the company is still in the process of implementing its commitments, Sustainalytics has evaluated the progress made as positive and has decided to resolve the case.

## WALT DISNEY CO

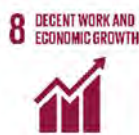
### Workplace Harassment



**Ellinor Haggebrink**  
Manager

Status: Resolved

Contribution to SDGs:



FOX NEWS (acquired by WALT DISNEY CO in March 2019) was associated with several instances of sexual harassment in the US between 2002-2017. In September 2016, the company issued a public apology and agreed to pay USD 20 million in a settlement that followed allegations from a former Fox News TV host. Allegedly, the TV host was wrongfully fired after she had rejected advances of Fox News' chairman and CEO. When the allegations surfaced, the executive resigned. Several other women also came forward with similar accusations against the ex-CEO, and some of them entered into smaller settlements with Fox News. There were allegations that other senior executives abetted his behaviour. Additionally, it was revealed that five women had received payments totalling about USD 13 million between 2002-2016 in exchange for agreeing not to pursue litigation related to sexual harassment or inappropriate behaviour against Fox News's top TV hosts.

Since the allegations appeared, Fox News has made several efforts to address the issues. The company has strengthened its Standards of Business Conduct, by adding specific information and content about sexual harassment and discrimination to training programmes both for corporate workers and top management. The company uses external hotline providers to manage incoming claims and discusses those claims during board meetings, which is a sign that it takes sexual harassment allegations seriously.

The efforts have led to improvements in the corporate culture and a drop in harassment and discrimination claims, with no severe allegations being reported since. Given the above developments and the fact that there are no outstanding issues, Sustainalytics has decided to resolve the case.

## WILMAR INTERNATIONAL LIMITED

### Labour Rights Violations at Plantations



**Ewelina Łukasik-Morawska**  
Manager

Status: Resolved

Contribution to SDGs:



In December 2016, AMNESTY INTERNATIONAL (AI) reported labour rights violations on Indonesian palm oil plantations owned by subsidiaries and suppliers of WILMAR INTERNATIONAL LIMITED (Wilmar). AI interviewed 120 plantation workers, adults and children. Reportedly, many workers brought their children to help them in their work in order to meet high targets. AI's investigation also revealed: exposure to hazardous substances, such as paraquat which is banned in the European Union and restricted in several other countries; a lack of safety equipment; low wages and long working hours. Instances of forced labour were also allegedly found.

Over the course of the engagement, Sustainalytics held regular conference calls to discuss the company's efforts to address labour rights issues in its supply chain. Following the allegations, Wilmar launched an internal investigation to verify the labour issues raised in the AI report. Wilmar stated that it has committed to addressing the labour issues in its No Deforestation, No Peat and No Exploitation (NDPE) policy.

Wilmar has also established a grievance procedure, which allows any stakeholder to raise suspected breaches to Wilmar's NDPE Policy, including those related to human and labour rights. Currently, the company is focused on implementing a labour rights programme covering its entire oil palm growing operations in Indonesia. In November 2017, Wilmar launched a Child Protection Policy to protect children living in oil palm plantations where their parents work. The policy has been implemented throughout Wilmar's global operations, including its joint ventures, third-party suppliers and contractors.

Wilmar has actively addressed known issues and implemented policies and management systems to improve labour rights conditions in the supply chain. The company has due diligence and a set of comprehensive policies in place in relation to labour rights.

Due to the measures taken by Wilmar to address labour issues, Sustainalytics regards the case as resolved. However, Wilmar's ongoing involvement in controversies over land rights might indicate that the effectiveness and implementation of its policies could be strengthened further. Thus, Sustainalytics will continue engaging with the company on this specific issue.

## 1MDB GLOBAL INVESTMENTS

Embezzlement



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



Since 2015, 1MALAYSIA DEVELOPMENT BERHAD (1MDB), a state investment fund and the parent company of 1MDB GLOBAL INVESTMENTS, has been under investigation around the world over a multibillion-dollar global corruption and money laundering scandal.

As reported, between 2009 and 2015, about USD 4.5 billion of 1MDB's funds were allegedly misappropriated by its high-level officials, including Najib Razak, the former Prime Minister of Malaysia and the founder and chairman of 1MDB. According to the media, several corrupt 1MDB officials treated the fund as a personal bank account to finance their spending sprees and political initiatives.

At least ten countries' regulators, including the US DEPARTMENT OF JUSTICE (DOJ), launched investigations and have been trying to trace how money flowed through and around 1MDB and illegally into personal accounts. Reportedly, about USD 700 million landed in Najib's bank account. In addition, the DOJ identified about USD 1.7 billion in assets that had been illegally acquired through money diverted from 1MDB, including real estate, art and a luxury yacht. Najib lost the election in May 2018 and the newly appointed prime minister reopened a previously closed probe over the 1MDB scandal. Subsequently, Najib was arrested and over 40 criminal charges were laid against him in Malaysia.

Due to the severity of the accusations and the fact that the company does not have any proper policies and programmes related to corruption and embezzlement, Sustainalytics decided to engage with the company. The focus will be on executive oversight and internal controls to prevent embezzlement.



## 63 MOONS TECHNOLOGIES LTD

Fraud



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:



63 MOONS TECHNOLOGIES LTD (63 Moons) is an Indian financial services company formerly known as FINANCIAL TECHNOLOGIES INDIA LIMITED (FTIL). The company's activities are focused on computer programming, consultancy and related services. 63 Moons offers technology and expertise to create and trade on next-generation financial markets.

The NATIONAL SPOT EXCHANGE LIMITED (NSEL), a subsidiary of 63 Moons, was a commodity spot exchange based in India. In July 2013, after some members of the exchange defaulted, it was revealed that most of the underlying commodities traded in NSEL did not exist. Approximately 13,000 investors operating in the spot commodity exchange were affected, with losses estimated at INR 56 billion (USD 900 million).

Trading at NSEL has been suspended since this information came to light. In October 2013, several executives in NSEL were arrested for the systematic and premeditated fraud. Subsequently, the SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) declared that 63 Moons was ineligible to hold any stake in market infrastructure institutions and was ordered to divest from these institutions within four weeks. The SECURITIES APPELLATE TRIBUNAL dismissed 63 Moons's plea against the SEBI order.

After the case erupted, the MINISTRY OF CORPORATE AFFAIRS OF INDIA (MCA) issued a final order for the merger of scandal-hit NSEL and its parent FTIL. This compulsory amalgamation of these companies was challenged in court by 63 Moons. At the end of April 2019, the Supreme Court of India sided with 63 Moons as it did not consider the forced amalgamation to be in the public interest thereby undoing the original MCA decision. The merger order did not offer compensation to 63 Moons's shareholders and debtors, thereby failing a prerequisite for passing such an order.

Sustainalytics will approach 63 Moons to discuss its current involvement in exchange businesses and improvements in internal controls.

## AMAZON.COM INC

Workplace Accident(s)

AMAZON.COM INC's (Amazon) concerning record of health and safety issues and labour controversies has been persistent for a number of years. The issues primarily concern its facilities in the US but also show signs of being present in its global operations. They include employee fatalities, physical injuries at rates that



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



reportedly exceed the industry average, local resident fatalities caused by contractor delivery truck drivers, as well as allegations of poor and stressful working conditions that negatively affect the mental health of staff. For many of the workers injured at work, the health impact was permanent and left them unable to work. Reportedly, Amazon has been at the center of thousands of workers' compensation lawsuits over the last several years. Some of them were by workers who were denied or faced delayed benefits after sustaining workplace injuries.

Amazon has also faced criticism by a range of social organizations. For two years in a row—2018 and 2019—Amazon was included in the Dirty Dozen report by the NATIONAL COUNCIL FOR OCCUPATIONAL SAFETY AND HEALTH, which each year lists the 12 most dangerous places to work in the US. The companies included in the report represented a range of industries and cases. However, the criteria for inclusion in the report included exposure to unnecessary and preventable risk, repeated citations by state and federal authorities, as well as a lack of activity to improve the situation and severity of injuries.

A pattern of labour issues in the company's record has continued for several years and includes a high number of fatalities and injuries for the retail industry. Amazon maintains a fair level of preparedness to address human rights in its supply chain and discloses some programs addressing occupational health and safety (OHS) risks in its warehouses. However, it has generally struck a tone of resistance when presented with allegations of issues within its own operations. The company's disclosure still shows gaps with respect to in-depth risk assessment and due diligence for worker safety. There is also room to provide transparency around relevant performance statistics and management systems.

Sustainalytics has decided to engage with Amazon as a result of the accumulation of ongoing health and safety impacts, employee lawsuits, and criticism from external stakeholders.

## BARCLAYS PLC

Corrupt Practices

BARCLAYS PLC is facing ongoing scrutiny over its whistleblower practices, as well as investigations and lawsuits related to market manipulation. In 2017, the bank was investigated over its CEO's attempts to identify an anonymous whistleblower who had raised concerns about a senior manager's recruitment.



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



In 2018, Barclays settled with the UK's FINANCIAL CONDUCT AUTHORITY (FCA), reducing its CEO's bonus and agreeing to report annually on its whistleblower practices. However, Barclays was fined USD 15 million by US regulators in December 2018. The bank was required to report to the NEW YORK DEPARTMENT OF FINANCIAL SERVICES (NYDFS) on additional whistleblowing complainant details by end of March 2019. The NYDFS had not made that document public.

Sustainalytics has decided to focus engagement with Barclays on its whistleblower policies, with a goal of confirming the implementation of such policies.

## BEZEQ THE ISRAEL TELECOMMUNICATION CORPORATION LIMITED

Corrupt Practices



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



BEZEQ THE ISRAEL TELECOMMUNICATION CORPORATION LIMITED (Bezeq) has been investigated by Israeli authorities in recent years in relation to corruption allegations and its acquisition of YES, a subscription TV company. The investigations have resulted in the arrests of the CEO, the chairman, a senior executive, and some government officials. The corruption case, dubbed Case 4000, pertains to allegations that between 2012 and 2017, Bezeq received favourable regulatory decisions from the Israeli MINISTRY OF COMMUNICATIONS. These decisions resulted in alleged improper benefits of approximately USD 285 million, in exchange for positive coverage of the Israeli Prime Minister (PM) and his family on the news site WALLA!, owned by Bezeq.

The favourable government decisions allegedly included the approval of Bezeq's USD 285 million acquisition of Yes in 2015, a company in which Bezeq's ex-chairman had an ownership stake. Case 4000, which originated from the ISRAEL SECURITIES AUTHORITY's accounting probe into the involvement of the ex-chairman and others in Bezeq's acquisition of Yes. In November 2019, Israel's Attorney General formally charged the PM.

Since the claims were brought against the company, it has replaced a considerable number of individuals in senior management, including its CEO and two non-independent board members. However, Bezeq has not been clear in how this case is being handled internally and has not made clear the improvements in its anti-corruption programme, guidelines for dealing with political parties, or on media ethics policies or programmes.

Sustainalytics has thus decided to engage with the company. We would like to see how the company implements an appropriate anti-corruption programme and internal control mechanisms, as well as how it ensures that its media ethics guidelines are sufficient to guard against similar subjective influence.

## BMW GROUP

### Antitrust Violations



**Joris Laseur**

Manager

Status: Engage

Contribution to SDGs:



In April 2019, the EUROPEAN COMMISSION (EC) announced its preliminary conclusions that between 2006 and 2014, BMW GROUP (BMW), DAIMLER AG, and VOLKSWAGEN AG and its units AUDI AG and PORSCHE AG had breached EU antitrust rules by colluding to restrict competition on the development of technology to reduce NOx and dust particle emissions of petrol and diesel passenger cars. The proceedings are yet ongoing.

Furthermore, BMW was involved in another antitrust case. Reportedly, the company together with Daimler and Volkswagen met regularly with steel producers between 2004 and 2013 to discuss uniform surcharges for purchasing the raw material. Unlawful prices resulting from these cartel meetings were in place until at least 2016.

BMW firmly denies that it breached antitrust law and it did not apply for leniency. It has recognised a provision of EUR 1.4 billion in case it is fined. It has also been collaborating with the authorities. The alleged collusion on emission reduction technology ended in 2014.

The company has had a compliance committee reporting directly to the board since 2007 and it has now been taking a range of measures to reinforce compliance. In 2017, BMW introduced an approval process for exchange activities with competitors and sales partners. Top management regularly engages with relevant target groups to emphasize importance of compliance and consequences in case of infringements. In 2018, BMW also held an International Compliance Day.

While the developments and procedures in place are all positive, Sustainalytics is waiting for the outcome of the current investigations by EC and will keep monitoring BMW's compliance practices in order to ensure the effectiveness of the company's latest compliance measures. Specifically, we would like to see BMW demonstrate how its commitment to compliance is sufficiently supported by procedures and practices, as well as accountability at board level.

## CARGILL INC

### Deforestation



**Ewa Klewar**  
Senior Associate

Status: Engage

Contribution to SDGs:



Over recent years, CARGILL INC has faced ongoing criticism regarding deforestation in its supply chain, particularly concerning its soy suppliers in South America, including sensitive biomes in Brazil, such as the Gran Chaco and the Cerrado biome. The Gran Chaco biome in Brazil faces a great risk of permanently losing its genetic diversity due to the operations of industrial agribusinesses such as Cargill. According to data from NGO GLOBAL CANOPY's TRASE platform, Cargill was one of the largest soy exporters from the Cerrado in 2017.

In June 2019, Cargill announced an action plan to combat deforestation. The plan, however, lacks commitments to stop buying from producers that are involved in deforestation. Furthermore, the company dropped its commitment to eliminate deforestation in the supply chain by 2020. The commitment was endorsed by over 50 food companies in the New York Declaration on Forests in 2014.

Sustainalytics has contacted Cargill to learn about the company's plans to address deforestation issues within its supply chain. The company replied that it is committed to scaling out efforts across all of its commodity supply chains. In 2015, Cargill introduced a 'Cargill Policy on Forests' and since then the company has been working with more than 148,000 farmers and suppliers globally. In June 2019, Cargill updated its plans to eliminate deforestation in all of its agricultural supply chains by 2030.

Though Cargill has made a commitment to halve deforestation in its agricultural supply chain and to end deforestation completely by 2030, continued reports alleging deforestation in its supply chain raise significant reputational risks for the company and raise questions about whether Cargill is making suitable progress on its commitments. The company's latest released action plan was criticised by NGOs for lacking meaningful commitments.

Given the deficiencies in the company's preparedness Sustainalytics has decided to initiate engagement.

## CHANGSHENG BIO-TECHNOLOGY CO LTD

### Quality and Safety Breaches

In October 2018, the CHINA FOOD AND DRUG ADMINISTRATION, now known as the NATIONAL MEDICAL PRODUCTS ADMINISTRATION (NMPA), imposed a USD 1.3 billion penalty on CHANGCHUN CHANGSHENG LIFE SCIENCES, a business unit of CHANGSHENG BIO-TECHNOLOGY CO LTD, for manufacturing ineffective products and forging inspection records for a rabies



**Ewelina Łukasik-Morawska**  
Manager

Status: Engage

Contribution to SDGs:



vaccine regularly given to infants in China. In July 2018, the NMPA discovered that 113,000 doses of the rabies vaccine were affected due to manufacturing deficiencies. Reportedly, Changsheng arbitrarily changed process parameters and equipment during its production.

As ordered by the NMPA in July 2018, Changsheng Bio-technology stopped the production of all of its rabies vaccines and recalled them. That same month, the authority revoked the company's licence to manufacture and market the vaccine. Changsheng Bio-technology admitted to the allegations and apologised publicly for the incident. The company also stated that it would cooperate with Chinese drug regulators to conduct an internal investigation into its manufacturing process. Changsheng Bio-technology stated that it would pay consumers who had been injected with its rabies vaccines compensation of up to USD 94,000 each.

As a result of the investigation, Changsheng's chairwoman and 14 other executives have been barred from working in the vaccine industry and could face criminal charges. Also, the CHINA SECURITIES AND REGULATORY COMMISSION fined four of Changsheng's executives and banned them from entering the securities market for life due to the falsification of data for their rabies vaccine.

In October 2019, the SHENZHEN STOCK EXCHANGE announced that it had delisted Changsheng Bio-technology from the exchange. Changsheng Bio-technology is the first company that was delisted following strengthened delisting rules, that include endangering public safety as a new delisting criteria. In November 2019, Changchun Changsheng Life Sciences was declared bankrupt due to insolvency.

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

## CHINA HUARONG ASSET MANAGEMENT CO LTD

In 2019, Sustainalytics decided to engage with CHINA HUARONG ASSET MANAGEMENT CO LTD (Huarong). The company operates as an asset manager also providing financial services in China. It is a state-owned non-banking financial institution with



## Corrupt Practices



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:



approximately 30 branches across the country covering more than 25 provinces.

In April 2018, CHINA'S CENTRAL COMMISSION FOR DISCIPLINE INSPECTION (CCDI) reportedly started investigating the chairman of Huarong at the time. The chairman left his position the same month. Then, in November 2018, it was reported that Chinese authorities had accused him of using his various positions, including at Huarong, to take bribes of around USD 240 million. In February 2019, the SUPREME PEOPLE'S PROCURATORATE charged him with bribery and other forms of corruption. Moreover, in January 2019, prosecutors ordered the arrest of four former executives at four of Huarong's subsidiaries due to suspected bribery, without disclosing if these allegations were linked to the resigned chairman.

The incident suggests that there might be significant weaknesses in Huarong's corporate governance. The company's management of this controversy has been weak, as adequate anti-corruption policies and programmes are not reported.

Sustainalytics contacted Huarong in February 2019 and was referred to its future CSR report. Unfortunately, the report that was published later did not provide any further details on the improvements in anti-corruption practices.

Sustainalytics will engage with Huarong to better understand its approach to anti-corruption policies and procedures and the scope of their implementation. We would encourage the company to disclose the respective policies publicly and publish updates on their application.

## CHINA PETROLEUM & CHEMICAL CORP

Operations in Territories with Elevated Human Rights Risks

CHINA PETROLEUM & CHEMICAL CORP (Sinopec Corp.) is a listed subsidiary of CHINA PETROCHEMICAL CORPORATION (Sinopec Group), which is in turn owned by the Chinese state.

Sinopec Group undertakes operations in a number of high-risk and conflict-affected countries, including Sudan, South Sudan, Syria and Myanmar. Due to overlapping financial interests and corporate governance between Sinopec Group and Sinopec Corp, Sustainalytics consider Sinopec Corp. to be linked to these operations.



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



For decades, Sudan and South Sudan have experienced significant conflict, in which state authorities, as well as various rebel groups, have been accused of gross human rights violations against civilian populations. Sinopec Group has a six per cent stake in an oil producing consortium (DAR PETROLEUM OPERATING COMPANY (DPOC)) in Sudan and South Sudan and Unipet, a wholly owned subsidiary of Sinopec Group, is the largest buyer of South Sudan's crude oil. These operations may make the companies complicit in human rights violations, as they generate substantial revenue that can be used by governments to fund the purchase of weapons that undermine peace, security and stability.

According to reports, Sinopec Group also currently holds stakes in two Syrian production-sharing agreements with the state oil company AL-FIRAT PETROLEUM COMPANY, and has acquired control of three oilfields in the east of Syria. In addition, Sinopec Group has onshore operations in Myanmar, where extractive industries have become intimately entwined with ethnic conflict over the last few decades.

During previous exchanges with the Sustainalytics research team, Sinopec Corp. has emphasised the position under the law that Sinopec Group holds the interests in these assets and insisted that it does not have operations in Sudan, South Sudan, Myanmar or Syria. However, we continue to believe that Sinopec Corp. has influence over these operations due to the sharing of senior personnel with its parent and that investors have an interest in engaging with Sinopec Corp. on this topic, not least due to the reputational risk that the company faces from its parent's involvement in these territories.

Sustainalytics will focus its engagement on Sinopec Corp. and seek to ensure that its practices are generally aligned with international best practice for respecting human rights. In particular, while operating in conflict-affected countries, we will encourage the company to undertake and respond appropriately to human rights due diligence, engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. We will also encourage the company to report clearly on these efforts.

## CITIGROUP INC

Sustainalytics has decided to engage with CITIGROUP INC (Citigroup) as a result of an admission by the company of 'wilfully

## Money Laundering



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



failing to maintain an effective Anti-Money Laundering (AML) compliance program'. Citigroup's Mexican subsidiary BANAMEX was one of the bank's most profitable business segments. Banamex however, received over 18,000 suspicious transaction alerts but conducted less than ten investigations and filed only six reports to the authorities.

In May 2017, Citigroup paid USD 97 million to settle a US Department of Justice investigation into violations of AML laws at its US subsidiary, which admitted to violating them between 2007 and 2012. In addition, in January 2018, the US OFFICE OF THE COMPTROLLER OF THE CURRENCY imposed a USD 70 million fine on the bank for its failure to comply with a 2012 consent order related to AML deficiencies.

Sustainalytics has decided to focus engagement with Citigroup on the areas of money laundering oversight and controls. We have reached out to the company to discuss how the company intends to expand its AML programme to enable the company to avoid future regulatory action.

## COMMONWEALTH BANK OF AUSTRALIA

### Money Laundering



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:



The COMMONWEALTH BANK OF AUSTRALIA (CBA) is the country's second oldest and largest bank with operations spanning Australia, New Zealand, and Asia.

In June 2018, the CBA agreed to pay a record AUD 700 million (USD 530 million) fine to settle civil proceedings by the AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE (AUSTRAC), the federal financial intelligence agency. According to AUSTRAC, the CBA's intelligent deposit machines (IDMs), which are similar to ATMs but accept cash and cheque deposits, were used to launder the proceeds of criminal activity, including proceeds from the sale of illicit drugs and firearm importations.

The CBA admitted to late filing over 53,000 transaction reports for cash deposits through IDMs, totalling to about AUD 625 million (USD 440 million) between 2012 and 2015. The bank failed to fully implement appropriate compliance controls for IDMs until April 2018. The company maintained that the breaches were not deliberate and that they were due to a coding error in its IDM software.

Separately, in May 2018, the CBA reached an AUD 25 million (USD 19 million) settlement with the AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (ASIC) over alleged

manipulation of the bank-bill swap rate. In February 2019, the CBA was targeted by a ROYAL COMMISSION inquiry into misconduct in the banking, superannuation and financial services industry, which has unveiled several instances of misconduct related to customer management, business ethics and compliance processes at the CBA.

The bank has been cooperating with AUSTRAC. The CBA acknowledged its failures and said that the settlement was an important step towards moving the bank forward. The CBA also apologised to the community for its compliance lapses. The CBA published all relevant anti-money laundering and counter-terrorism financing (AML/CTF) policies on its website and started disclosing the related metrics (number of cases, trainings, etc.).

Sustainalytics will engage with the CBA on its progress in improving AML/CTF processes, as well as the effectiveness of the board's oversight.

## CONVOY GLOBAL HOLDINGS LTD

Fraud



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:



CONVOY GLOBAL HOLDINGS LTD (Convoy) is a financial advisory firm in Hong Kong focusing on three core businesses: financial advisory, financial product manufacturing and FinTech. Convoy's key products are insurance, pensions, asset management, properties, retail brokerage and lending services.

In December 2017, Hong Kong's SECURITIES AND FUTURES COMMISSION (SFC) and the INDEPENDENT COMMISSION AGAINST CORRUPTION (ICAC) arrested three executives of Convoy, including the then-chairman on charges of corruption. This was a part of a joint investigation into an alleged market manipulation scheme known as the Enigma Network. The network included a group of public companies, licensed dealers and financial firms that were involved in a complex web of cross-shareholdings and were accused of stock manipulation.

After Convoy's executive directors were arrested by Hong Kong's ANTI-GRAFT AUTHORITY, Convoy immediately suspended them and started legal proceedings to recover the losses they had caused. In December 2017, Convoy filed a lawsuit against 28 former Convoy directors and executives from other companies for allegedly causing the firm substantial financial losses in 2015.

Another lawsuit filed by the company claims that HKD 45.5 million (USD 5.8 million) in fees from Convoy's bond sales in 2014 and 2015 were diverted to a company controlled by the then-

chairman. In February 2018, Convoy filed a third lawsuit, against one of the company's former directors, and 12 other parties, claiming they had engaged in transactions that led its subsidiary to suffer losses totalling HKD 715 million (USD 91.41 million).

In May 2019, the accused director was charged with conspiracy to defraud the company and the HONG KONG STOCK EXCHANGE between April 2016 and December 2017. The director allegedly had failed to disclose his 55 per cent shareholding in TRUE SURPLUS INTERNATIONAL (TSII) being acquired by Convoy's subsidiary, which allowed him to gain HKD 57 million (USD 7.2 million) from the transaction. In July 2019, the ICAC charged another four senior executives of Convoy who allegedly conspired with the then-chairman to defraud the company of USD 11.4 million through acquisition of TSII.

Convoy has been providing information about the ongoing litigation and suspension of trading. In January 2020, the company published the summary of the internal review of potential irregularities in its internal control systems. According to the report, the company had no major weaknesses. The remediation plan for minor issues was developed and is expected to be executed by March 2020.

Sustainalytics will reach out to Convoy to discuss the changes made after the incidents and encourage the company to disclose compliance policies and code of conduct publicly. The company should remediate the investors and ensure adequate risk management and internal controls.

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## DAIMLER AG

### Antitrust Violations



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:

Sustainalytics has recently initiated dialogue with DAIMLER AG (Daimler). MERCEDES-BENZ and SMART AUTOMOBILE are its subsidiaries. In April 2019, the EUROPEAN COMMISSION announced its preliminary conclusions that between 2006 and 2014 Daimler, BMW Group, and Volkswagen AG and its units Audi and Porsche had breached EU antitrust rules by colluding to restrict competition on the development of technology to reduce NOx and dust particle emissions of petrol and diesel passenger cars. The proceedings are yet ongoing.

As Daimler has applied for leniency, it does not expect to be fined. It has been collaborating with the authorities. The alleged collusion on emission reduction technology ended in 2014.



Daimler was also involved in other antitrust cases. Reportedly, BMW, Daimler and Volkswagen met regularly with steel producers between 2004 and 2013 to discuss uniform surcharges for purchasing the raw material. Unlawful prices resulting from these cartel meetings were in place until at least 2016. Furthermore, Daimler was involved in price fixing with other truck manufacturers until 2011.

Daimler has taken a range of measures to reinforce compliance, including an annual review of its compliance management system and participation of 220,000 employees in training programmes on integrity, compliance, data protection and antitrust law. Furthermore, there is a Business Partner Due Diligence Process and a whistle-blower mechanism in place.

While the developments and procedures in place are all positive, Sustainalytics is waiting for the outcome of the current investigations by the European Commission and will keep monitoring Daimler's compliance practices in order to ensure the effectiveness of the company's latest compliance measures. Specifically, we would like to see Daimler demonstrate how its commitment to compliance is sufficiently supported by procedures and practices, as well as accountability at board level.

## DNO ASA

Operations in Territories with Elevated Human Rights Risks



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:

DNO ASA (DNO) and its subsidiaries have operated in a number of politically and socially unstable regions, which puts it at risk of complicity in human rights abuses.

In 2014, military personnel guarding one of the company's facilities in south-east Yemen were killed by local tribesmen who opposed the company's presence in their territory. DNO has been operating in Iraqi Kurdistan since 2004, a region that has been fraught with conflicts between the central and regional governments regarding control over oil and gas fields. In particular, DNO has signed contracts with the KURDISTAN REGIONAL GOVERNMENT (KRG) for operations in a contested region.

Additionally, one of the company's subsidiaries was previously involved in exploration activities in a disputed territory in Somalia (currently Somaliland) under the protection of local security forces, which a 2013 UN Monitoring Group warned may be a serious threat to peace and stability in the region. As part of its exploration efforts in the region, the company signed





concession agreements with multiple regional governments, leading to political tensions.

In 2018, the company exited its operations in Somaliland, Oman and Tunisia as part of ongoing re-focusing efforts. Although the company is reducing its exposure to high-risk assets in certain regions, DNO still generates the majority of its revenues (97 per cent of FY2018 revenues) from its operations in Kurdistan.

While the company has been involved in exploration and production activities in Kurdistan since 2004, it lacks a human rights policy and due diligence measures addressing the human rights impacts of its activities in disputed regions.

Thus, Sustainalytics decided to engage with the company to encourage it to follow international best practice for respecting human rights. In particular, we will seek to ensure that while operating in Kurdistan Region of Iraq and other disputed or conflict-affected regions, it undertakes due diligence adapted to the specific situation of the region and act adequately on the findings. We would also like to see DNO engage with governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.

## G4S PLC

### Forced Labour



**Ellinor Haggebrink**  
Manager

Status: Engage

Contribution to SDGs:

In November 2019, Norway's COUNCIL ON ETHICS FOR THE GOVERNMENT PENSION FUND GLOBAL (GPF), an independent body appointed by the Norwegian MINISTRY OF FINANCE to provide evaluations on the consistency of the Norwegian government's investments with ethical guidelines, made a public statement that it had decided to exclude G4S PLC from its investment portfolio. The decision was made due to a risk that the company contributes to systematic human rights violations, based on studies conducted by the Council on Ethics in Qatar and the United Arab Emirates (UAE) between 2016 and 2018.

G4S provides security services in over 90 countries and in the Middle East, the company makes extensive use of migrant workers. The on-site studies allegedly showed that workers from India, Pakistan and Nepal routinely paid fees to recruitment agencies hired by G4S, a practice that contravenes ILO conventions on labour rights. According to the Council's study, some of the workers had to take loans in their home countries to be able to afford these fees, and when they arrived in Qatar and the UAE, they had to spend a significant portion of their



salaries to pay off the debt. Additionally, many of the workers received far lower wages than agreed. Allegations also included G4S confiscating workers' passports; meaning employees cannot leave the country without its employer's consent. The Council on Ethic's investigations additionally revealed long working days, irregularities in overtime payments and instances of harassment.

Sustainalytics has initiated dialogue with G4S, which stated that it had investigated the Council on Ethic's findings and is making progress on improving its employment practices. The company is open and responsive and has shared detailed information on which measures it has taken, such as introducing a USD 400 cap on the recruitment fees. The practice of holding passports has ceased in both Qatar and the UAE, grievance mechanism opportunities have increased and a Migrant Worker Programme is to be implemented across all operations in the Middle East.

It is positive to see the measures taken by G4S to prevent and mitigate human rights violations. However, given the severity of the allegations, Sustainalytics has decided to engage with the company to further increase improvement and transparency in this area.

## HANERGY THIN FILM POWER GROUP LIMITED

Accounting Fraud



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:

HANERGY THIN FILM POWER GROUP LIMITED (HTF) is a Hong Kong-based high-tech energy enterprise with operations focused on the thin-film solar value chain. The company manufactures solar modules and equipment. It is also involved in the construction of solar farms, rooftop power stations, household systems, small to medium-sized enterprises commercial systems, and sale of power stations.

In May 2015, HTF was accused of market manipulation and trading in HTF stock was suspended. It was triggered by an investigation by the Financial Times which revealed that the company's share price could have been inflated. Allegedly, 61 per cent of HTF's revenues were generated from sales to the parent company, HANERGY HOLDING GROUP, which controlled 73 per cent of HTF. Only 35 per cent of the sales to the parent company were paid and the rest were receivables. This raised concerns over the validity of the transactions.

The investigation also revealed that HTF's share price consistently increased ten minutes before the close of trading every day, suggesting possible market manipulation. In May 2015, following the rumours of an investigation by the



SECURITIES AND FUTURES COMMISSION OF HONG KONG (SFC), HTF's stock price suddenly plunged by 47 per cent causing a loss of USD 18.6 billion and a suspension of trading. In January 2017, SFC said that HTF had a business model which relied on selling products to connected parties, and it suspended the company's CEO along with four other directors from serving board positions.

In May 2019, after four years of trading suspension, HTF's shareholders approved a plan to delist the company from the HONG KONG STOCK EXCHANGE and try to re-list it in China. The stakes of the independent shareholders were transferred into a special purpose vehicle to be reacquired by an HTF entity prior to the listing, thus gaining an opportunity to trade their stock again.

Sustainalytics will approach the company and try to engage with a focus on strengthening the company's risk management and internal controls, as well as suggestions to improve disclosure on relevant policies and their implementation.

## INDIVIOR PLC

Consumer Fraud



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



INDIVIOR PLC is a specialty and generic drug manufacturing company. The company is focused on the development, manufacture, and sale of prescription drugs based on buprenorphine for the treatment of opioid dependence.

In April 2019, the US Department of Justice indicted Indivior PLC, and its subsidiary, INDIVIOR INC (Indivior) on 28 counts, including conspiracy to commit, and commitment of, mail, wire and healthcare fraud in the US.

The authorities found the company guilty of fraudulently marketing Suboxone Film to healthcare providers and healthcare benefit programmes as safer, and less susceptible to illegal diversion and abuse than the tablet version, Suboxone. Suboxone is used to treat opioid dependency and Suboxone Film was a newer version of the drug that the company believed would be protected by patents. The scheme was developed as early as 2006 and was executed from 2010 in order to secure the company's revenues and a substantial market share of drugs for opioid dependence.

Indivior states in its public reporting that it continued to enhance its integrity and compliance programme through the implementation of different measures, but there is no detailed

information on how the company has strengthened this programme with an focus on ethical marketing sales practices, anti-competitive behaviour, labelling and the traceability of suspicious orders.

Sustainalytics will reach out to the company to better understand how it has developed and implemented ethical practices within its marketing and sales programmes as well as to better understand the preventative measures it has undertaken to be in compliance with regulatory requirements. Sustainalytics will engage with the company until the level of transparency by Indivior improves and we are satisfied that its practices address the issue and are considered effective enough to prevent a reoccurrence.

## INSYS THERAPEUTICS INC

### Corrupt Practices



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



INSYS THERAPEUTICS INC is a specialty pharmaceutical company. It develops and commercialises innovative drugs and novel drug delivery systems of therapeutic molecules that improve patients' quality of life. The company derives revenue from selling two marketed products, Subsys and Syndros, in various dosing packages to wholesale pharmaceutical distributors and specialty retail pharmacies, on a wholesale basis.

In December 2016, six former Insys Therapeutics executives, including the former CEO and former vice president of sales, were charged with bribery and fraud by the US Department of Justice (DOJ) under the Racketeer Influenced and Corrupt Organizations Act. The indictment alleged that, between 2012 and 2016, the executives conspired to bribe practitioners in various states in order to induce them to prescribe the company's highly addictive, fentanyl-based opioid painkiller, Subsys.

In June 2019, Insys agreed to a global resolution with the DOJ to settle the government's separate criminal and civil investigations. The company agreed to pay USD 225 million and pleaded guilty to five counts of mail fraud. Also in June 2019, Insys filed for Chapter 11 bankruptcy protection in the US DELAWARE BANKRUPTCY COURT as a result of legal action related to the US opioid epidemic and was delisted from the NASDAQ STOCK EXCHANGE.

Meanwhile in January 2020, two former executives and the former CEO of the company were sentenced to more than two

years in a federal prison in a bribery and kickbacks scheme that helped fuel the opioid crisis.

Sustainalytics will reach out to the company to better understand the undergoing court-supervised sales process and the current operations under Chapter 11. This situation might pose some challenges for a constructive dialogue with the company at this stage. However, since the bribery scheme had a severe impact on the company and society, Sustainalytics will attempt to engage, until Insys has carried out a thorough investigation of the issue and has implemented a robust anti-corruption programme to prevent a reoccurrence.

## KANGDE XIN COMPOSITE MATERIAL GROUP CO LTD

### Accounting Irregularities



**K Bruce Jackson**  
Associate Director

Status: Engage

Contribution to SDGs:



KANGDE XIN COMPOSITE MATERIAL GROUP CO LTD (Kangde Xin) develops, produces and sells laminating film and laminating equipment. It manufactures and sells biaxially oriented polypropylene films, polyester films, pre-coated laminating machines, and other products. It markets its products throughout China.

Kangde Xin has been involved in a series of issues related to its accounting practices. In December 2019, the former chairman, who had a controlling 80 per cent of the company, was arrested. The company's auditor found Kangde Xin's corporate account at the BANK OF BEIJING was empty, while the missing money was in an account that connects the company with its controlling shareholder KANGDE INVESTMENT and the former chairman who had resigned in February 2019.

In October 2018, CHINA'S SECURITIES REGULATORY COMMISSION (CSRC) launched an investigation into potential disclosure violations on dealings amongst its shareholders. The CSRC reported in July 2019, that Kangde Xin had inflated its profits by CNY 11.9 billion (USD 1.7 billion) between 2015-2018. The company had allegedly increased its operating income via fictitious sales operations while inflating its operating and sales costs and other expenses. The CSRC's findings also revealed that the company failed to disclose that its controlling shareholder had embezzled funds.

In January 2019, Kangde Xin defaulted on a CNY 1 billion (USD 148 million) bond, citing a liquidity crunch, although it had previously reported sufficient liquidity in September 2018. Kangde Xin suspended its shares from trading in July 2019. In November 2019, the CSRC accused Kangde Xin of inflating its

overseas sales by falsifying documents. According to the CSRC, the company had misrepresented its overseas sales figures by falsifying shipments of its products. Kangde Xin denied the accusations.

The SHENZHEN STOCK EXCHANGE stated that upon confirmation of the fraud, it would decide whether to delist the company. In August 2019, the NATIONAL ASSOCIATION OF FINANCIAL MARKET INSTITUTIONAL INVESTORS (NAFMII), a bond market regulator, barred Kangde Xin from debt financing after findings that the company had engaged in fraud.

Considering the seriousness of the CSRC findings and the scale of fraudulent practices at Kangde Xin, Sustainalytics decide to engage with the company in order to assess the measures the company has in place or intends to have in place to prevent a reoccurrence in future.

## LU THAI TEXTILE

### Poor Working Conditions



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



Sustainalytics has recently initiated dialogue with LU THAI TEXTILE (Luthai). Luthai is a Chinese manufacturer of yarn, dyed fabric and shirts. Allegedly, Luthai Textile factories in Cambodia and Myanmar have been employing workers under the age of 18 on the same conditions as adults, forcing overtime in periods of high demand, restricting sick leave, and violating the right to freedom of association. Furthermore, employees at one company plant in Myanmar reported limited access to sanitary facilities and drinking water, as well as harassment by supervisory staff, including physical abuse.

Luthai Textile denied some of the allegations and stated that a number of issues had already been addressed. Reportedly, ventilation has been improved in the factories in both Cambodia and Myanmar. However, the company denies that it employs workers under the age of 18 and it has not acknowledged that employees suffered from physical harassment and limited access to sanitary facilities and drinking water. Most of the workforce in Cambodia is unionised, but the company allegedly controls the largest union and interferes in the elections of representatives. The workforce in Myanmar has not been allowed to unionise.

In earlier correspondence with Sustainalytics, Luthai claimed to have established policies in accordance with local laws and regulations and relevant standards including SA8000. However, the company did not provide any copies and there are no policies available on the company's website. Furthermore, Luthai stated



that there are annual third-party audits at its factories. Luthai also stated that it provides health and safety training in the factories and it has established a channel for filing complaints anonymously.

Due to the persistent issues and limited transparency, Sustainalytics has decided to engage with Luthai on working conditions. Specifically, we would like to see measures to improve the working conditions in its factories in Cambodia and Myanmar in compliance with international standards. The company should implement, monitor and report on labour rights policies and procedures to address labour rights risks and impacts within its operations.

## MCKESSON CORP

### Consumer Fraud



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



MCKESSON CORP (McKesson) is one of the largest and most complex of the leading third-party logistics providers in the healthcare sector. The company is engaged in services connected to wholesale pharmaceutical and medical products, including: sourcing, distribution and dispensing, contract manufacturing, and related IT services to acute care hospitals and health systems, independent and chain retail pharmacies in North America, Europe, and Canada. It is one of the largest distributors of opioids in the US.

McKesson has faced allegations of failing to report on excessive opioid orders and failure to detect tampered shipments distributed to pharmacies, which contributed to widespread opioid addiction in the US. In October 2018, the US Food and Drug Administration (FDA) issued a warning letter, noting that the company still lacked such a system. Following the company's inadequate response, the FDA issued another warning letter in February 2019, which claimed that the company had failed to identify, investigate and report tampering of its opioid shipments. Additionally, the company is facing prosecution in the National Prescription Opiates Multidistrict Litigation. As of October 2019, more than 2,600 lawsuits filed by multiple US cities and counties have been consolidated in a Cleveland Federal Court.

In October 2019, McKesson together with two other companies, has agreed to a USD 215 million settlement with two Ohio counties, Cuyahoga and Summit, in the first track of the multi-district opioid litigation. Although the company has disclosed all the forward-looking work it is carrying out to fight the opioid crisis, there is no detailed information about the progress on the

preventative measures stated in McKesson's response to the warning letter of the FDA.

McKesson is obliged to provide a secure channel to deliver opioid medications from the manufacturers to government-authorised pharmacies. Sustainalytics has established an initial dialogue with the company in order to better understand how it is implementing the preventative measures to meet the FDA requirements.

## MITSUBISHI MATERIALS CORPORATION

### Quality and Safety Violations



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



MITSUBISHI MATERIALS CORPORATION (MMC) announced in November 2017 that its subsidiaries, MITSUBISHI CABLE INDUSTRIES (MCI) and MITSUBISHI SHINDOH CO (MSC) had falsified quality inspection data, impacting 274 corporate customers. In February 2018, MMC announced that it had found more cases of falsification at three other subsidiaries, MITSUBISHI ALUMINUM CO LTD (MAC), TACHIBANA METAL MANUFACTURING CO LTD (TMM) and DIAMET CORP (DM), raising the total number of impacted customers to over 750.

These latter three subsidiaries had been falsifying data until January 2018, even after the scandal was reported in November 2017, mostly due to the delay in the company's group-wide investigation until January. An internal guidance document for data falsification was found, with the earliest record dating back to May 1999, implying that the practice may have been conducted systematically for over two decades.

MCI's CEO resigned in December 2017, and MMC's chairman stepped down in April 2018, though he has remained as an advisor. MAC's ISO certifications were suspended in December 2017, while MCI's and MSC's ISO certifications were revoked in February 2018. In addition, the JAPANESE INDUSTRY STANDARDS (JIS) certifications for MAC and another subsidiary, TACHIBANA METAL MFG CO LTD (TMM) were revoked in January and February 2018, respectively. In June 2018, MMC lost its JIS certification for its Naoshima plant after more cases of misconduct were discovered at the plant.

As of November 2019, there had been no reports of safety issues among customers and end users, but in order to protect the company's stakeholders as well as its reputation, it is clearly imperative that MMC does not permit such issues to reoccur.

We note that the company has already taken some measures to respond to this controversy. In December 2017, MMC formulated measures to restructure the group's governance framework with respect to quality control, for example, by regularly reviewing production capabilities, providing training on quality awareness to all employees, introducing automated quality inspection equipment and establishing more robust quality audits. It periodically reports on the progress of the corrective measures.

Sustainalytics considers that the company should disclose further measures to restore trust among stakeholders, such as obtaining independent verification of the steps it has taken to improve its quality control framework. Our goal in this engagement will also be to ensure that MMC has in place suitable board-level oversight of quality control and takes steps to strengthen the quality control culture throughout the business. This may involve reviewing its remuneration framework to ensure a focus on promoting and ensuring quality.

## MTN GROUP LIMITED

Operations in Territories with Elevated Human Rights Risks



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



MTN GROUP LIMITED (MTN)'s telecom services have been associated with human rights violations through their close operational relationships with authoritarian governments in Iran and Syria, as well as operations in other high-risk conflict zones.

MTN has operated in Syria since 2002 and in Iran since 2006. MTN SYRIA is 75 per cent owned by MTN. MTN IRANCELL is a joint venture, with MTN owning 49 per cent and the Iranian government owning 51 per cent through IRAN ELECTRONIC INDUSTRIES and the ISLAMIC REVOLUTION IRAN ELECTRONIC DEVELOPMENT CO.

Despite US and EU economic sanctions against Iran and Syria, MTN has continued to operate in these markets and has even extended some licences in the regions. Evidence suggests that communications in Iran and Syria are intercepted by the regimes in power, an action that is consistent with MTN's technological capabilities as a telecom service provider. MTN's telecom equipment is capable of surveillance and interception of subscribers' communications, which can be used to identify users who dissent and can facilitate the oppression of political opponents. The existing sanctions continue to restrict equipment for monitoring telecommunications in both Iran and Syria. As a result, the continued joint-venture status of MTN Irancell, coupled with evidence of ongoing citizen surveillance

through its telecom networks, indicate continued complicity in human rights violations.

Over the years, MTN has improved its disclosure related to privacy and freedom of expression, while failing to provide detail specific to the high-risk markets noted above. Furthermore, in 2014, the company renewed its operating licence in Syria for a 20-year period without performing issue specific due diligence, such as a human rights impact assessment. Overall, the company's strategic approach to establishing operations in high-risk and emerging markets exposes it to significant human rights related concerns that demand a robust management framework that has not been, so far, clearly disclosed.

Sustainalytics has decided to engage with the company on the basis that MTN's provision of telecommunications services in states with poor human rights records constitutes a significant concern. The engagement will focus on understanding the details of its approach to human rights due diligence and pushing for transparency around its management of human rights in high-risk jurisdictions.

## MUMIAS SUGAR

### Embezzlement



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



Sustainalytics has recently initiated dialogue with MUMIAS SUGAR COMPANY LIMITED (Mumias Sugar). Mumias Sugar produces sugar and ethanol in Kenya.

Since 2014, Mumias Sugar's now former management has faced allegations of embezzling USD 23 million in the course of two decades, in part by making fictitious declarations to evade paying value added tax on non-exported products. After the scandal became public, it attempted to bribe investigators.

It is concerning that Mumias Sugar has not actively remediated the misconduct and has provided very limited transparency to stakeholders. It is yet unclear how the company can be revived. The most fundamental financial remediation does not appear to be on track. In September 2019, the company went into receivership and all employees were made redundant. In November 2019, the receiver manager appointed a new general manager. In January 2020, Mumias Sugar restarted its ethanol production in order to generate revenue for buying sugar cane from farmers for restarting its milling operations.

Sustainalytics has decided to engage with the company. Since earlier attempts to establish a dialogue were unsuccessful and

the company has yet to resume its milling operations, Sustainalytics will reach out again in next quarters. Specifically, we would like to see measures to compensate the dismissed staff and to prevent embezzlement (or other forms of fraud) from happening again. There is a need for better board oversight and initiatives to reinforce compliance, such as a more effective code of conduct, whistleblower mechanism, and structural compliance awareness training.

## OLYMPUS CORPORATION

### Product-Related Fatalities



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



OLYMPUS CORPORATION (Olympus) manufactures and sells precision instruments for the healthcare industry, as well as digital cameras. It is a leading manufacturer of duodenoscopes. These are hollow, flexible, lighted tubes that allow doctors to diagnose and treat diseases such as cancer or gallstones in the pancreas and bile ducts. Duodenoscopes include reusable and hard-to-clean components and must be cleaned after each patient in order to be reused, known as reprocessing, through a lengthy procedure. Failure to correctly reprocess a duodenoscope could result in tissue or fluid from one patient remaining in a duodenoscope and potential for disease transmission.

A lawsuit in 2016 revealed that Olympus had failed to issue a timely warning for its duodenoscope product, despite its link to an antibiotic-resistant bacterium outbreak. The infection allegedly resulted in at least 35 deaths in the US, but Olympus may have exposed thousands of patients to the dangerous bacterium. In December 2018, besides settling two liability lawsuits, Olympus agreed to pay USD 85 million to settle a federal investigation in the US. OLYMPUS MEDICAL SYSTEMS agreed to retain an independent expert to review the company's policies and procedures. The expert will periodically report back to the authorities in the US for three years.

Olympus has taken steps to be more proactive in both identifying and subsequently addressing potential product issues. It has reinforced the process that all employees must follow to report complaints and it has introduced e-learning programmes for training in quality management systems adapted to local laws and regulations.

Furthermore, Olympus confirmed that it has obtained ISO 13485 certification for all its medical divisions and ISO 9001 certification for other divisions as appropriate. Improved duodenoscope reprocessing techniques and instructions have helped reduce

device contaminations and patient infections. In April 2019, the US Food and Drug Administration (FDA) disclosed that the number of incidents associated with the company's duodenoscopes had decreased by 62 per cent since 2015. Olympus continues to recall and buy back unsafe duodenoscope models. In February 2020, the FDA approved a new Olympus duodenoscope, featuring a disposable endcap.

While Olympus has made significant progress with improving the safety of its duodenoscope product, further improvement is needed. Therefore, Sustainalytics has decided to engage with the company. Specifically, we would like Olympus to enable healthcare professionals to clean fixed endcap duodenoscopes effectively before reuse 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.

## PT TIGA PILAR SEJAHTERA FOOD TBK

Consumer Fraud



**Ewelina Łukasik-Morawska**  
Manager

Status: Engage

Contribution to SDGs:



In July 2017, Indonesian authorities confiscated 1,000 tonnes of rice from INDO BERAS UNGGUL (IBU), a wholly owned subsidiary of PT TIGA PILAR SEJAHTERA FOOD TBK (TPSF) and began investigating the company for false labelling and misleading consumers about the quality of two rice brands. IBU was alleged to have breached Indonesian food and consumer legislation by selling state-subsidised rice as premium rice, at double the price.

In January 2018, the BEKASI DISTRICT COURT sentenced IBU's CEO to one year and four months in prison on charges of falsifying the labels on the rice sold by the company. In July 2018, trading of shares of TPSF was suspended by the INDONESIA STOCK EXCHANGE (IDX). Prior to the suspension, TPSF's share price had dropped by 88 per cent (from USD 0.16 in May 2017 to USD 0.01 in July 2018) as a result of the fraud investigation. TPSF informed the IDX that it lacked the funds to pay interest on bonds that would mature in July 2018.

In August 2018, three board members of TPSF were dismissed subsequent to a shareholder meeting. During the meeting, the company also revealed plans for settling the USD 143 million debt incurred as a result of the fraud, including converting the debt into shares. However, the implementation of these plans proved unsuccessful; in May 2019, the SEMARANG DISTRICT COURT declared four TPSF subsidiaries bankrupt, including IBU, due to the company's inability to pay its debts.



TPSF has not taken sufficient measures to ensure that it is less exposed to similar negative impacts. So far, the company's main focus has been to implement its plans for debt settlement, which has proved unsuccessful, as four of its subsidiaries, including IBU, were declared bankrupt in May 2019. The alleged mislabelling of subsidised rice, and the application for a delay in its debt repayment have had a severe impact on the company, its shareholders, and also has a socio-economic impact on Indonesian society, therefore Sustainalytics decided to engage with the company.

## PUNJAB NATIONAL BANK

Fraud



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:



PUNJAB NATIONAL BANK (PNB) is an Indian commercial bank with more than an 80 per cent stake controlled by the government. The bank operates its business in India and overseas with the majority of the revenues derived from India.

In February 2018, PNB's Brady House branch in Mumbai was accused of colluding with the managing director of GITANJALI GEMS, a jewellery retailer, and his nephew in a fraud that involved USD 2.1 billion in suspicious transactions between 2011 and 2017. PNB's Mumbai branch allegedly issued unauthorised Letters of Undertaking (LoU) for about 100 companies linked to these persons. The LoUs were used to obtain credit from foreign branches of Indian banks, without following proper procedures.

The transactions were not recorded in the SWIFT (a transaction standard) of PNB, due to which they went undetected. The funds raised through LoUs were routed through various companies, some of them were fictitious, and the ultimate beneficiary was the nephew of Gitanjali Gems himself or entities related to him. Among other usage, the funds were used to inflate the financials of the group companies.

In August 2018, criminal charges were laid on PNB's CEO after he was questioned by the SERIOUS FINANCIAL INVESTIGATION OFFICE and INDIA'S ENFORCEMENT DIRECTORATE. The company admitted that the bank's employees had colluded in the scheme and an internal investigation revealed that 54 employees were involved, 21 of whom have been suspended. In December 2018, the CENTRAL BUREAU OF INVESTIGATION (CBI) arrested eight PNB employees for the misuse of LoUs; afterwards, the government terminated two PNB executive directors for failing to prevent the fraud.

Finally, in March 2019, the RESERVE BANK OF INDIA (RBI) issued PNB a penalty of nearly USD 300,000 for non-compliance with its directive to strengthen SWIFT-related operational controls and a Delhi court summoned 11 top PNB officials for allegedly furnishing false statements and misleading the RBI.

PNB launched its own investigation, suspended or terminated the employees involved and admitted to wrongdoing. The company has stated that it will implement better checks and balances and its CEO has been cooperative with law enforcement agencies, regulators and other banks. However, PNB initially refused to pay back USD 2 billion in provisions (nearly 10 times its FY2016 profits), as was directed by the RBI. PNB also shifted the blame for the scandal on to other banks for not making adequate checks when sanctioning the loans. However, despite the initial pushback, the bank managed to return the entire sum within nine months.

PNB discloses its risk management framework and internal control system and provides compliance disclosure with a high level of transparency. Despite that, involvement of the bank's CEO in the misconduct raises concern over the senior management's level of oversight. The recent penalty issued by the RBI suggests that the company has not taken proper measures to reduce its exposure to similar potential impacts.

Sustainalytics will engage with PNB with the recommendation to improve its internal control systems by monitoring adherence to its policies, especially at the executive level and applying the directives issued by regulators and implementing a company-wide code of conduct.

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## **SAMLING GLOBAL LIMITED**

### Deforestation

SAMLING GLOBAL LIMITED (SGL) is a privately-owned Malaysian-based vertically-integrated timber company. It has been involved in illegal logging controversies, which have allegedly had substantial biodiversity impacts in Guyana, Malaysia, Papua New Guinea and Liberia. The incidents have occurred between 1991 and 2019, and as the company continues its operations more similar incidents may be reported. The areas in question cover extensive tracts of land, for example, in Malaysia the company has been accused of illegal logging in 1.61 million hectares of land, of which 210,000 hectares are in high conservation value



**Jonathan Kellar**  
Manager

Status: Engage

Contribution to SDGs:



areas. The scale of illegal logging has generated criticism from international NGOs, including FORESTS MONITOR, EARTHSIGHT, GLOBAL WITNESS, and GREENPEACE.

The allegations resulted in withdrawal of the company's FOREST STEWARDSHIP COUNCIL (FSC) certification. In addition, nine lawsuits were filed by local communities in Malaysia and Guyana, between 1998 and 2009, over land rights issues. Moreover, the destruction of land has caused significant environmental degradation which affected local villagers' livelihoods. An October 2018 report from the NGO Global Witness included claims that Samling Global continued to dominate the logging industry in Liberia with the help of alleged political connections and lobbying practices, and had taken control of Liberia's rich and diverse forest ecosystems at the expense of local communities.

Sustainalytics decided to engage with Samling and encourage the company to stop excessive and illegal logging practices, mitigate impacts to affected communities and promote significant reforestation of the affected areas. The company should also implement transparent and detailed forest management policies and systems aligned with the Statement of Principles on Forests, sufficient to regain FSC certification.

## SAUDI ARABIAN OIL CO

Complicity in State-Sponsored Human Rights Violations



**K Bruce Jackson**  
Associate Director

Status: Engage

Contribution to SDGs:

SAUDI ARABIAN OIL CO (Aramco), is the state-owned (97 per cent) and largest oil and gas producer of Saudi Arabia. The company generates substantial revenues for the government. In December 2019, Aramco listed three per cent of its stock on the Tadawul, the Saudi stock exchange. According to the prospectus for its initial public offering (IPO) 'the oil sector accounted for 64.2 per cent and 63.0 per cent of the government's total revenues in 2016 and 2017, respectively'. The prospectus also indicated that the Saudi government 'will receive all of the proceeds of the offering'.

The company has very close ties to the government, with several members of Aramco's Board of Directors holding senior government positions, including Ministries.

As reported, Saudi Arabia has been able to use the extensive funds from Aramco to impose numerous human rights restrictions in the country. These, according to the UN and many NGOs, include, restrictions on freedom of expression, association and assembly; persecution and intimidation of civil



society actors; and the detention of or threats against human rights defenders, women's rights advocates, journalists and dissidents. NGOs also report alleged torture, arbitrary detention, enforced disappearances and unfair trials.

In addition, Saudi Arabia is leading a coalition in a military campaign against Houthi rebels in Yemen, during which grave violations of human rights and international humanitarian law, as well as war crimes, are believed to have been committed. According to the UN Group of Regional and International Eminent Experts on Yemen, the Saudi Airforce led airstrikes which caused civilian deaths and may amount to war crimes. The Saudi-led coalition has also imposed naval and air restrictions on Yemen, which has prevented humanitarian aid, commercial trade and access to medical care.

Sustainalytics has downgraded the company to engage, due to the seriousness of the accusations of human rights violations. We are analysing the company's potential leverage to improve the human rights situations in Saudi Arabia.

## TELEFONAKTIEBOLAGET LM ERICSSON

### Corrupt Practices



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



In December 2019, Swedish prosecutors opened a bribery probe into TELEFONAKTIEBOLAGET LM ERICSSON (Ericsson) after the company agreed to pay USD 1 billion in penalties in the same month to settle a US investigation into corruption. The company received a 15 per cent penalty reduction as partial credit for its cooperation in the US probe, but the penalty remained among the largest levied in a Foreign Corrupt Practices Act (FCPA) settlement at the time it was issued. Ericsson also entered a deferred prosecution agreement (DPA) requiring a three-year independent compliance monitor and improvements to its ethics & compliance programme.

The US Department of Justice (DOJ) and Securities and Exchange Commission (SEC) concluded in December 2019 that the company violated the FCPA by paying bribes and manipulating its records to win contracts across the Middle East, Africa and Asia between 2000 and 2016. For example, through its subsidiaries, Ericsson paid bribes to high-ranking government representatives in Djibouti and funded an account used to cover gifts, travel and entertainment expenses for officials in China. The company also made off-the-book payments to secure business in Indonesia, Vietnam and Kuwait.

In September 2019, Ericsson set aside approximately USD 1.2 billion to cover the penalties and took disciplinary action against 65 individuals involved, 49 of whom were either terminated or left voluntarily. The company also said that it has cooperated with the DOJ and SEC investigations since they began in 2015 and 2013, respectively. Ericsson has stated that it will invest in enhancements to its compliance programme and internal accounting controls.

Sustainalytics has decided to engage with the company on the basis that the alleged corrupt practices appear to have been systematic over an extended period of time. The engagement focus will be on how the company's anti-corruption and ethical compliance processes are strengthened after the latest allegations.

## THE GOLDMAN SACHS GROUP INC

### Corrupt Practices



**David Frazer**  
Manager

Status: Engage

Contribution to SDGs:



According to media reports in November 2018, a former Southeast Asia chairman of the THE GOLDMAN SACHS GROUP INC (Goldman Sachs) pleaded guilty to conspiring to launder money and conspiring to violate the US Foreign Corrupt Practices Act by paying bribes to various officials from Malaysia and the United Arab Emirates and circumventing internal accounting controls. The bribes were allegedly paid in order for Goldman to gain lucrative contracts with 1Malaysia Development Berhad (1MDB), Malaysia's investment development fund company.

This allegedly resulted in 1MDB awarding Goldman a role on three bond transactions, which yielded approximately USD 600 million in revenues for the company.

Sustainalytics has decided to discuss to engage with Goldman Sachs to see how it is strengthening certain policies related to bribery and money laundering. We will focus the engagement with Goldman Sachs on the following areas: money laundering controls, compliance, ethics, bribery and corruption programmes, and company culture.

## TONGAAT HULETT LIMITED

### Accounting Fraud

Sustainalytics has recently established a dialogue with TONGAAT HULETT LIMITED (Tongaat) to address a major accounting fraud incident. Tongaat produces starch and sugar in South Africa, Zimbabwe and Mozambique. It also operates a property development division.



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



## TOSHIBA CORP

Accounting Fraud



After the CEO and CFO announced their resignation in August 2018, Tongaat appointed a new CEO in February 2019. The new CEO commissioned a forensic accountant, who revealed certain accounting practices that needed to be re-examined. In June 2019, the company warned the public that their previous financial figures could not be trusted and asked the LONDON STOCK EXCHANGE and JOHANNESBURG STOCK EXCHANGE to suspend trade in its stock.

In December 2019, Tongaat published a delayed earnings report restating its 2018 figures by the equivalent of USD 800 million and cutting operating profit from USD 130 million to only 10 million. There are indications that the irregular deceptive accounting practices might have actually lasted for several years.

The forensic auditor found that several senior executives at Tongaat helped inflate profits and assets by using undesirable accounting practices. A criminal investigation has been opened into one former executive of the company, who remains unnamed.

Tongaat has started restructuring its debt in South Africa and negotiated a debt standstill agreement with its lenders in Mozambique. In order to cut costs, the company sent retrenchment letters to approximately 5,000 – out of a total of more than 33,000 – employees in 2019. Tongaat has a code of conduct and a whistleblower mechanism in place. Furthermore, it has been making various changes to its governance setup, including appointment of a Chief Risk Officer, revision of the capital approval process, new accounting and enterprise risk procedures, and a cultural change initiative.

Considering Tongaat Hulett's serious exposure to accounting fraud and the alleged involvement of multiple senior executives, Sustainalytics has decided to engage. Specifically, we would like the company to ensure that its Code of Business Conduct and Ethics is observed throughout its entire organisation. The company should implement a dedicated programme 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.

Sustainalytics has decided to reopen its engagement case involving accounting fraud at TOSHIBA CORP (Toshiba). This decision follows the recent revelation of a new major incident.

Toshiba is one of Japan's largest diversified industrial conglomerates. It comprises five major segments: energy, infrastructure, retail and printing, storage and electronic



**Joris Laseur**  
Manager

Status: Engage

Contribution to SDGs:



## UNITECH LIMITED

Consumer Fraud

devices, and industrial ICT. In 2015, it was revealed that Toshiba had been overstating its profits by USD 1.22 billion between 2008 and 2014. Unrealistic financial targets posed by senior executives induced managers to falsify accounts to appear to have achieved their targets.

In January 2020, a new accounting fraud incident surfaced. Toshiba disclosed that it had received information from outside around the end of November 2019 that yet more fictitious transactions may have been conducted over multiple years. The irregularities at subsidiary TOSHIBA IT-SERVICES were confirmed through an in-house investigation joined by lawyers and certified accountants. The subsidiary booked fictitious sales worth USD 365 million. Reportedly, the scheme involved various other companies.

To recover from the original scandal, Toshiba had been making several significant steps, including reforming its reporting lines as well as hiring and firing several people to update its corporate culture. The company has also changed its accounting practices, particularly with respect to large infrastructure projects. The new internal control structure works with three lines of defence (business unit, cross-functional team, and internal audit). The company established a Risk Compliance Committee lead by the Chief Risk Compliance Management Officer, managing matters related to the Standards of Conduct for Toshiba Group; as well as an Accounting Compliance Committee lead by the COO, charged with detecting signs that might point to inappropriate financial reporting. The company introduced seminars, trainings and surveys not only for executives but also other employees. In January 2019, the chairman of the board met privately with 30 of Toshiba's largest shareholders to share more information about the company's strategy and governance. Toshiba plans to have such a meeting at least once per year going forward.

Considering Toshiba's apparent difficulties with preventing new accounting fraud, Sustainalytics has decided to re-engage with the company. Specifically, we would like to see that policies and internal controls addressing accounting fraud are implemented effectively throughout the organisation, including subsidiaries. In recent years, UNITECH LIMITED (Unitech) has experienced numerous delays in delivering its housing projects in India, which has resulted in a great number of complaints by affected homebuyers. The company allegedly misled 550 clients into making 90 per cent of their payments for flats that were to be delivered in 2013.



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



Furthermore, in August 2016, the company declared that it did not have resources to refund homebuyers for delayed projects and filed repayment extensions. As such, Unitech faces 24 cases of criminal breach of trust, fraud and non-payment of USD 93 million in fixed deposits, promising 12 per cent returns.

A 2017 government report claimed that Unitech had diverted residential project funds to other entities. Unitech's managing directors were arrested in 2017 over non-delivery of the project, and were being held in judicial custody. In August 2018, Unitech was ordered by the SUPREME COURT OF INDIA to auction off land owned by the company and the unencumbered assets of its directors. This development was an escalation of previous attempts by the government to demand that the company repay buyers who had paid deposits on flats but had not received them by the agreed date.

In 2018, the Supreme Court ordered a forensic audit of Unitech and its subsidiaries' financial statements from January 2006 onwards. All company directors were ordered to furnish details of their personal assets by May 2018; however, this process was reportedly not adequately completed by the deadline. This led 100 clients to move an application in the Supreme Court asking for the Indian government to take over management of the firm, a motion that the Supreme Court appeared to adopt in January 2020 following its request to the government to create a plan for the potential taking over of the company's projects by a public sector construction company.

As a result of the fraud case, Unitech's business operations have largely been thrown into disarray as the Supreme Court has considered appropriate resolution. In January 2020, the Supreme Court accepted the national government's proposal to fully replace Unitech's board with new appointees tasked with streamlining the company's management and completing the stalled housing projects. Unitech's founders and former managing directors remained in jail without bail and have been removed from operations. It remained unclear how the reconstituted management would proceed on its responsibility.

Sustainalytics has decided to engage with the company on the basis that the business ethics and human rights impacts described were severe. To the extent that the company may be in a position to continue to complete existing, or undertake new, housing projects, establishment of clear practices to prevent similar controversies in future is important.

## WATCHSTONE GROUP PLC

### Accounting Irregularities



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



Since May 2015, WATCHSTONE GROUP PLC (Watchstone) (formerly QUINDELL) has faced scrutiny over its business and accounting practices, after a PwC audit discovered financial anomalies.

In June 2015, Watchstone's shares were suspended after the release of the previous year's accounts had sparked investigations by the UK FINANCIAL CONDUCT AUTHORITY (FCA), the SERIOUS FRAUD OFFICE (SFO) and the FINANCIAL REPORTING COUNCIL (FRC). Watchstone reported a FY2013 EUR 67 million profit, which was later restated as a EUR 79 million loss. The company's FY2014 restatement revealed a EUR 37 million loss.

The company stated the losses were a consequence of impairment charges and a change in accounting practices and as such, did not admit wrongdoing. In June 2017, SLATER & GORDON'S (S&G) UK subsidiary, which acquired Watchstone's professional services unit in 2015, filed a EUR 712 million lawsuit against Watchstone for financial misrepresentation related to the EUR 1.1 billion acquisition which was made prior to news of Watchstone's overstated profits being released. Watchstone counter-sued S&G in August 2019. The FCA dropped its investigation in light of the ongoing SFO probe, while the S&G lawsuit was scheduled for October 2019, but the companies settled prior to proceedings. In late 2019, Watchstone resolved the lawsuits between it and S&G in a settlement where no guilt was admitted by either party. Leading up to this settlement, the company maintained no contingency for the lawsuit.

While Watchstone has adopted the QUOTED COMPANIES ALLIANCE (QCA) Corporate Governance Code and maintains an audit committee, it fails to make important disclosures that would reassure external stakeholders. These include a company specific code of conduct or ethics as well as guidance on how internal financial controls have improved to avoid a reoccurrence of misreporting in the future.

Sustainalytics has decided to engage with the company on the basis that Watchstone Group has not satisfactorily clarified that it has adequate risk management systems and internal controls. While the SFO investigation has not yet concluded with any formal charges and the company appears oriented towards selling its remaining businesses, it is expected that it should demonstrate an effective compliance programme and code of conduct.

## WESTPAC BANKING CORPORATION

### Money Laundering



**Olga Kostyurina**  
Manager

Status: Engage

Contribution to SDGs:



WESTPAC BANKING CORPORATION (Westpac) is Australia's oldest bank and financial services group, with a significant franchise in Australia and New Zealand in the consumer, small business, corporate, and institutional sectors, in addition to its major presence in wealth management. It is the second largest bank in Australia by assets.

In November 2019, the AUSTRALIAN TRANSACTION REPORTS AND ANALYSIS CENTRE (AUSTRAC) filed a civil lawsuit against Westpac alleging that it violated anti-money laundering (AML) laws on 23 million occasions, involving over USD 7.5 billion in transactions, between 2013 and 2019.

In 2018, Westpac self-disclosed to AUSTRAC that it had not reported some transactions. The investigation that followed discovered further AML violations and eventually led to the lawsuit. Most of the violations (19.5 million) pertained to international funds transfer instructions (IFTIs), which were allegedly not reported to AUSTRAC on time, and a relatively small fraction of the transfers lacked information about the origin of the money. Furthermore, around 3.5 million violations concerned deleting records of incoming transactions too early.

The bank also failed to report more than 2,300 outgoing transfer instructions delivered through its LitePay service. Moreover, Westpac allegedly did not carry out appropriate due diligence on 12 customers connected with risk of child exploitation in south-east Asia, including the Philippines; these customers made over 3,000 transactions amounting to around USD 480,000. Westpac also failed to monitor high-risk transactions to countries where terrorists are known to be active.

Westpac has been following the responsible course of action since 2018, when the company initially detected, disclosed and self-reported to AUSTRAC some of the issues. The CEO and chairman of the board resigned from their positions. In November 2019, Westpac published its Response Plan. According to the bank, some of the actions aimed at improving the bank's AML measures have already been completed, while still there several gaps and areas where improvements are needed. Also, Westpac will make public the recommendations of the external expert.

Sustainalytics will engage with Westapc on its progress in AML/CFT processes improvement, as well as effectiveness of the board oversight.

## WILMAR INTERNATIONAL LIMITED

Violations of the Rights of Indigenous People



**Anita Nagarajan**  
Manager

Status: Engage

Contribution to SDGs:



For the last couple of years, WILMAR INTERNATIONAL LIMITED (Wilmar) has faced criticism from local communities and NGOs for alleged controversial land acquisitions and development in Africa and Southeast Asia, which have had negative human rights impacts. The claims against the company include improper land acquisition and improper compensation, depriving communities of their livelihoods, and impacting communities' cultural heritage. In July 2018, the NGO FRIENDS OF THE EARTH reported that subsidiaries of Wilmar International had been involved in unlawful land acquisitions and conflicts with communities in several parts of Indonesia and Nigeria between 1996 and 2018.

Also, in July 2018, Liberian communities called on banks to cancel a USD 1.5 billion loan to Wilmar, unless it addressed community grievances related to its 27 per cent owned subsidiary, SIFCA. In August 2018, Nigerian communities filed a complaint against Wilmar with NATIONAL ASSEMBLY OF THE FEDERAL REPUBLIC OF NIGERIA over unlawful land acquisition and pollution. A November 2019, a NGO report summarising complaints made by 50 communities in West Sumatra, Indonesia, regarding Wilmar and its suppliers' operations, concluded that all communities reported a loss of access and control of their customary lands.

Wilmar International has a set of comprehensive policies and due diligence in place in relation to human rights. There is a grievance mechanism in place. The company also engages with external stakeholders to provide feedback on the further development of the grievance system. Wilmar is striving to make improvements in its handling of community relations issues. However, Wilmar's ongoing involvement in controversies over land rights and consultation might indicate that the effectiveness and implementation of its policies could be strengthened further. Therefore, Sustainalytics has decided to initiate engagement with the company on the above issues.

## WOCKHARDT LIMITED

### Quality and Safety Breaches



**Enrique Figallo**  
Senior Associate

Status: Engage

Contribution to SDGs:



WOCKHARDT LIMITED is a major drug manufacturing company with a focus on pharmaceutical and biotechnology products.

Since 2013, the US Food and Drug Administration (FDA) has issued several warning letters to Wockhardt Limited alleging significant violations of current good manufacturing practices. The FDA pointed to inefficient procedures to prevent drug product contamination, poor aseptic practices in the manufacture of sterile drugs, data manipulation and destruction, and deficient in-process testing practices, which might result in products that are harmful to human health. The FDA imposed import bans on the company's Indian Chikalthana and Waluj plants in Aurangabad in 2013, as well as on its plant in Ankleshwar in 2016.

The company does have an internal risk management policy intended to institutionalise the risk management framework, which includes the identification, review and reporting of material risks. Furthermore, the company states that corrective measures for FDA clearance are progressing with significant automation, technology upgrades and the rollout of best practices at its manufacturing facilities. However, there is no detailed information on how the company is achieving this.

Sustainalytics has decided to engage with the company to better understand how it has implemented good manufacturing practices to ensure international quality compliance standards and obtain FDA clearance.

## ZHEJIANG HUAHAI PHARMACEUTICAL CO LTD

### Consumer Fraud



**Enrique Figallo**  
Senior Associate

Status: Engage

ZHEJIANG HUAHAI PHARMACEUTICALS CO LTD (Zhejiang Huahai) is a Chinese-listed pharmaceutical company with an international presence, it manufactures, packages and trades in chemical and biological medicines. In 2018, the company announced that it had found an impurity called N-nitrosodimethylamine (NDMA) a possible carcinogen, in its valsartan active pharmaceutical ingredients (API). The EUROPEAN MEDICINES AGENCY (EMA) linked the valsartan contamination to a change in the company's manufacturing processes since 2012.

Following the detection of the issue, the EMA and US Food and Drug Administration (FDA) recalled several affected medications. In May 2019, FDA laboratory testing and records from manufacturers suggested that impurities may have been present



Contribution to SDGs:



in valsartan drugs for four years. Investigations by the FDA and EMA are ongoing.

Zhejiang Huahai discloses information about its research and development, but there is little or no disclosure on product quality or control. The company should consider how it ensures that its production facilities do not cause contamination of any of its products in the future.

Sustainalytics has decided to engage with the company to better understand how it is implementing a product quality risk management system and good manufacturing practices to ensure compliance with recognised quality standards.

## ZTE CORPORATION

Human Rights Impacts of Surveillance Systems



**Matthew Barg**  
Associate Director

Status: Engage

Contribution to SDGs:



ZTE CORPORATION (ZTE) has been repeatedly flagged as providing critical telecommunications equipment and communications surveillance technology to states with poor human rights records. In 2012, Reuters reported that ZTE had sold surveillance systems to Iran's state-owned telecom firm, which allowed for the monitoring of citizens, resulting in a federal investigation by US regulators.

In March 2017, ZTE pleaded guilty to illegally shipping US telecommunications equipment to Iran and North Korea between 2010 and 2016, in breach of US trade sanctions. This admission, along with subsequent failure to comply with the settlement, led to fines totalling USD 2 billion along with a USD 400 million deposit in suspended penalty money. Moreover, ZTE was ordered to replace its entire board of directors within 30 days and to retain a team of specialists selected by and answerable to US authorities for a period of ten years. In November 2018, US senators asked US secretaries of state to investigate whether ZTE had violated sanctions and helped Venezuela set up a database that monitors the behaviour of its citizens.

More recently, in August 2019, the US government prohibited federal agencies from acquiring telecommunications equipment and services produced or provided by certain companies, including ZTE Corporation.

ZTE acknowledged the mistakes the company made in dodging the US sanctions and has made important investments in export compliance controls, established compliance oversight, and

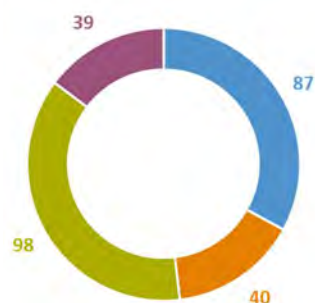
terminated business relationships with the sanctioned territories.

According to ZTE, the company forbids any export of controlled items without a licence and prohibits the use of products for military purposes, monitoring or other human right violation purposes. However, the company does not present any policies with regard to human rights issues. ZTE claims to do business with respect for human rights and act in accordance with all relevant laws, without providing further information on the topic.

Sustainalytics has decided to engage with ZTE on the basis that the company has sold its telecommunications equipment and surveillance technology to states with poor human rights records and has a perceived lack of preparedness for dealing with such risks. The engagement will focus on understanding the details of its approach to human rights due diligence and transparency around its human rights risks.

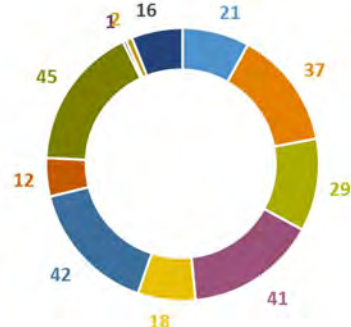
# ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



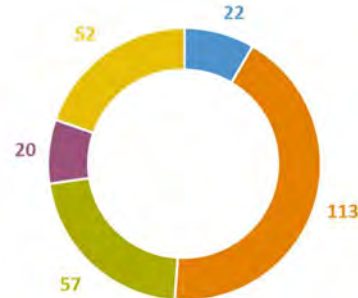
- Business Ethics
- Environment
- Human Rights
- Labour Rights

INDUSTRY SECTOR BREAKDOWN



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

GEOGRAPHIC BREAKDOWN



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

## ENGAGEMENT MAP




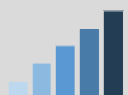
During December 2019 – February 2020, Sustainalytics worked on **264** issues related to Global Standards Engagement.

In **204** *Engage* cases, we have continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes.

In **60** *Evaluate* cases, the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or to further engage with the company – if it is a case with severe consequences for the environment or humans.

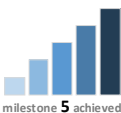
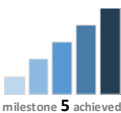
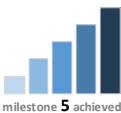
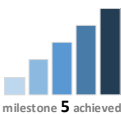
# COMPANY DIALOGUE & PROGRESS SUMMARY

## HOW TO READ THIS REPORT

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

# RESOLVED LIST

## ASIA / PACIFIC

<b>PetroChina Co Ltd</b> (2018) <i>Fatal Accident(s)</i>	China	Sustainalytics decided to resolve this case based on the extensive information that PetroChina provided on its health and safety management systems and relevant improvements it introduced in that area, including enhanced training for suppliers and subcontractors, monitoring and audits and improved disclosure. The efficiency of listed improvements is reflected in a general decline in PetroChina's H&S statistics from the last few years.	 milestone 5 achieved
<b>POSCO</b> (2010) <i>Pipeline Project Resulting in Negative Environmental and Human Rights Impacts</i>	South Korea	Posco International, a subsidiary of POSCO, has performed all the procedures according to the Environmental Conservation Law and Guidelines of Myanmar and the Environmental Compliance Certificate. Posco International has committed itself to minimising the influence on the natural environment and indigenous people of the project area, and continuous monitoring on the influences in the progress of the development project. Since 2017, a grievance mechanism in project operated areas has been established and stakeholders' engagement meetings have been organised with all relevant stakeholders. Thus, Sustainalytics evaluated the progress made as positive and decided to resolve the case.	 milestone 5 achieved
<b>POSCO INTERNATIONAL Corp.</b> (2010) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i>	South Korea	Posco International has performed all the procedures according to the Environmental Conservation Law and Guidelines of Myanmar and the Environmental Compliance Certificate. The company has committed itself to minimising the influence on the natural environment and indigenous people of the project area, and continuous monitoring on the influences in the progress of the development project. Since 2017, a grievance mechanism in project operated areas has been established and stakeholders' engagement meetings have been organized with all relevant stakeholders. Thus, Sustainalytics evaluated the progress made as positive and decided to resolve the case.	 milestone 5 achieved
<b>Wilmar International Limited</b> (2017) <i>Labour Rights Violations at Plantations</i>	Singapore	Wilmar has been actively addressing known issues and implementing policies and management systems to improve labour rights conditions in the supply chain. The company has a set of comprehensive policies and due diligence in place in relation to labour rights. There is a grievance mechanism in place which has been communicated and implemented across its operations. The company also engage with external stakeholders to provide feedback on the further development of the grievance system. Due to the measures taken by Wilmar to address labour issues, Sustainalytics regards the case as resolved.	 milestone 5 achieved

## EUROPE

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

United  
Kingdom

BAT has addressed known issues and implemented its Code of Business Conduct and management systems to improve labour rights conditions in the supply chain. The company has a human rights policy and due diligence in place in relation to labour and human rights. There is a grievance mechanism in place which has been communicated and implemented across its operations. The company also engages with external stakeholders to provide feedback on the further development of the existing reporting mechanisms. Due to the measures taken by BAT to address labour issues, Sustainalytics regards the case as resolved.



## LATIN AMERICA AND CARIBBEAN

**BRF S.A. (2018)**  
*Corrupt Practices*

Brazil

BRF has created a Transparency Committee to follow up on its internal investigations and it has implemented an Integrity System managed by a compliance team and Chief Compliance Officer. This Integrity System includes risk assessment, monitoring, training, due diligence of business partners and a robust whistleblower system to detect, investigate and remediate compliance-related complaints. The company has also carried out an external assessment of its Integrity System to identify potential gaps. Based on these measures, Sustainalytics decided to resolve the case.



## UNITED STATES AND CANADA

**Walt Disney Co (2017)**  
*Workplace Harassment*

United States

Since the allegations of sexual harassment, Fox News, acquired by Walt Disney in 2019, has made several efforts to address the issues. The company has strengthened its policies and implemented relevant programs in order to ensure compliance, at the same time improving reporting systems and training of employees on related matters. The efforts have led to improvements in the corporate culture and a drop in harassment and discrimination claims, with no severe allegations reported since. Given the above developments and no outstanding issues, Sustainalytics has decided to resolve the case.





## ARCHIVED

<b>Agricultural Bank of China Limited</b> (2017) <i>Corrupt Practices</i>	China	Sustainalytics decided to archive this case on corrupt practices and will continue its engagement with Agricultural Bank of China under a <i>Money laundering</i> case.
<b>Banco Safra S.A.</b> (2016) <i>Corrupt Practices</i>	Brazil	The chairman and majority owner of Banco Safra S.A. was indicted for corruption by Brazilian prosecutors in 2016. Sustainalytics was in dialogue with Banco Safra in relation to the incident in 2017. The bank has adequate policies in place and the code of conduct was updated in 2019 to account for bribery. Given the corporate structure of Banco Safra Group and allegations targeting directly the owner, as well as further dismissal of the case by the authorities, Sustainalytics decided that there is no sufficient engagement potential. Sustainalytics decided to archive this engagement case.
<b>Boston Scientific Corporation</b> (2019) <i>Product-Related Incidents</i>	United States	Boston Scientific Corporation has been involved in product quality and safety issues linked to the use of its medical mesh device. Since the side effects of the product was reported, the company has engaged with the regulator and voluntarily recalled the faulty products. As of October 2019, the company settled almost all lawsuits and following the FDA recommendations that the transvaginal mesh device itself was linked with elevated risks, the company decided to stop production and sale of the device. In addition, BSC has a code of conduct in place and a rigorous safety monitoring process that includes post-market surveillance studies, patient registry information and quality systems feedback. Sustainalytics decided to archive the case.
<i>* includes the related company:</i>		
<b>EndoChoice Holdings, Inc.</b>		
<b>Cargill, Inc.</b> (2012) <i>Labour Rights Violations in Supply Chain</i>	Uzbekistan	According to the 2019 ILO and Trafficking in Person reports, the systematic and systemic use of child labour and forced labour in Uzbekistan's cotton industry has come to an end, with the government of Uzbekistan making significant efforts to end trafficking. Based on this and Cargill's lack of direct investments in Uzbekistan, as well as the fact that the volume of cotton sourced by the company from the country is low, Sustainalytics has decided to archive the case.
<b>Centrais Elétricas Brasileiras S.A. - Eletrobras</b> (2018) <i>Project Resulting in Adverse Human Rights Impacts</i>	Brazil	Sustainalytics has decided to archive the engagement case as the company showed it has a strategy in place to strengthen its human rights performance and has committed to report regularly on the topic. Current commitments include implementing human rights due diligence of company's joint ventures and launching stakeholder engagement for new projects at the early phases.
<b>Hyundai Motor Company</b> (2010) <i>Labour Rights Violations at Company Operations</i>	South Korea	Hyundai Motor has been involved in multiple labor relations incidents. However, the company managed to settle with workers and avoid the annual strikes in South Korea for the first time in 2019. It is the company's priority to avoid strikes in the future. Moreover, Hyundai has established a human rights policy, including a statement on freedom of association. It reports that it actively communicates with its employees and labor unions through various channels. Considering these positive developments, Sustainalytics has decided to archive the case.
<b>Indofood Agri Resources Ltd</b> (2016) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Indonesia	Sustainalytics decided to archive this case on <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i> , but will continue its engagement with Indofood Agri Resources under a <i>Labour Rights Violations at Plantations</i> .

<b>Italian-Thai Development Public Company Limited (2011)</b> <i>Project With Environmental and Human Rights Risks</i>	Myanmar	The Dawei project has repeatedly been stalled since 2013, and still to date has not been initiated. In January 2020, the Dawei management committee said changes had been made to the contractual agreements with ITD for the development of the initial industrial estate. According to the amendment, ITD and other investors must compensate and resettle villagers affected by industrial zone project, while also adhering to international environmental standards, and with additional provisions under discussion. However, there has been a lack of further concrete information and updates during the latest years, and the project is yet to be initiated. Based on these circumstances Sustainalytics has decided to archive the case.
<b>Lotte Fine Chemical Co. Ltd. (2018)</b> <i>Fraud</i>	South Korea	Sustainalytics decided to merge this case on <i>Fraud</i> with another one related to <i>Embezzlement</i> .
<b>Unitech Limited (2019)</b> <i>Fraud</i>	India	Given the close link between the human rights impact and the business ethics issues that resulted from this consumer fraud case, it will be merged with the ongoing engagement case on the business ethics, where the objective is for Unitech to demonstrate that the company can either complete the stalled housing projects or otherwise provide remedy to the impacted customers.
<b>Uchumi Supermarkets Limited (2018)</b> <i>Fraud</i>	Kenya	Uchumi's senior management had engaged in corrupt procurement of goods and services and made fraudulent payments to suppliers owned by Uchumi's senior managers or their relatives, which ultimately led to substantial losses for the company. The amount of debt owed as well as the alleged involvement of top management in systemic corrupt and fraudulent practices, has ultimately led to the company's very difficult financial situation. Furthermore, the company, at the time, did not disclose any anti-corruption policies, nor any policies related to how supplier procurement contracts were awarded. As there is no functional website and the company has deactivated its contact email addresses, engagement is deemed impossible. Thus, Sustainalytics has decided to archive the case until more information about the company's situation is available to better understand the status of Uchumi's operations.
<b>Universal Health Services, Inc. (2017)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i>	United States	Universal Health Services has been involved in ongoing individual lawsuits alleging poor quality and safety of the services offered by the company at some of its facilities. Since the issues were revealed the company has implemented quality and safety measures, including risk assessments and employee training, and has certified its facilities according to quality standards. As the company has introduced corrective measures, Sustainalytics decided to archive the case. However, Sustainalytics will continue monitoring the company's operations and will reconsider this conclusion should there be any indication to the contrary.

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

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

# ENGAGE LIST

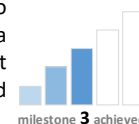
## AFRICA / MIDDLE EAST

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

Palestinian Authority

### Change objective

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

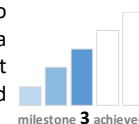


● good ➤ poor ▶ same

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

Palestinian Authority

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



● good ➤ poor ▶ same

**Bezeq The Israel Telecommunication Corporation Limited (2019)**  
*Corrupt Practices*

Israel

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.

**new**

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

South Africa

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

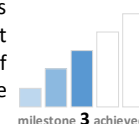


● standard ➤ standard ▶ better

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

Palestinian Authority

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



● good ➤ poor ▶ same

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

South Africa

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

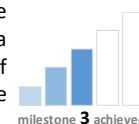


● good ➤ standard ▲ same

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

Palestinian Authority

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

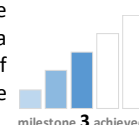


● good ➤ poor ▶ same

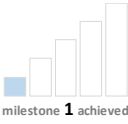
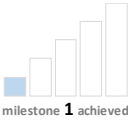
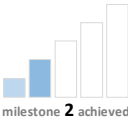
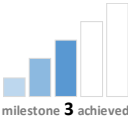
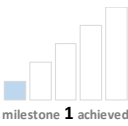
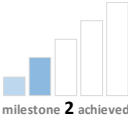
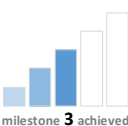
**Mizrahi Tefahot Bank Ltd. (2010)**  
*Financing of Illegal Settlements in Occupied Territories*

Palestinian Authority

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



● good ➤ poor ▶ same

<b>MTN Group Limited (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	South Africa	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 company should also provide transparent reporting on human rights issues and show evidence of its continued adherence to improved human rights management and its related exposure in high-risk markets.	
<b>Mumias Sugar Company Limited (2019)</b> <i>Accounting Fraud</i>	Kenya	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.	
<b>OCP S.A. (2016)</b> <i>Operations in Occupied Territories</i>	Western Sahara	OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.	
<b>Saudi Arabian Oil Co. (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	Kenya	Sustainalytics is analysing the company's potential leverage to improve the human rights situation in Saudi Arabia.	
<b>Sibanye-Stillwater (2018)</b> <i>Recurring Workplace Accidents</i>	South Africa	Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.	
<b>Teva Pharmaceutical Industries Limited (2019)</b> <i>Price-Fixing Violations</i>	United States	Teva should take appropriate actions by investigating the alleged misconduct internally and cooperate with authorities to address the issue. The company should also develop and implement a drug pricing model that ensure equitable access to medicine and implement in competition guidelines.	
<b>The Okomu Oil Palm Co PLC (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i>	Nigeria	Okomu should ensure that affected communities are consulted according to the principle of Free, Prior and Informed consent. It should also implement its human rights policy and demonstrate human rights due diligence in its operations to prevent adverse human rights impacts.	
<b>Tiger Brands Limited (2019)</b> <i>Product-Related Fatalities</i>	South Africa	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.	
<b>Tongaat Hulett Limited (2019)</b> <i>Accounting Fraud</i>	South Africa	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 (2020)**  
*Fraud*

India

### Change objective

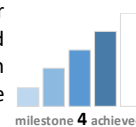
63 Moons should implement robust countermeasures, strengthen its internal controls and reimburse affected investors.

**new**

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

Australia

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

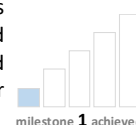


● standard ↗ good ▲ same

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

South Korea

Aekyung Industrial Co. 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.

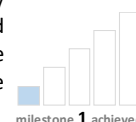


● none ↓ none ▼ new

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

United States

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

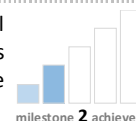


● none ↓ none ▼ same

**AMP Limited (2019)**  
*Consumer Fraud*

Australia

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

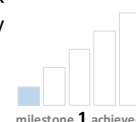


● standard → standard ► same

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

China

Anbang 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.



● none ↘ poor ▼ worse

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

China

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



● none ↓ none ▼ same

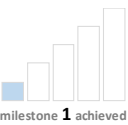
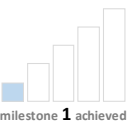
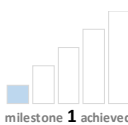
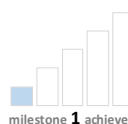
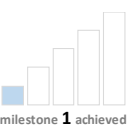
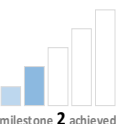
**Bharat Heavy Electricals Limited (2017)**  
*Project With Environmental and Human Rights Risks*

Bangladesh

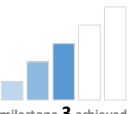
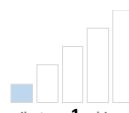
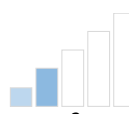


BHEL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended 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.



● standard ↘ poor ► better

<b>Changsheng Bio-technology Co., Ltd.</b> (2019) <i>Quality and Safety Breaches</i>	China				Changsheng Bio-technology must implement a remediation plan for the victims. It should cooperate with regulators in the investigation into its manufacturing process and implement an adequate remediation plan across its units. It should improve and certify its quality management system and disclose the information about its product quality risk management and manufacturing practices to ensure international quality compliance standards.	
		<b>new</b>				
<b>China Energy Engineering Corporation Ltd</b> (2019) <i>Fatal Workplace Accident(s)</i>	China				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.	 milestone 1 achieved
● none    ↘ poor    ▼ new						
<b>China Huarong Asset Management Co Ltd</b> (2019) <i>Corrupt Practices</i>	China				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.	 milestone 1 achieved
● poor    ↘ poor    ▼ new						
<b>China National Chemical Corp.</b> (2019) <i>Quality and Safety Breaches</i>	China				ChemChina should, through its wholly-owned subsidiary Syngenta, address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.	 milestone 1 achieved
● none    ↓ none    ▼ new						
<b>China North Industries Corp.</b> (2019) <i>Operations in Territories With Elevated Human Rights Risks</i>	China				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.	 milestone 1 achieved
● none    ↓ none    ▼ new						
<b>China Northern Rare Earth (Group) High-Tech Co Ltd</b> (2019) <i>Project Resulting in Negative Environmental and Human Rights Impacts</i>	China				China Northern Rare Earth (Group) High-Tech Co should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimise further environmental contamination. It should display a comprehensive program to address the health, community and environmental impacts of the tailings site.	 milestone 1 achieved
● none    ↓ none    ▼ new						
<b>China Petroleum &amp; Chemical Corp.</b> (2019) <i>Operations in Territories With Elevated Human Rights Risks</i>	China				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.	
<i>* includes the related company Sinopec Kantons</i>						
		<b>new</b>				
<b>China Railway Group Ltd</b> (2019) <i>Forced Evictions</i>	Democratic Republic of the Congo				China Railway Group should compensate the affected communities and create an anti-harassment and discrimination policy adapted to its risk exposure. The company should also ensure that its corporate culture supports the policy and has mechanisms in place to monitor the related compliance.	 milestone 2 achieved
● poor    ↘ poor    ▼ same						
			3 months	low performance		

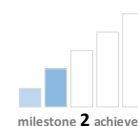


<b>China Railway Group Ltd (2014)</b> <i>Recurring Workplace Accidents</i>	China	China Railway Group should reevaluate its existing health and safety policies and practices, and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.	 milestone 3 achieved
● standard → poor ► better			
<b>Coal India Limited (2016)</b> <i>Recurring Workplace Accidents</i>	India	Coal India should strengthen both its health and safety management systems resulting in a material and sustained decrease in accident rate and examine and investigate root causes of past accidents, and subsequently identify and correct gaps in its systems. Meanwhile, the company should align its practices to relevant IFC Standards, in particular those related to consultation, resettlement and compensation.	 milestone 1 achieved
● poor ↓ none ▼ same			
<b>Commonwealth Bank of Australia (2019)</b> <i>Money Laundering</i>	Australia	Commonwealth Bank of Australia should ensure it is not complicit in any money laundering. The company should strengthen its AML/CFT processes and implement all improvements suggested by the Australian regulator. The company should ensure it has robust internal controls, risk management, sufficient and effective board oversight.	
new			
<b>Convoy Global Holdings Ltd (2019)</b> <i>Fraud</i>	Hong Kong	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.	
new			
<b>Export-Import Bank of India (2017)</b> <i>Project With Environmental and Human Rights Risks</i>	Bangladesh	Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.	 milestone 2 achieved
● poor ↓ none ▼ better			
<b>FGV Holdings Bhd. (2017)</b> <i>Labour Rights Violations at Company Operations</i>	Malaysia	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.	 milestone 4 achieved
* includes the related company MSM <b>Malaysia Holdings Bhd</b>			
● good ↗ good ▲ same			
<b>Habib Bank Limited (2019)</b> <i>Money Laundering</i>	Pakistan	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.	 milestone 1 achieved
● standard → standard ► new			
<b>Hanergy Thin Film Power Group Limited (2019)</b> <i>Accounting Fraud</i>	Hong Kong	Hanergy Thin Film should ensure that the investors have access to their holdings in the company. The company should strengthen its risk management and internal controls and improve disclosure on relevant policies and their implementation.	
new			

**Hangzhou Hikvision Digital Technology Co Ltd (2019)** China  
*Human Rights Impacts of Surveillance Systems*

● standard ↘ poor ▶ new

Hikvision should implement a robust human rights due diligence program to improve its business policies and practices in line with internationally accepted standards, such as the UN Guiding Principles on Business and Human Rights. The company should also provide transparent reporting on human rights issues and show evidence of its continued adherence to improved human rights management.



**Hyundai Motor Company (2018)** South Korea  
*Corrupt Practices*

● good ↗ good ▲ same

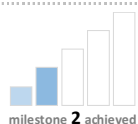
Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up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



**Indofood Agri Resources Ltd (2018)** Indonesia  
*Labour Rights Violations at Plantations*

● standard → standard ▶ same

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

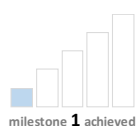


**Industrial And Commercial Bank Of China Ltd (2018)** Spain  
*Money Laundering*

● poor ↓ none ▼ same



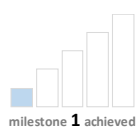
ICBC should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should ensure that the board has sufficient and effective oversight of the business.



**Inner Mongolian Baotou Steel Union Co Ltd (2019)** China  
*Environmental Pollution*

● none ↓ none ▼ new

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



**Kangde Xin Composite Material Group Co., Ltd. (2019)** China  
*Accounting Irregularities*

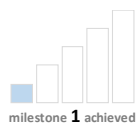
new

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 (2019)** China  
*Accounting fraud*

● none ↓ none ▼ new

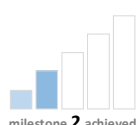
Kangmei Pharmaceutical should improve its corporate governance and culture. Also, it needs to establish adequate compliance risk management systems and internal controls. Understand the cause take appropriate actions by investigating the alleged misconduct internally.

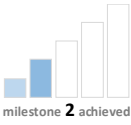
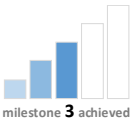
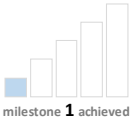
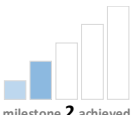
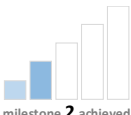
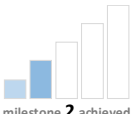
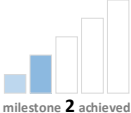


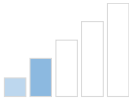
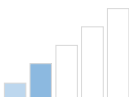
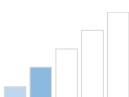
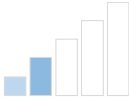
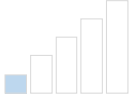

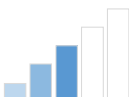
**Korea Electric Power Corporation (2019)** Laos  
*Incident Resulting in Negative Human Rights Impacts*

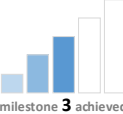
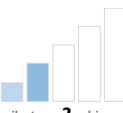
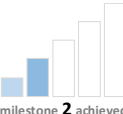
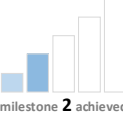
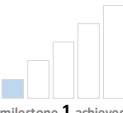

● standard ↘ poor ▶ same

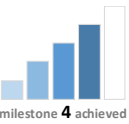

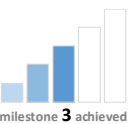

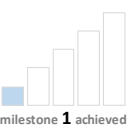
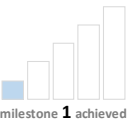
Korea Electric Power Corporation's subsidiary should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.



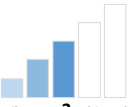
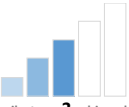
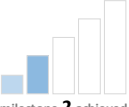



<b>Korea Western Power Co., Ltd. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i>	Laos	<p>Korea Western Power Co. should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights in future projects.</p>	 <p>milestone 2 achieved</p>
● standard    ↘ poor    ▶ same			
<b>Korean Air Lines Co., Ltd. (2019)</b> <i>Embezzlement</i>	South Korea	<p>Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.</p>	 <p>milestone 3 achieved</p>
● good    → standard    ▲ better			
<b>Lotte Corp (2019)</b> <i>Embezzlement</i>  <i>* includes the related companies Lotte Chemical Corp, Lotte Chilsung Beverage Co Ltd, Lotte Confectionery, Lotte Fine Chemical Co., Ltd., Lotte Food Co., Ltd., LOTTE Himart Co. Ltd., Lotte Non-Life Insurance Co., Ltd. and Lotte Shopping Co., Ltd.</i>	South Korea	<p>Lotte should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. Further, Lotte should also ensure that the internal audit committees have the mandate and capacity to carry out its functions properly and strengthen Board independence.</p>	 <p>milestone 1 achieved</p>
● none    ↘ poor    ▼ same			
<b>Lu Thai Textile Co., Ltd. (2019)</b> <i>Poor Working Conditions</i>	Myanmar	<p>Lu Thai Textile should improve the working conditions in its factories in Cambodia and Myanmar in compliance with international standards. It should implement, monitor and report on labour rights policies and procedures to address labour rights risks and impacts within its operations.</p>	 <p>milestone 2 achieved</p>
● standard    → standard    ▶ new			
<b>Mitsubishi Materials Corporation (2019)</b> <i>Quality and Safety Violations</i>	Japan	<p>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.</p>	 <p>milestone 2 achieved</p>
new			
<b>NTPC Limited (2017)</b> <i>Project With Environmental and Human Rights Risks</i>	Bangladesh	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
● poor    ↘ poor    ▼ same			
<b>NTPC Limited (2018)</b> <i>Recurring Workplace Accidents</i>	India	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>milestone 2 achieved</p>
● poor    ↘ poor    ▼ same			

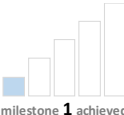

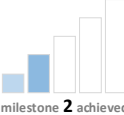

<b>Oil and Natural Gas Corporation Limited</b> (2019) <i>Operations in Territories With Elevated Human Rights Risks</i>	India	<p>ONGC should follow international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake due diligence adapted to the 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.</p>	 milestone 2 achieved
● standard → standard ► new			
<b>Olympus Corporation</b> (2019) <i>Product-Related Fatalities</i>	United States	<p>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.</p>	 milestone 2 achieved
● standard → standard ► new			
<b>PetroChina Co Ltd</b> (2017) <i>Corrupt Practices</i>	China	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matters.</p>	 milestone 2 achieved
● standard ↘ poor ► better			
<b>PetroChina Co Ltd</b> (2019) <i>Operations in Territories With Elevated Human Rights Risks</i>	China	<p>PetroChina should follow the international best-practice for respecting human rights. While operating in conflict-affected countries, it should undertake the due diligence adapted to the specific situation of the region and act adequately on the findings. The company should also engage with the governments and other relevant stakeholders to encourage open and accountable management of the revenues it provides and contribute to local peace efforts.</p>	 milestone 2 achieved
● standard ↘ poor ► new			
<b>Petroliaam Nasional Berhad</b> (2019) <i>Operations in Territories With Elevated Human Rights Risks</i>	Malaysia	<p>Petronas 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.</p>	 milestone 1 achieved
* includes the related company <b>Petronas Global Sukuk Ltd.</b>			
● none ↓ none ▼ new			
<b>POSCO</b> (2012) <i>Labour Rights Violations in Supply Chain</i>	Uzbekistan	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 milestone 3 achieved
● standard → standard ► same			

<b>POSCO INTERNATIONAL Corp. (2012)</b> <i>Labour Rights Violations in Supply Chain</i>	Uzbekistan	POSCO INTERNATIONAL Corp. should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.	 milestone 3 achieved
● standard → standard ► same			
<b>PT Indofood Sukses Makmur Tbk (2018)</b> <i>Labour Rights Violations at Plantations</i>	Indonesia	Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.	 milestone 2 achieved
● standard → standard ► same			
<b>PT Perusahaan Perkebunan London Sumatra Indonesia Tbk (2019)</b> <i>Labour Rights Violations at Plantations</i>	Indonesia	Lonsum should take responsibility for addressing labour rights incidents at its plantations. Lonsum should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Lonsum should also improve the existing Sustainable Palm Oil Policy.	 milestone 2 achieved
● standard → standard ► better			
<b>PT Salim Ivomas Pratama Tbk (2019)</b> <i>Labour Rights Violations at Plantations</i>	Indonesia	Salim Ivomas should take responsibility for addressing labour rights incidents at its plantations. The company should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Salim Ivomas should also improve the existing Sustainable Palm Oil Policy.	 milestone 2 achieved
● standard → standard ► better			
<b>PT Tiga Pilar Sejahtera Food Tbk (2019)</b> <i>Consumer Fraud</i>	Indonesia	PT Tiga 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.	
		<b>new</b>	
<b>Punjab National Bank (2019)</b> <i>Fraud</i>	India	PNB should improve its internal control systems by monitoring adherence to its policies, especially at the executive level, applying the directives issued by regulators and implementing a company-wide code of conduct.	
		<b>new</b>	
<b>Ratch Group Public Co. Ltd. (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i>	Laos	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.	 milestone 1 achieved
● none ↓ none ▼ same			
		 6 months low performance	

<b>Samling Global Limited (2019)</b> <i>Deforestation</i>	Malaysia	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.	
	<b>new</b>		
<b>Samsung Electronics Co., Ltd. (2017)</b> <i>Corrupt Practices</i>	South Korea	Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.	 milestone 4 achieved
● good ↗ good ▲ same			
<b>Singapore Technologies Engineering Limited (2017)</b> <i>Corrupt Practices</i>	Singapore	ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.	 milestone 4 achieved
● good ↗ good ▲ same			
<b>SK Discovery Co Ltd (2019)</b> <i>Quality and Safety Violations</i>	South Korea	SK Discovery 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.	 milestone 3 achieved
* includes the related company <b>SK Chemicals Co. Ltd.</b>			
● standard → standard ► new			
<b>SK Holdings Co Ltd (2019)</b> <i>Incident Resulting in Negative Human Rights Impacts</i>	Laos	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.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>Steel Authority of India Limited (2019)</b> <i>Fatal Workplace Accident(s)</i>	India	Bhilai Steel Plant should establish a safety committee which would be responsible for the implementation of robust occupational safety norms.	 milestone 1 achieved
● none ↓none ▼ same			
<b>Suruga Bank Ltd. (2019)</b> <i>Fraud</i>	Japan	Suruga Bank should ensure that robust policies and programs related to business ethics, policies, compliance processes, governance controls and risk management systems are in place to prevent recurrence of loans falsification.	 milestone 1 achieved
● none ↓none ▼ new			



<p><b>Tokyo Electric Power Company Holdings, Incorporated</b> (2011) <i>Incident Resulting in Negative Environmental and Human Rights Impacts</i></p> <p>● standard ➔ poor ► same</p>	Japan	TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.	 <p>milestone 3 achieved</p>
<p><b>Toshiba Corp.</b> (2020) <i>Accounting Fraud</i></p> <p>new</p>	Japan	Toshiba should ensure that robust policies and internal controls addressing business ethics – and accounting fraud especially – are implemented effectively throughout the organization, including subsidiaries.	
<p><b>Unitech Limited</b> (2019) <i>Consumer Fraud</i></p> <p>new</p>	India	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.	
<p><b>Vedanta Limited</b> (2019) <i>Community Protests</i></p> <p>* includes the related company <b>Hindustan Zinc Limited</b></p> <p>● good ➔ standard ▲ same</p>	India	Vedanta should analyse the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.	 <p>milestone 3 achieved</p>
<p><b>Westpac Banking Corporation</b> (2019) <i>Money Laundering</i></p> <p>new</p>	Australia	Westpac should ensure it is not complicit in any money laundering. The company should strengthen its 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.	
<p><b>Wilmar International Limited</b> (2019) <i>Violations of the Rights of Indigenous Peoples</i></p> <p>● good ↗ good ▲ new</p>	Indonesia	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.	 <p>milestone 2 achieved</p>
<p><b>Wockhardt Limited</b> (2019) <i>Quality and Safety Breaches</i></p> <p>● none ➔ poor ▼ new</p> 	India	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.	 <p>milestone 1 achieved</p>
<p><b>Yahoo Japan Corp</b> (2016) <i>Illegal Trading</i></p> <p>● good ↗ good ▲ better</p>	Japan	Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.	 <p>milestone 4 achieved</p>

<b>Zhejiang Huahai Pharmaceutical Co., Ltd.</b> (2019) <i>Consumer Fraud</i>	China	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.	
● none    ↓ none    ▼ new			
<b>Zijin Mining Group Company Limited</b> (2015) <i>Activities Resulting in Negative Environmental Impacts</i>	Papua New Guinea	Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera, and ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.	
● standard    ↘ poor    ► same			
<b>Zijin Mining Group Company Limited</b> (2015) <i>Activities Resulting in Adverse Human Rights Impacts</i>	Papua New Guinea	Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.	
● standard    ↘ poor    ► same			
<b>ZTE Corporation</b> (2015) <i>Human Rights Impacts of Surveillance Systems</i>	Ethiopia	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.	new

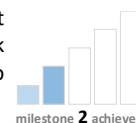
## EUROPE

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

Israel

### 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.

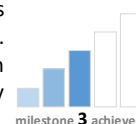


● good → standard ▲ same

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

Turkey

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

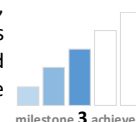


● standard ↘ poor ► worse

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

Italy

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



● good → standard ▲ same

**Barclays PLC (2019)**  
*Corrupt Practices*

United Kingdom

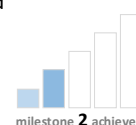
Barclays should ensure on-going implementation of whistle-blower policies as mandated by regulators. The company should also implement best practices regarding whistle-blower protections and procedures, ensure that whistle-blower bodies have the appropriate independence and provide disclosures regarding the on-going enforcement of whistle-blower policies.

new

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

United States

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



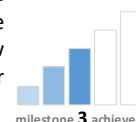
\* includes the related company **Bayer CropScience Limited**

● standard → standard ► same

**Bayer AG (2019)**  
*Quality and Safety Breaches*

United States

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



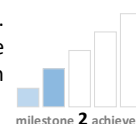
\* includes the related company **Bayer CropScience Limited**

● standard → standard ► new

**BMW Group (2019)**  
*Antitrust Violations*

Germany

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.



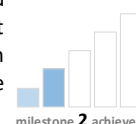
\* includes the related company **BMW Canada Auto Trust**

● standard → standard ► new

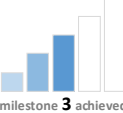
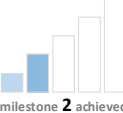
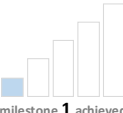
**Bollere (2019)**  
*Activities Resulting in Adverse Human Rights Impacts*


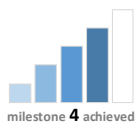



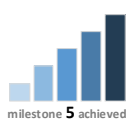
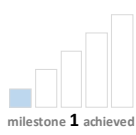

Cameroon

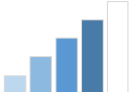

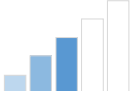
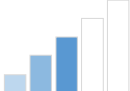
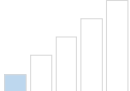
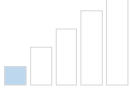
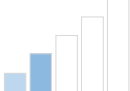

Bollere should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights impacts.

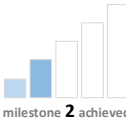
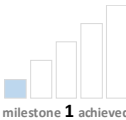
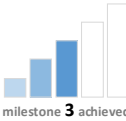



● standard ↘ poor ► same

<b>Credit Suisse Group (2019)</b> <i>Fraud</i>	Switzerland	Credit Suisse should ensure that it reviews all of its operations with regard to anti-money laundering. Credit Suisse should implement robust policies, programs, compliance processes and risk management systems that prevent anti-money laundering (AML) and corruption throughout the entire company and where appropriate, disclose these policies.	 milestone 3 achieved
● good    ↗ good    ▲ better			
<b>Daimler AG (2019)</b> <i>Antitrust Violations</i>	Germany	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.	 milestone 2 achieved
* includes the related company <b>Mercedes-Benz Finance Co., Ltd.</b>			
● standard    → standard    ► new			
<b>Danske Bank A/S (2018)</b> <i>Money Laundering</i>	Estonia	Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.	 milestone 3 achieved
● standard    → standard    ► same			
<b>Deutsche Bank AG (2019)</b> <i>Money Laundering</i>	Russia	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.	 milestone 2 achieved
● standard    → standard    ► same			
<b>DNO ASA (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	Norway	DNO 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.	 milestone 1 achieved
● none    ↓ none    ▼ new			
<b>Enel Green Power S.p.A. (2019)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Enel Green Power SpA should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 milestone 3 achieved
● good    ↗ good    ▲ same			
<b>Enel SpA (2019)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Enel Green Power SpA, a subsidiary of Enel SpA, should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 milestone 3 achieved
● good    ↗ good    ▲ same			
<b>G4S PLC (2019)</b> <i>Forced Labour</i>	Qatar	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.	
new			

<b>Genel Energy plc (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	Somalia	<p>Genel should ensure its practices are aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.</p>	 <p>milestone 2 achieved</p>
● standard → standard ► new			
<b>HeidelbergCement AG (2015)</b> <i>Illegal Exploitation of Natural Resources</i>	Palestinian Authority	<p>Heidelberg Cement should be able to demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
● excellent ↗ good ▲ same			
<b>Indivior PLC (2019)</b> <i>Consumer Fraud</i>	United States	<p>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.</p>	
new			
<b>ING Groep N.V. (2019)</b> <i>Money Laundering</i>	Russia	<p>ING should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. ING should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 2 achieved</p>
* includes the related company <b>ING Bank Slaski SA</b>			
● standard → standard ► same			
<b>Irkut Corporation (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	Russia	<p>Irkut should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.</p>	 <p>milestone 1 achieved</p>
● none ↓ none ▼ new			
<b>Leonardo S.p.a. (2013)</b> <i>Corrupt Practices</i>	India	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	 <p>milestone 4 achieved</p>
● good ↗ good ▲ same			
<b>Mining and Metallurgical Company NORILSK NICKEL PJSC (2010)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	Russia	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	 <p>milestone 5 achieved</p>
● good → standard ▲ worse			
<b>Mozambique Ematum Finance 2020 BV (2019)</b> <i>Asset Misappropriation</i>	Mozambique	<p>Mozambique Ematum should ensure transparency in its financial practices and treatment of labor in accordance with international standards.</p>	 <p>milestone 1 achieved</p>
● none ↘ poor ▼ same			
	 <p>3 months low performance</p>		

<b>Nordea Bank Abp (2015)</b> <i>Money Laundering</i>	Sweden	Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.	 milestone 4 achieved
● standard → standard ► same			
<b>Rostec Corporation (2019)</b> <i>Operations in Territories With Elevated Human Rights Risks</i>	Russia	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.	 milestone 1 achieved
● none ↓ none ▼ new			
<b>Siemens Aktiengesellschaft (2017)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 milestone 3 achieved
● poor → standard ► worse			
<b>Siemens Gamesa Renewable Energy, S.A. (2018)</b> <i>Operations in Occupied Territories</i>	Western Sahara	Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.	 milestone 3 achieved
● poor → standard ► worse			
<b>SOCFIN Societe Financiere des Caoutchoucs (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i>	Cameroon	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.	 milestone 1 achieved
● poor ↘ poor ▼ better			
<b>Socfin SA (2019)</b> <i>Activities Resulting in Adverse Human Rights Impacts</i>	Cameroon	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.	 milestone 1 achieved
* includes the related company <i>Socfinasia S.A.</i>			
● none ↘ poor ▼ same			
<b>Steinhoff International Holdings N.V. (2019)</b> <i>Accounting Fraud</i>	South Africa	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.	 milestone 2 achieved
* includes the related company <i>Pepkor Holdings Ltd.</i>			
● poor → standard ► same			
<b>Swedbank AB (2019)</b> <i>Money Laundering</i>	Sweden	Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight of the business.	 milestone 3 achieved
● standard → standard ► same			

<b>Syngenta AG (2019)</b> <i>Quality and Safety Breaches</i>	Thailand	Syngenta should address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.	 milestone 2 achieved
● standard ↘ poor ► same			
<b>Telefonaktiebolaget LM Ericsson (2019)</b> <i>Corrupt Practices</i>	Sweden	Ericsson should continue to strengthen its anti-corruption and ethical compliance processes in accordance with 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.	
new			
<b>United Aircraft Corporation (2019)</b> <i>Operations in Territories with Elevated Human Rights Risks</i>	Russia	United Aircraft should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.	 milestone 1 achieved
● none ↓ none ▼ new			
<b>Vedanta Resources PLC (2019)</b> <i>Community Protests</i>	India	Vedanta should analyse the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company should also launch the process of becoming a signatory of The Voluntary Principles on Security and Human Rights.	 milestone 3 achieved
● good → standard ▲ same			
<b>Volkswagen AG (2016)</b> <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i>	United States	VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.	 milestone 4 achieved
* includes the related company <b>Porsche Automobil Holding SE</b>			
● good ↗ good ▲ better			
<b>Watchstone Group PLC (2019)</b> <i>Accounting Irregularities</i>	United Kingdom	Watchstone Group should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance programme and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding investigations or legal proceedings.	
new			



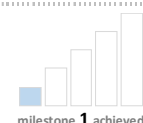
## LATIN AMERICA AND CARRIBEAN

**1MDB Global Investments Ltd. (2019)**  
*Embezzlement*

Malaysia

### Change objective

1MDB should ensure it has robust policies to prevent embezzlement, and executive misconduct, and where appropriate, disclose these findings.



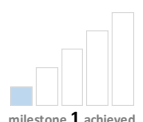
new

**Andrade Gutierrez SA (2019)**  
*Corrupt Practices*

Brazil



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



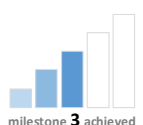
● none ↓ none ▼ new

**BRF S.A. (2019)**  
*Consumer Fraud*

Brazil

\* includes the related company **BFF International Ltd.**

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.

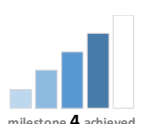


● standard → standard ► new

**CEMEX, S.A.B. de C.V. (2016)**  
*Operations in Occupied Territories*

Palestinian Authority

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

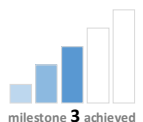


● good ↗ good ▲ same

**Eldorado Brasil Celulose S.A. (2019)**  
*Corrupt Practices*

Brazil

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

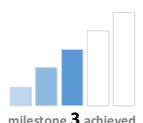


● standard → standard ► same

**Empresas Publicas de Medellin E.S.P. (2019)**  
*Project Resulting in Adverse Human Rights Impacts*

Colombia

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

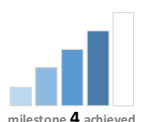


● standard → standard ► same

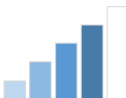
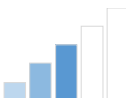
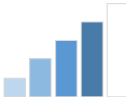
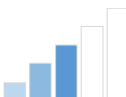
**Grupo México, S.A.B. de C.V. (2016)**  
*Project Resulting in Adverse Human Rights Impacts*

Peru

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



● good ↗ good ▲ same

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

## UNITED STATES AND CANADA

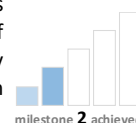
**3M Co (2019)**

*Activities Resulting in Negative Environmental and Human Rights Impacts*

United States

### 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.



● standard → standard ► new

**Amazon.com Inc (2020)**

*Workplace Accident(s)*

United States

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.

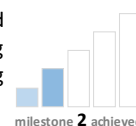
new

**Bausch Health Companies Inc (2019)**

*Price Discrimination*

United States

Bausch Health should restore trust of customers and authorities by establishing a responsible drug pricing policy and improving its disclosure on its pricing practices.



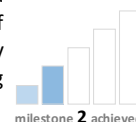
● standard → standard ► same

**Bausch Health Companies Inc (2019)**

*Accounting Fraud*

United States

Bausch Health should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance program and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding legal proceedings.



● standard → standard ► same

**Bunge Limited (2017)**

*Deforestation*

Brazil

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



● good → standard ▲ better

**Cargill, Inc. (2020)**

*Deforestation*

Brazil

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.

new

**Citigroup, Inc. (2020)**

*Money Laundering*

United States

Citigroup should implement on-going systematic controls related to money laundering and disclose these controls whenever appropriate.

\* includes the related company **Associates First Capital Corporation**

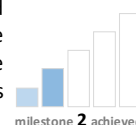
new

**CoreCivic Inc (2019)**

*Forced Labour*

United States

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



● standard → standard ► same

**Corteva Inc (2019)**  
*Product-Related Incidents*

United States



Corteva Agriscience should address how it is preparing itself to address the potential future liabilities in relation to its chlorpyrifos product. And, how the company has amended its research and development in order to mitigate the potential impacts of future products.

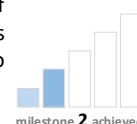


● none    ↓ none    ▼ same

**Dow Inc (2019)**  
*Quality and Safety Violations*

United States

Dow should address how it is addressing the environmental and health legacy associated with its long-term production, marketing and associated use of its chlorpyrifos chemical. And what, if any, changes it has introduced to its research and development protocols to mitigate the potential impacts of future products.



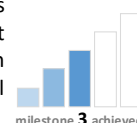
\* includes the related company **Union Carbide Corp.**

● standard    → standard    ► new

**DuPont de Nemours Inc (2018)**  
*Activities Resulting in Negative Environmental and Human Rights Impacts*

United States

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

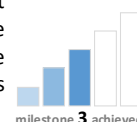


● standard    → standard    ► same

**Edison International (2019)**  
*Product-Related Fatalities*

United States

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.



● good    ↗ good    ▲ new

**Enbridge Inc (2016)**  
*Violations of the Rights of Indigenous Peoples*

United States

Enbridge should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.

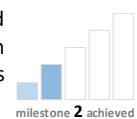


● good    ↗ good    ▲ same

**Energy Transfer LP (2016)**  
*Violations of the Rights of Indigenous Peoples*

United States

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.

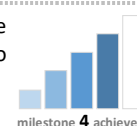


● standard    ↘ poor    ► same

**Equifax Inc (2018)**  
*Data Breaches*

United States

Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.

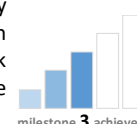


● excellent    ↗ good    ▲ same

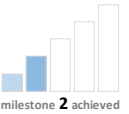

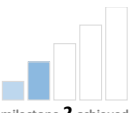
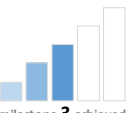



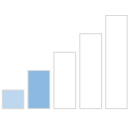
**Facebook Inc (2018)**  
*Privacy Breaches*

United States

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.



● standard    → standard    ► same

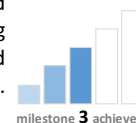
<b>GEO Group, Inc. (2019)</b> <i>Forced Labour</i>	United States	Geo Group should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.	 milestone 2 achieved
● standard → standard ► same			
<b>INSYS Therapeutics, Inc. (2020)</b> <i>Corrupt Practices</i>	United States	Insys should ensure that the bribery scheme has been thoroughly investigated and the lessons learnt used to develop and implement an anti-corruption programme in alignment with its corruption risk exposure. The anti-corruption programme should be reported and transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.	
new			
<b>Johnson &amp; Johnson (2018)</b> <i>Product-Related Incidents</i>	United States	Johnson and Johnson should ensure that the lessons learned from the numerous product quality issues have been incorporated into its protocols and procedures, to minimise the risk of future litigation.	 milestone 3 achieved
● standard ↘ poor ► same			
<b>McDonald's Corp (2015)</b> <i>Labour Rights Violations at Contractors</i>	United States	McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.	 milestone 2 achieved
● poor ↘ poor ▼ same			
<b>McKesson Corp (2019)</b> <i>Consumer Fraud</i>	United States	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.	 milestone 3 achieved
* includes the related company <b>McKesson Europe AG</b>			
● standard → standard ► new			
<b>Pan American Silver Corp. (2019)</b> <i>Violations of the Rights of Indigenous Peoples</i>	Guatemala	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.	 milestone 2 achieved
● good → standard ▲ same			
<b>Patterson-UTI Energy, Inc. (2018)</b> <i>Fatal Workplace Accident(s)</i>	United States	Patterson-UTI should show how it has acted upon the recommendations of the Chemical Safety Board investigation report into the January 2018 incident, and how it is using its influence within the International Association of Drilling Contractors (IADC) to address the industry-wide recommendations.	 milestone 3 achieved
● standard → standard ► same			
<b>PG&amp;E Corp (2019)</b> <i>Product-Related Fatalities</i>	United States	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.	 milestone 3 achieved
● standard → standard ► same			
<b>Phillips 66 (2016)</b> <i>Violations of the Rights of Indigenous Peoples</i>	United States	Phillips 66 should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.	 milestone 2 achieved
● standard → standard ► same			

**Pilgrim's Pride Corporation (2015)**  
*Recurring Workplace Accidents*

United States

Pilgrim's Pride should address the identified health and safety (H&S) shortcomings at its processing facilities. It should implement H&S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&S performance.

● standard → standard ► better

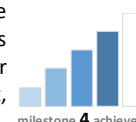


**Southern Copper Corporation (2016)**  
*Project Resulting in Adverse Human Rights Impacts*

Peru

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

● good ↗ good ▲ better



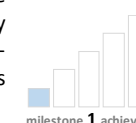
**Stryker Corporation (2019)**  
*Quality and Safety Breaches*

United States



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.

● none ↓ none ▼ new

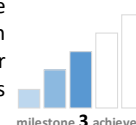


**TC Energy Corp. (2018)**  
*Pipeline Project Resulting in Negative Environmental and Human Rights Impacts*

United States

TC Energy should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. In addition, it should disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon impacted natural resources. In particular, a best-practice system to detect leakages should be put in place, as should a robust emergency spill response plan. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.

● standard → standard ► same

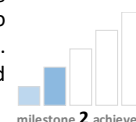


**Tesla Inc (2018)**  
*Labour Rights Violations at Company Operations*

United States

Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.

● standard → standard ► same

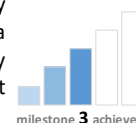


**The Boeing Company (2019)**  
*Quality and Safety Breaches*

United States

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.

● good → standard ▲ better



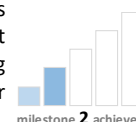
**The Chemours Co (2018)**  
*Activities Resulting in Negative Environmental and Human Rights Impacts*

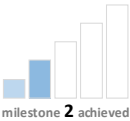
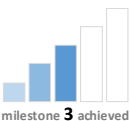
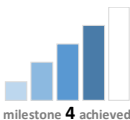
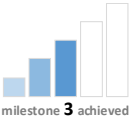
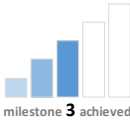
United States



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

● poor ↘ poor ▼ same



<b>The Goldman Sachs Group, Inc. (2019)</b> <i>Corrupt Practices</i>  <i>* includes the related company CMC Markets PLC, Jany Sukuk Co. Ltd.</i>	Malaysia	Goldman Sachs should implement on-going systematic controls related to money laundering, corruption and bribery and disclose these controls whenever appropriate.	
● standard   ➤ poor   ➤ new			
<b>Uber Technologies, Inc. (2019)</b> <i>Privacy Breaches</i>	United States	Uber Technologies should improve its privacy program in line with regulatory requirements and international norms including implementation of measures to ensure and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security of user data, and appropriate processing and use of data. Uber should also improve public disclosure to provide transparency on its progress toward improvement and preparedness to manage its related risk exposure.	
● good   ↗ good   ▲ new			
<b>Walmart Inc. (2017)</b> <i>Recurring Labour Rights Violations</i>	United States	Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.	
● good   ↗ good   ▲ same			
<b>Wells Fargo &amp; Company (2019)</b> <i>Fraud</i>	United States	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.	
● good   ↗ good   ▲ better			
<b>Wolverine World Wide, Inc. (2019)</b> <i>Activities Resulting in Negative Health Impacts</i>	United States	Wolverine World Wide, Inc. should ensure that a compensation strategy is sought for the residents affected by the contamination from Wolverine's sites. The company should also have remedial measures in place to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.	
● poor   ➔ standard   ➤ better			



# EVALUATE LIST

## AFRICA / MIDDLE EAST

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

## ASIA / PACIFIC

British American Tobacco Bangladesh Co Ltd; China Petroleum & Chemical Corp.; China Railway Group Ltd; CK Hutchison Holdings Limited; Coromandel International Limited; Imperial Pacific International Holdings Limited; Indian Oil Corp. Ltd.; Oil and Natural Gas Corporation Limited; Oji Holdings Corporation; Panasonic Corporation; Perusahaan Perseroan (Persero) PT Perusahaan Listrik Negara; POSCO; POSCO International Corp.; Power Construction Corporation of China Ltd; PT Pertamina (Persero); Samsung Electronics Co., Ltd.; Sinofert Holdings Ltd; Sumitomo Corp; The Tata Power Company Limited

## EUROPE

A.P. Møller - Mærsk A/S; Areva SA; Electricite de France SA; Eni SpA; Fiat Chrysler Automobiles N.V.; Grupa Azoty S.A.; J Sainsbury plc; NorgesGruppen ASA; Renault SA; Rheinmetall AG; Robert Bosch GmbH

## LATIN AMERICA AND CARIBBEAN

Banco Nacional de Desenvolvimento Econômico e Social; Grupo México, S.A.B. de C.V.; JBS S.A.; Petroleos Mexicanos S.A. de C.V.; TPI - Triunfo Participações e Investimentos SA

## UNITED STATES AND CANADA

Bombardier Inc.; Costco Wholesale Corporation; DXC Technology Co; Energy Transfer LP; Frontera Energy Corporation; Johnson & Johnson; Pilgrim's Pride Corporation; Stryker Corporation; Tenneco Inc.; Tyson Foods Inc; Valero Energy Corporation

# DISENGAGE LIST

## AFRICA / MIDDLE EAST

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

## ASIA / PACIFIC

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

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

## EUROPE

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

<b>Splav State Research &amp; Production Association Fsue</b> <i>Involvement in Cluster Munitions</i>	Russia
<b>Tactical Missiles Corp. JSC</b> <i>Involvement in Cluster Munitions</i>	Russia

## LATIN AMERICA AND CARIBBEAN

<b>Avibras Industria Aeroespacial S/A.</b> <i>Involvement in Cluster Munitions</i>	Brazil
<b>Petróleos de Venezuela S.A.</b> <i>Recurring Workplace Accidents</i>	Venezuela
<b>Petróleos de Venezuela S.A.</b> <i>Corrupt Practices</i>	Venezuela
<b>Petróleos de Venezuela S.A.</b> <i>Oil Spill(s)</i>	Venezuela

## UNITED STATES AND CANADA

<b>Mil-spec Industries Corp.</b> <i>Involvement in Cluster Munitions</i>	United States
<b>Mil-spec Industries Corp.</b> <i>Involvement in Land Mines</i>	United States
<b>Motorola Solutions, Inc.</b> <i>Operations in Occupied Territories</i>	Palestinian Authority
<b>The Day &amp; Zimmermann Group, Inc.</b> <i>Involvement in Cluster Munitions</i>	United States

## OUR APPROACH

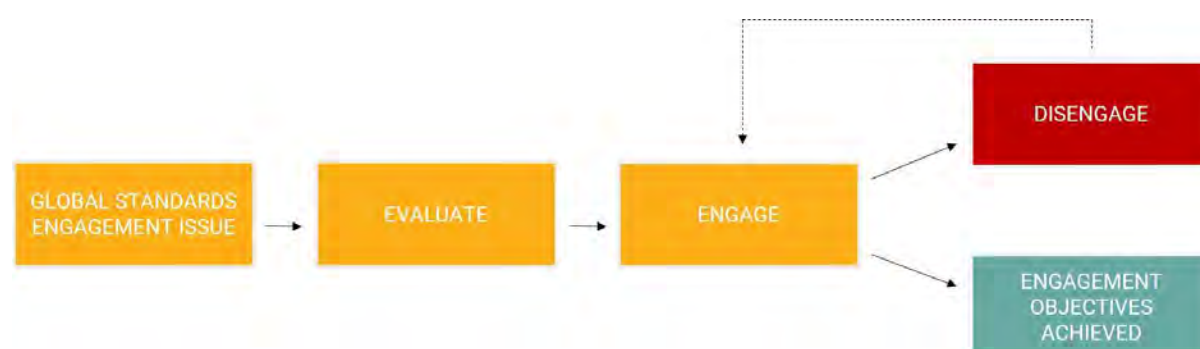
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

### RESEARCH AND ENGAGEMENT WORK-FLOW



## ABOUT ERSTE ASSET MANAGEMENT

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

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



# About Sustainalytics

Sustainalytics is a leading global provider of ESG and corporate governance products and services, supporting investors around the world in the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading pension funds and asset managers who incorporate ESG and corporate governance information and assessments into their investment processes. With 16 offices globally, Sustainalytics has ~600 staff members, including over 200 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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

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



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# Quarterly Engagement Report

2020 - 2

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

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## Executive Summary



*Segreto Paulina*

**Paulina Segreto**

Associate Director/  
Product Manager  
Global Standards Engagement

In the three months since our last Quarterly Engagement Report, the global Covid-19 pandemic has changed the world in ways previously unseen and has altered the way companies do business, employees carry out their roles and work, and has shifted financial markets to the brim of a global recession.

Many companies are facing challenges to ensure business continuity and provide safe workplaces for their employees and as a consequence, these challenges have also impacted our engagements. The extent of impact varies a lot between sectors and companies and while the long-term impacts on our engagements are unknown, we can expect some slowdown in addressing and progressing towards individual engagement objectives, at least in the short term, as company attention may be diverted elsewhere. With that being said, the pandemic may also have led to some companies more thoroughly assessing and managing ESG risks, for example companies securing long-term supply chains by developing a closer relationship with suppliers, or companies recommitting to emission reduction targets as part of reimagining a more sustainable future and recovering in an even stronger state after the pandemic. With recent studies finding that ESG funds have shown more resilience during this downturn, there are incentives both for companies and investors, to ensure sustainability remains solidly on the corporate agenda.

In terms of engagement dialogue and response, we have experienced a slight decrease in company responsiveness, especially during the height of the pandemic, but the overall picture is that most engagement calls, and other types of dialogues, are proceeding at normal pace. As such, between March-May 2020, several engagements progressed towards stated Milestones.

Lastly, the Quarterly Engagement Report has adopted a new format which will enable clients to share engagement reporting more widely with external stakeholders. Furthermore, the new layout is aligned with Sustainalytics' online platform Global Access. Please note that the Low Performance Tracker is displayed differently than in previous reports. This has no implications on the actual period of Low Performance.

### Concluded engagements

In the last three months we concluded engagements with three companies. Two cases were regarding corrupt practices and one focused on environmental issues:

- A subsidiary of an Italian aerospace and defense company accused of giving illegal payments to Indian government officials to secure a contract for the delivery of high-tech security helicopters.
- A South Korean auto company providing financial donations to two controversial foundations belonging to the former president of the country.
- A Japanese internet software and services company which was reported to be a major hub for the internet trade of illegally sourced ivory as well as other internationally protected species.

Also, due to corporate structure changes, caused in one case by bankruptcy and in another due to delisting, two companies were taken off the Engagement list.

### New engagements

In this report, we also present eight new engagements. One case is linked to business ethics misconduct, three cases are linked to environmental issues, three on human rights related violations and one linked to a labour rights issue.

- An accounting fraud case related to a Chinese company, involved in the operation of coffee stores, where it was discovered that the company's chief operating officer misstated the company's 2019 sales figures by about USD 310 million.

- A controversial hydropower dam in Laos with a case on a company, which is a main shareholder and operator of the dam. Engagement focuses on how the company monitors and addresses the dam's potential negative impact on environment and the local population.
- An engagement with an agricultural company accused of illegal land clearing at its own plantations in Indonesia and Liberia, as well as those of its Indonesian suppliers.
- A case related to an Indonesian state-owned company which has an important stake in the Grasberg mine in the country. The mine uses a controversial waste management practice called riverine tailings disposal.
- Two Engage cases with pharmaceutical companies which are involved in consumer rights controversies, in one case related to product quality and safety breaches and in the other to product-related fatalities.
- As case on an Egyptian company, involved in a large-scale telecommunications project in North Korea.
- An engagement with a Chinese company implicated in allegations of the forced labour of Uighurs, a Turkic-speaking Muslim minority group living in the autonomous region of Xinjiang, China.

In addition, due to corporate actions changes, we added a company to one of our ongoing engage cases and performed one corporate name change.

### **Disengage**

During the past quarter, we disengaged from one company; an Indian building products company received a Disengage status due to its involvement with anti-personnel landmines.

### **New status – Associated**

In May 2020, we introduced a new Engagement Status called *Associated*, which helps link related companies to the main engagement case. By adding the *Associated* status, we aim to provide transparency on which entities we are communicating with. As a result, a number of Engage cases (around 30) changed their statuses from Engage to Associated.

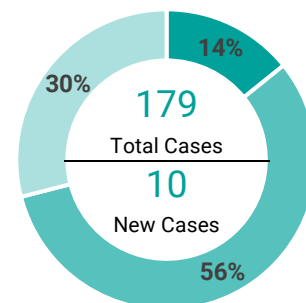
## Quarterly Statistics March – May 2020

During March-May 2020, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to 179 Engage and Resolved cases.

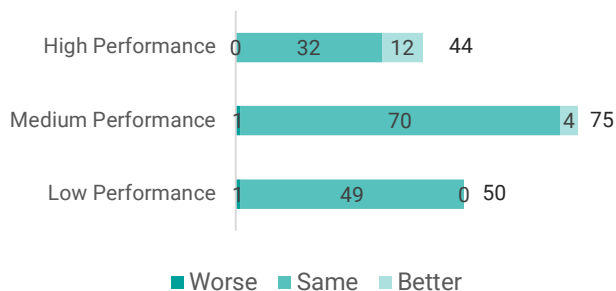


### Cases by Theme

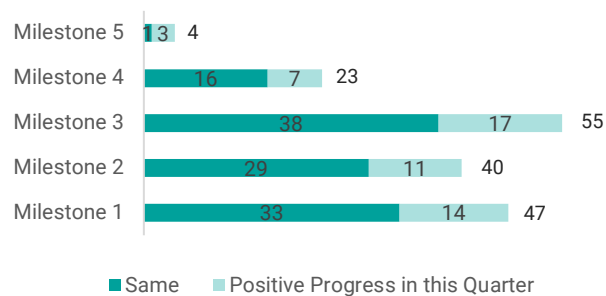
Environmental	26
Social	100
Governance	53



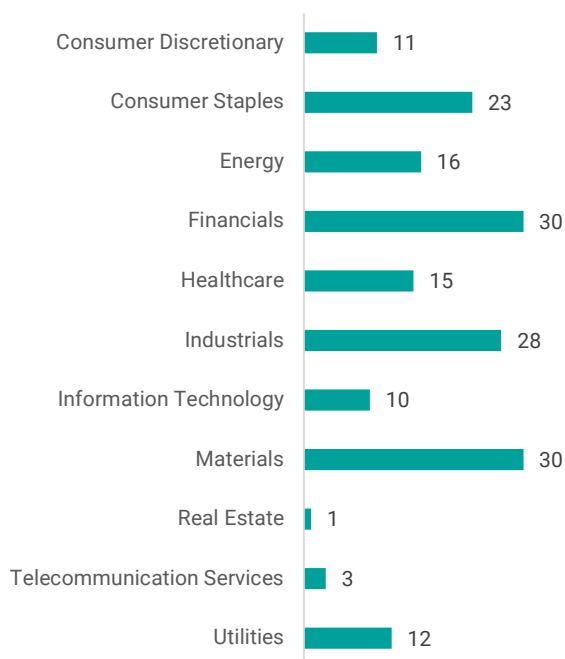
### Engagement Performance Overview



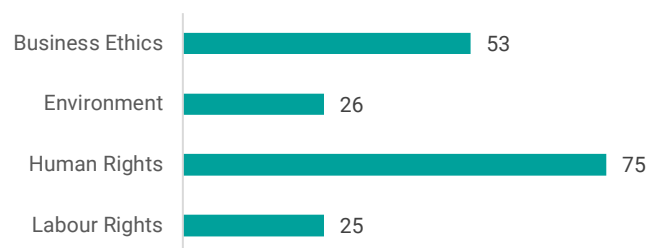
### Milestone Overview



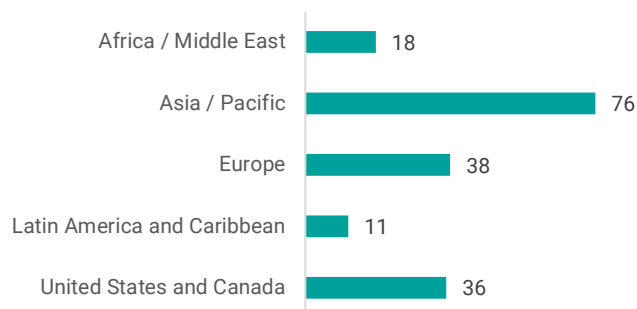
### Cases by Sector



### Cases by Norm



### Cases by Headquarters



## Companies Mentioned In This Engagement Brief

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● Resolved
 ● Engage
 ● Associated

<span style="color: teal;">●</span> CK POWER PUBLIC CO. LTD.	10
<span style="color: teal;">●</span> GOLDEN AGRI-RESOURCES LTD	10
<span style="color: grey;">●</span> HYUNDAI MOTOR CO., LTD.	7
<span style="color: grey;">●</span> LEONARDO S.P.A.	8
<span style="color: teal;">●</span> LUCKIN COFFEE INC.	11
<span style="color: teal;">●</span> MALLINCKRODT PLC	11
<span style="color: teal;">●</span> OFILM GROUP CO., LTD.	12
<span style="color: teal;">●</span> ORASCOM INVESTMENT HOLDING SAE	12
<span style="color: teal;">●</span> PT INDONESIA ASAHAN ALUMINIUM	13
<span style="color: yellow;">●</span> PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY TBK	10
<span style="color: teal;">●</span> SANOFI	13
<span style="color: grey;">●</span> Z HOLDINGS CORP.	9

## Resolved Cases

### Hyundai Motor Co., Ltd.

#### Background

In 2017, according to media reports, high-level executives of several companies, including a senior executive of the HYUNDAI MOTOR CO., LTD. (Hyundai), were questioned by authorities in South Korea in connection with an alleged corruption scheme involving the president of the country, Park Geun-hye, and her close friend. According to allegations, Hyundai had provided financial donations to two controversial foundations belonging to the former politician. In 2018, the former president was sentenced to prison for the corruption scheme that exposed links between politics and businesses.

#### Engagement Objective

The engagement objective was to ensure a thorough investigation of the bribery scheme and improvement of the company's anti-corruption programme, reflecting its corruption risk exposure. Such a programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions, and external verification. It further needed to be properly implemented, monitored, and reported.

#### Engagement Activities

Sustainalytics has been in dialogue with Hyundai since 2018. Throughout the engagement, Sustainalytics held several conference calls and meetings with the investor relations team to better understand the concrete measures to improve its ethical and compliance management system.

The company was open and willing to share information with Sustainalytics and address any investors' concerns. In terms of compliance, Hyundai explained that it has an internal anti-corruption and anti-bribery policy and business guidelines for all its employees. It provides online or offline compliance training to all employees, depending on the business unit, and a compliance self-assessment framework exists for each business unit to better understand its exposure to compliance risk. Furthermore, the company has a whistleblower channel (Cyber Audit Office) that collects and analyses all incoming reports on compliance issues. Lastly, During the dialogue, Hyundai demonstrated a higher awareness of ESG issues and committed to improve its external disclosure as part of its sustainability strategy.

#### Outcome

The desired outcome of the engagement was for the company to demonstrate more awareness of compliance issues and implement measures to reduce its risk exposure across business units. Currently, the company's ethics and compliance management system includes an internal anti-corruption policy, business conduct guidelines, compliance training for all employees, compliance self-assessment frameworks for all business units, and a whistleblower channel to collect and analyze all reports on compliance issues, including bribery and corruption.

Since there have been no recent allegations against the company, the above-mentioned concrete measures demonstrate Hyundai's preparedness to reduce compliance risk exposure and avoid potential disruptions in the company's operations due to unethical behaviour of employees. Sustainalytics decides to resolve the case.

#### STATUS

Resolved

#### ISSUE(S)

► Corrupt Practices

#### ENGAGEMENT MANAGER







**Enrique Figallo**  
Senior Associate  
Stockholm











#### CONTRIBUTION TO SDGs



#### DIALOGUE STATISTICS

	<b>49</b>	Number of Contacts
	<b>2</b>	Conference Calls
	<b>7</b>	Correspondence
	<b>1</b>	Meetings in Person

#### CASE TIMELINE

	Engagement Since	Nov 2018
	Milestone 1	Nov 2018
	Milestone 2	Nov 2018
	Conference Call	May 2019
	Milestone 3	May 2019
	Face-to-face Meeting	Nov 2019
	Milestone 4	Nov 2019
	Conference Call	Apr 2020
	Milestone 5	May 2020
	Case Resolved	May 2020



## Leonardo S.p.a.

### Background

Agustawestland, a wholly owned subsidiary of LEONARDO S.P.A. (Leonardo), was accused of paying tens of millions of US dollars in bribes to Indian government officials in 2010 to secure a contract for 12 high-tech security helicopters. The issue was investigated by authorities in Italy and India. In January 2018, two executives involved in the case were acquitted of corruption charges by an Italian court but the proceedings in India are ongoing. Elsewhere, Leonardo's subsidiary, Selex, faced allegations of bribing the former president of Panama to win a USD 125 million contract for radar systems in 2010. Other investigations were launched in Sweden, Algeria and South Korea into alleged corruption by former AgustaWestland managers between 2009 and 2013.

### Engagement Objective

The objective of the engagement was for Leonardo to adopt an anti-corruption policy that includes zero tolerance for bribery. The company was expected to improve its anti-corruption programme and control mechanisms to reflect its corruption risk exposure. Furthermore, the adopted programme was expected to be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.

### Engagement Activities

Sustainalytics has been in dialogue with Leonardo since 2013. Since then, the company has been able to demonstrate ongoing progress in managing business ethics-related risks. In 2015, Leonardo's board of directors approved a new anti-corruption code and whistleblowing management guidelines. Both documents have further been updated in 2019. The whistleblowing platform allows two-way communication without revealing the identity of the person filing a complaint. The complaints are managed by a surveillance body which includes four external professionals.

In 2018, Leonardo became the first company among the sector's leaders to obtain ISO 37001:2016 Anti Bribery Management Systems certification. It currently has strong risk management and internal control systems, overseen by the board of directors. The company shares robust information on governance and business conduct in its regular reporting and on its website.

### Outcome

Leonardo created an integrated risk-based model to manage corruption risks. It has formal commitments in place to prohibit bribery and corruption and has implemented an anti-corruption programme in compliance with best practices. It includes regular risk assessments, a whistleblowing channel, robust disclosure and training provided to thousands of employees. As Leonardo is a global company, all its subsidiaries are obliged to implement its code of conduct. It shares its best practices and anti-corruption programme with joint ventures, including the ones in which it is a minority shareholder. In 2019, integrity and transparency-oriented classroom training was offered to its employees in over 15 countries.

The effectiveness of the actions taken is reflected in the fact that since 2013, there have been no new corruption allegations related to the company. Considering these developments, Sustainalytics considers the case to be resolved.

### STATUS

Resolved

### ISSUE(S)

- Corrupt Practices

### ENGAGEMENT MANAGER







**Ewa Klewar**  
Senior Associate  
Medellin














### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>89</b>	Number of Contacts
	<b>4</b>	Conference Calls
	<b>42</b>	Correspondence
	<b>2</b>	Meetings in Person

### CASE TIMELINE

	Engagement Since	Mar 2013
	Milestone 1	Mar 2013
	Milestone 2	May 2013
	Conference Call	Sep 2013
	Conference Call	July 2014
	Conference Call	May 2016
	Milestone 3	May 2016
	Face-to-face Meeting	Nov 2016
	Conference Call	Apr 2019
	Milestone 4	Apr 2019
	Face-to-face Meeting	May 2020
	Milestone 5	May 2020
	Case Resolved	May 2020

## Z Holdings Corp.

### Background

In 2010, the Environmental Investigation Agency accused Z HOLDINGS CORP. (Z Holdings, previously Yahoo Japan Corporation), among other organizations, of profiting from the slaughter of endangered species of elephants, whales and dolphins by facilitating sales of their meat and products on its online shopping and auction websites. Z Holding's websites have been reported to be a major hub for the internet trade of illegally sourced elephant ivory products.

### Engagement Objective

The objective of the engagement was twofold; Z Holdings was asked to prevent controversial activities on its websites by ensuring rigorous monitoring systems and adhere not only to local laws but also to international environmental standards. Z Holdings was also asked to strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents related to auctions selling prohibited items on its platforms.

### Engagement Activities

During the engagement, Z Holdings committed to prevent controversial activities on its websites. The company now has a list of 46 items prohibited to be sold, such as tobacco, human organs, drugs, firearms, child pornography, uncensored adult materials, products that violate possible norms and conventions, ivory, and rare wild animal and plants which lack registration under the Convention on International Trade in Endangered Species of Wild Fauna and Flora. To ensure compliance with the guidelines, the company has a patrolling team of 500 people working around the clock to detect prohibited items using AI technology. Prohibited items are taken down from the platforms, and users who frequently list prohibited items will be deactivated.

Z Holdings has committed to increase transparency on ESG issues in its public reporting, and now has an extensive separate sustainability section on its website, including information on ESG data, initiatives to protect biodiversity and contribution to the SDGs.

### Outcome

In August 2019, Z Holdings announced it would ban transactions of all ivory-related sales on its platforms, effective from November the same year. Consequently, ivory was added to the list of prohibited items. The decision aligns the company with global efforts to combat the illegal wildlife trade online and avoid contributing to illegal cross-border ivory trading and elephant poaching.

These positive developments, together with the significant improvements made by the company both in the monitoring of its online platforms and public reporting, has led Sustainalytics to resolve the case.

### STATUS

Resolved

### ISSUE(S)

- Illegal trading

### ENGAGEMENT MANAGER







**Ellinor Hæggebrink**  
Manager  
Copenhagen










### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>90</b>	Number of Contacts
	<b>1</b>	Conference Calls
	<b>15</b>	Correspondence
	<b>1</b>	Meetings in Person

### CASE TIMELINE

	Engagement Since	Mar 2016
	Milestone 1	Mar 2016
	Conference Call	Jun 2016
	Milestone 2	Mar 2016
	Milestone 3	Aug 2017
	Face-to-face Meeting	Nov 2019
	Milestone 4	Feb 2020
	Milestone 5	May 2020
	Case Resolved	May 2020

## Engage Cases

### CK Power Public Co. Ltd.

#### Background

CK POWER PUBLIC CO. LTD. (CK Power) is the main shareholder and operator of the Xayaburi hydropower dam on the Mekong river in Laos. The dam has been operational since October 2019. The company is 27% owned by Ch. Karnchang Public Co. (CH Karnchang). The project has faced strong opposition from local communities and neighbouring governments, due to its potentially negative environmental and social impacts, including the destruction of fish habitats and the blocking of sediment flows necessary for downstream agriculture. The project required the resettlement of around 3,000 people and is expected to have a direct effect on the lives of over 200,000 people. Sustainalytics attempted to engage with CH. Karnchang, which was a main developer of the dam. Due to lack of progress and poor response from the company, Sustainalytics decided to disengage from that dialogue in 2015.

#### Engagement Objective and Activity

CK Power should assess and monitor the impacts that the dam project might lead to, on communities and biodiversity. It should be able to demonstrate processes to enable the remediation of any adverse human rights impacts of the dam. In cooperation with relevant stakeholders, the company should create a mitigation plan to reduce the impacts to the extent possible.

#### Next Step

The initial dialogue with CK Power will focus on the ways the company monitors the impacts of the Xayaburi dam. Based on that information, further engagement will look into possibilities of improvement, to make sure all the relevant impacts are identified and adequately addressed.

#### STATUS

Engage

#### ISSUE(S)

► Project with Environmental and Human Rights Risks

#### ENGAGEMENT MANAGER



**Ewa Klewar**  
Senior Associate  
Medellin

#### CONTRIBUTION TO SDGs



### Golden Agri-Resources Ltd

#### Background

GOLDEN AGRI-RESOURCES LTD (GAR) is one of the largest palm oil plantation operators in South-East Asia. GAR is facing several Roundtable on Sustainable Palm Oil complaints, filed by NGOs, alleging illegal deforestation in several of its other operations, including Liberia. In October 2018, seven of GAR's executives were arrested for bribery in Indonesia by the national Corruption Eradication Commission (KPK). Executives at two GAR subsidiaries - PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY TBK and PT Binasawit Abadi Pratama (Binasawit) - including the CEO of Binasawit - were alleged to have been involved in illegal deforestation in Indonesia in eight different plantations without a lawful permit as well as processing palm-oil waste without the proper oversight. The accused executives were convicted for bribing Indonesian members of parliament in order for them to avoid investigating Binasawit's plantation permits and palm processing waste.

#### Engagement Objective and Activity

GAR responded to the deforestation allegations by launching the GAR Social and Environmental Policy (GSEP). However, there have since been further accusations. In addition, the company does not have a publicly available anti-bribery policy, and there are limited disclosures related to ethical training at GAR, and oversight of business ethics and bribery. This engagement case will largely focus on encouraging the company to create and publicize its company-wide anti-bribery policy, and to understand how the company works to prevent illegal deforestations in its subsidiary network and supply chain.

#### Next Step

Sustainalytics will contact the company and engage in dialogue on its environmental risk management controls and business ethics training. We will begin by seeking more information on the firm's business ethics controls and environmental management as well as encouraging disclosures in that regard.

#### STATUS

Engage

#### ISSUE(S)

► Deforestation

#### ENGAGEMENT MANAGER



**David Frazer**  
Manager  
Toronto

#### CONTRIBUTION TO SDGs



## Luckin Coffee, Inc.

### Background

LUCKIN COFFEE INC. (Luckin Coffee) is a Chinese brand rival of Starbucks, which had its initial public offering in May 2019 and posted a 200% store increase within the year. By the end of 2019, the company reported a sales growth of USD 410 million despite having an actual loss of USD 250 million for the same period. Luckin Coffee, after an internal audit, revealed publicly in April 2020 that its second - fourth quarters investor guidance of 2019 should not be relied upon since the COO and some of his team were found to have fabricated USD 310 million of transactions during that time. Most notably, the company admitted that additional acts of fraud could be revealed after further investigation.

### Engagement Objective and Activity

In light of the revelations, this engagement will aim to ensure that Luckin Coffee 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. The engagement will focus on issues such as enhanced ethics training and compliance checks for executives and the general employee base.

### Next Step

Sustainalytics will encourage a robust response from Luckin Coffee to our request for dialogue on accounting fraud controls and executive conduct policies. We will first seek more transparency related to the company's accounting oversight and risk management controls, and later, encourage the adoption of enhanced executive conduct policies.

### STATUS

Engage

### ISSUE(S)

► Accounting Fraud

### ENGAGEMENT MANAGER



**David Frazer**  
Manager  
Toronto

### CONTRIBUTION TO SDGs



## Mallinckrodt PLC

### Background

MALLINCKRODT PLC (Mallinckrodt) is a specialty pharmaceutical company. In February 2020, the company announced a proposed USD 1.6 billion settlement in principle, regarding allegations of misrepresenting the risks from the long-term use of prescription opioids for patients with chronic pain. The claims included fraudulent or misleading marketing activities and failure to maintain effective controls against diversion and suspicious orders. Under the terms of the proposed settlement, which is supported by a group of 48 US state and territory attorneys general, Mallinckrodt's specialty generics business, which includes SpecGx, the subsidiary that manufactured the majority of opioids between 2006 and 2012, will file for Chapter 11 bankruptcy protection. A special fund is to be created under the court-supervised process to cover the costs of opioid addiction treatment and related efforts across the US.

### Engagement Objective and Activity

Mallinckrodt should establish robust governance, compliance, and risk management systems. The systems should address issues regarding the marketing of products to ensure appropriate disclosure of risks from its products, and ethical business practices should be in place throughout the organization. Compliance with settlement provisions and potential Chapter 11 conditions may also be relevant to these objectives and systems.

### Next Step

Sustainalytics will seek further information on the intended settlement and attempt to assess the company's current practices. We will encourage the company to improve, in areas such as compliance, and the appropriate disclosure of product risks, regulation, and ethical business practices, especially in regard to marketing practices.

### STATUS

Engage

### ISSUE(S)

► Quality and Safety Breaches

### ENGAGEMENT MANAGER



**Cathrine Steenstrup**  
Associate Director  
Copenhagen

### CONTRIBUTION TO SDGs



## OFILM Group Co., Ltd.

### Background

OFILM GROUP CO., LTD. (OFILM) manufactures computer screens, cameras and other smart technology. In March 2020, an Australian think tank expressed concerns over factories in China, including a facility of OFILM Technologies', which is part of the OFILM. The report argued Uighur employees work under conditions that 'strongly suggest forced labour'. The Associated Press went further, asserting Uighur workers at OFILM were subjected to coercive practices and restrictions on religious freedoms. OFILM's website confirms it employs Uighurs and other minorities.

### Engagement Objective and Activity

OFILM 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.

### Next Step

Sustainalytics will follow up with the company in relation to the allegations it is linked to, endeavour to obtain the company's relevant policies and encourage OFILM to take credible steps to address concerns related to the treatment of minority ethnic groups.

### STATUS

Engage

### ISSUE(S)

► Forced Labour

### ENGAGEMENT MANAGER



**Anita Nagarajan**  
Manager  
London

### CONTRIBUTION TO SDGs



## Orascom Investment Holding SAE

### Background

ORASCOM INVESTMENT HOLDING SAE (OIH) is involved in a large-scale telecom project in North Korea. In 2008, it won the first commercial license to provide mobile telephony services in the country. CHEO Technology Joint Venture, OIH's 75% owned local subsidiary, secured a 25-year license to operate as Koryolink. The remaining 25% is state-owned. Apart from the significant economic and financial benefits to the authoritarian regime, telecom infrastructure is of high strategic value and can be used by the authorities to facilitate repression and virtual control over citizens.

### Engagement Objective and Activity

Koryolink is subject to the requirements of the regime. Further, OIH stated that it has effectively lost control of its local asset. Nonetheless, OIH does report Koryolink as an associated company and its entry to North Korea poses concerns about its consideration of human rights risk. OIH should implement and disclose human rights policies and due diligence to improve its business policies and practices in line with internationally accepted standards alongside transparent reporting on human rights issues that give insight into the management of these issues and exposure in high-risk markets.

### Next Step

Sustainalytics has decided to engage with the company on the basis that Orascom's provision of telecommunications services in states with poor human rights records constitutes a significant concern.

### STATUS

Engage

### ISSUE(S)

► Operations in Territories with Elevated Human Rights Risks

### ENGAGEMENT MANAGER



**Matthew Barg**  
Associate Director  
Toronto

### CONTRIBUTION TO SDGs



## PT Indonesia Asahan Aluminium

### Background

In December 2018, PT INDONESIA ASAHAN ALUMINIUM (Inalum) acquired a 41.2% stake in Freeport-McMoran Inc's subsidiary, PT Freeport Indonesia (PTFI), the operator of the Grasberg mine in Indonesia West Papua. The mine discharges its tailings using a management practice called riverine tailings disposal (RTD). Between 1989, up to the early 2000s, some 280 square kilometers of lowland have been impacted by tailings disposal, resulting in an artificially raised landscape and short to medium-term habitat loss on land and in rivers. The use of RTD at this mine is expected to last until at least 2041. Inalum does not refer in its reporting to the use of RTD by PTFI. Sustainalytics has previously engaged with Freeport-McMoRan in regard to riverine tailings disposal at Grasberg and the case was resolved in February 2018.

### Engagement Objective and Activity

Inalum should ensure that the existing monitoring and reporting of the tailings management at Grasberg is maintained if not enhanced. Ideally, a third party should review the monitoring results and provide areas of potential improvement if applicable. Inalum should also introduce a policy that prohibits riverine tailings disposal in future projects, where there is a viable and more environmentally sustainable alternative.

### Next Step

Sustainalytics will contact the company and encourage dialogue. We shall first seek reassurance that the existing practices will be maintained for the lifespan of the mine, and then encourage the company to introduce a policy on RTD.

### STATUS

Engage

### ISSUE(S)

► Environmental Impacts from Waste Practices

### ENGAGEMENT MANAGER



**K Bruce Jackson**  
Associate Director  
London

### CONTRIBUTION TO SDGs



## Sanofi

### Background

SANOFI is a multinational pharmaceutical/healthcare company with operations in 32 countries. In February 2020, the Philippine Department of Justice (DoJ) announced that it had found evidence to indict Sanofi for "reckless imprudence resulting in homicide" in relation to the deaths of eight children, linked to the company's anti-dengue fever vaccine, Dengvaxia. This announcement was in relation to a second set of complaints filed by the Public Attorney's Office (PAO). Previously, in March 2019, the DoJ found probable cause to indict Sanofi for reckless imprudence resulting in the homicide of 10 children. Separately, but also in February 2020, the French authorities indicted Sanofi for failing to adequately warn patients of the negative side effects of its drug Depakine, a treatment for epilepsy. The drug is allegedly responsible for birth defects following its use by pregnant women.

### Engagement Objective and Activity

Sustainalytics will seek to ensure that Sanofi has 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.

### Next Step

Sustainalytics will contact and enter into dialogue with the company. We will seek further information on Sanofi's current practices and assess them. Then, we will encourage the company to improve, where challenges are identified, in areas such as the oversight and review of new research and development, and the disclosure of known risks.

### STATUS

Engage

### ISSUE(S)

► Product-Related Fatalities

### ENGAGEMENT MANAGER



**Cathrine Steenstrup**  
Associate Director  
Copenhagen





### CONTRIBUTION TO SDGs





## Company Dialogue & Progress Summary

### Legend

<b>Country</b>	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.
<b>Year</b>	The year shows when the case was downgraded to Engage status.
<b>Response</b>	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> 
<b>Progress</b>	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> 
<b>Performance</b>	<p>The indicator describes the combined company progress and response performance.</p> <p>▲ <b>High Performance</b> - good or excellent Response in combination with good or excellent Progress.</p> <p>▶ <b>Medium Performance</b> - standard level of Response and Progress.</p> <p>▼ <b>Low Performance</b> - poor or no Response in combination with poor or no Progress.</p> <p><b>New, Same, Better or Worse Performance</b> - indicates the change in either Response or Progress since the last quarterly report.</p>
<b>Low Performance Tracker (Tracker)</b>	<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>
<b>Milestones</b>	<p>The indicator describes the milestone achieved from 1 to 5.</p>  3/5 Achieve



## Resolved

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### ASIA / PACIFIC

#### Hyundai Motor Co., Ltd. (South Korea, 2018)

Hyundai Motor has an internal anti-corruption policy and business conducts guidelines for all employees, it carries out online and offline compliance training, conducts compliance self-assessments in each business unit, and it has in place a whistleblower system (Cyber Audit Office) to collect reports from employees and third-parties about compliance issues. The company is working to improve the external disclosure of its compliance work as part of the mid- to long-term ESG strategy.

##### ISSUE

► Corrupt Practices

##### MILESTONES

 5/5 Achieved

#### Z Holdings Corp. (Japan, 2016)

Since engagement started in 2016, Sustainalytics has identified significant improvements made by the company both in reporting and monitoring of its online platforms. The company has showed it has guidelines in place to prohibit the sale of controversial items on its platforms, including a public ban of ivory products. Given the company's guidelines for prohibited items and mechanisms to ensure compliance with the guidelines, Sustainalytics assesses that the company has proper processes in place to be applied to other potential similar situations and has decided to resolve the case.

##### ISSUE

► Illegal Trading

##### MILESTONES

 5/5 Achieved

### EUROPE

#### Leonardo S.p.a. (India, 2013)

Leonardo adopted an anti-corruption policy that includes a zero-tolerance approach to bribery and corruption and implemented the anti-corruption programme that is compliant and accredited with current best practice. The company reports transparently on the actions taken. There is a clear division of responsibilities in relation to compliance within the organization with the Board overseeing the control system. Also, since 2013, there have been no new corruption allegations related to the company. Considering these developments, Sustainalytics decided to resolve the case.

##### ISSUE

► Corrupt Practices

##### MILESTONES

 5/5 Achieved

## Archived

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### AFRICA / MIDDLE EAST

#### **Turkiye Halk Bankasi AS** (Turkey, 2010)

Over the years, Sustainalytics has been monitoring Türkiye Halk Bankası and no indications of involvement in financing of other controversial projects has been reported in relation to the company. Due to this and the fact that the dam is now completed, meaning the company has no leverage to impact the project anymore, Sustainalytics has decided to archive the case.

#### ISSUE

- Financing of Controversial Project

### ASIA / PACIFIC

#### **Changsheng Bio-technology Co., Ltd.** (China, 2019)

Due to the fact that Changsheng Bio-technology was officially delisted from the Shenzhen Stock Exchange, Sustainalytics decided not to continue this engagement.

#### ISSUE

- Quality and Safety Breaches

### EUROPE

#### **Enel Green Power S.p.A.** (Western Sahara, 2019)

Enel Green Power is still in the process of developing, constructing, and managing two wind power plants in Western Sahara. At this stage, Sustainalytics has decided to archive since there is no direct link between the company's operations and any negative human rights impacts. Sustainalytics will reconsider the assessment once the construction phase starts and/or there is any evidence of a direct link to negative human rights impacts from the company's operations in Western Sahara.

#### ISSUE

- Operations in Occupied Territories

#### **Enel SpA.** (Western Sahara, 2019)

Enel's subsidiary, Enel Green Power, is still in the process of developing, constructing, and managing two wind power plants in Western Sahara. At this stage, Sustainalytics has decided to archive since there is no direct link between the company's operations and any negative human rights impacts. Sustainalytics will reconsider the assessment once the construction phase starts and/or there is any evidence of a direct link to negative human rights impacts from the company's operations in Western Sahara.

#### ISSUE

- Operations in Occupied Territories

### UNITED STATES AND CANADA

#### **INSYS Therapeutics, Inc.** (United States, 2019)

In June 2019 the company announced that Insys filed for Chapter 11 bankruptcy protection in the US Delaware Bankruptcy Court. Since then, there is no functional website nor publicly available information about the company. Due to the nature of the "reorganization bankruptcy" proceedings and the scale of the bribery scheme, the company is not operating any longer. Thus, Sustainalytics decided not to continue this engagement.

#### ISSUE

- Corrupt Practices

# Engage

## AFRICA / MIDDLE EAST

### Bank Hapoalim B.M. (Palestinian Authority, 2010)

► Financing of Illegal Settlements in Occupied Territories

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

Milestones



Response



Progress



Performance



### Bank Leumi Le-Israel Ltd. (Palestinian Authority, 2010)

► Financing of Illegal Settlements in Occupied Territories

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

Milestones



Response



Progress



Performance



### Bezeq The Israel Telecommunication Corporation Limited (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.

Milestones



Response



Progress



Performance



Tracker



### 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.

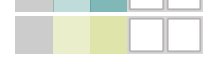
Milestones



Response



Progress



Performance



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

► Fatal Accident(s)

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

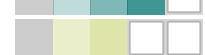
Milestones



Response



Progress



Performance



### Israel Discount Bank Ltd. (Palestinian Authority, 2010)

► Financing of Illegal Settlements in Occupied Territories

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

Milestones



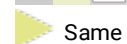
Response



Progress



Performance



### Mizrahi Tefahot Bank Ltd. (Palestinian Authority, 2010)

► Financing of Illegal Settlements in Occupied Territories

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

Milestones



Response



Progress



Performance



**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.

**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.

**Saudi Arabian Oil Co.** (Saudi Arabia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Sustainalytics is analysing the company's potential leverage to improve the human rights situation in Saudi Arabia.

**Sibanye-Stillwater** (South Africa, 2018)

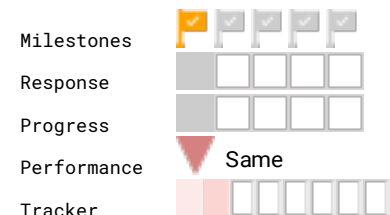
## ► Recurring Workplace Accidents

**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 ensure equitable access to medicine and implement in competition guidelines.



**The First International Bank of Israel Ltd.** (Palestinian Authority, 2011)

► Financing of Illegal Settlements in Occupied Territories

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

\*The company is previously as **First International Bank of Israel Ltd.**

**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, 2019)

► 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

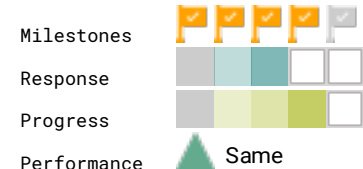
**Change Objective:** 63 moons should cease ownership in any market infrastructure. The company should implement robust countermeasures to guard against financial crime and strengthen its internal controls. 63 moons should reimburse affected investors.



### 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.



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

#### Quality and Safety Violations

**Change Objective:** The company 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.



### Agricultural Bank of China (United States, 2018)

#### Money Laundering

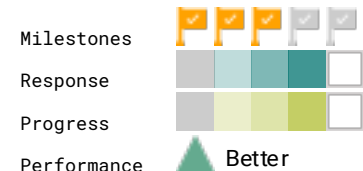
**Change Objective:** The Agricultural Bank of China should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. The bank should ensure that the board has sufficient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



### 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.



### Anbang Insurance Group Co., Ltd. (China, 2019)

#### Fraud

**Change Objective:** The company 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.

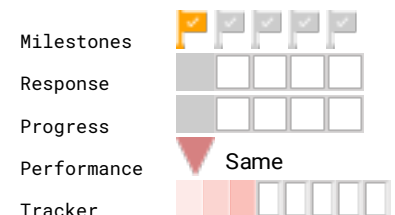
\*Associated companies: *TongYang Life Insurance Co Ltd and Dajia Life Insurance Co. Ltd.*



### 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.

**China National Chemical Corp.** (China, 2019)

► Quality and Safety Breaches

**Change Objective:** ChemChina should, through its wholly owned subsidiary Syngenta, address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.

**China National Petroleum Corp.** (China, 2020)

► Operations in Territories With Elevated Human Rights Risks

**Change Objective:** China National Petroleum Corp. 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.

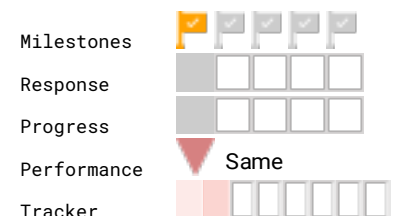


*\*Sustainalytics previously attempted to engage with the company's subsidiary, Petrochina. Due to corporate action changes, Sustainalytics will now also engage with China National Petroleum Corp., as it is directly linked to the accusations.*

**China North Industries Corp.** (China, 2019)

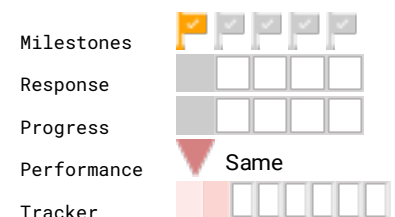
► Operations in Territories With Elevated Human Rights Risks

**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:** The company 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

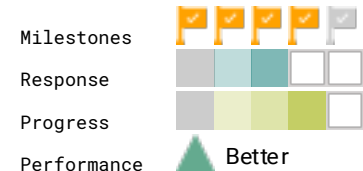
**Change Objective:** The company should ensure its practices are generally aligned with international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond appropriately to human rights due diligence. It should also engage with governments 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** (China, 2014)

## ► Recurring Workplace Accidents

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

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

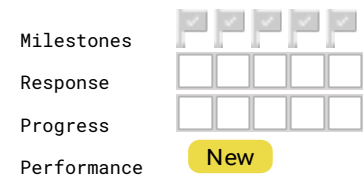
## ► Forced Evictions

**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.

**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.

**Coal India Limited** (India, 2016)

## ► Recurring Workplace Accidents

**Change Objective:** Coal India should strengthen both its health and safety management systems resulting in a material and sustained decrease in accident rate and examine and investigate root causes of past accidents, and subsequently identify and correct gaps in its systems. Meanwhile, the company should align its practices to relevant IFC Standards, in particular those related to consultation, resettlement and compensation.

**Commonwealth Bank of Australia** (Australia, 2019)

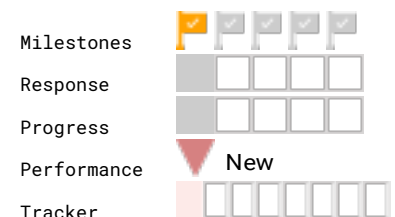
## ► Money Laundering

**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.



**Export-Import Bank of India** (Bangladesh, 2017)

► Project(s) With Environmental and Human Rights Risks

**Change Objective:** Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.

**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.



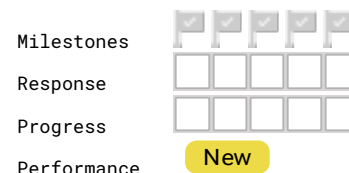
\*Associated company: **MSM Malaysia Holdings Bhd**

**Golden Agri-Resources Ltd** (Indonesia, 2020)

► Deforestation

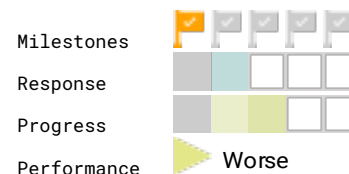
**Change Objective:** Golden Agri Resources should implement robust environmental protection policies, and enhanced policies to oversee executive conduct.

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

**Habib Bank Limited** (Pakistan, 2019)

► Money Laundering

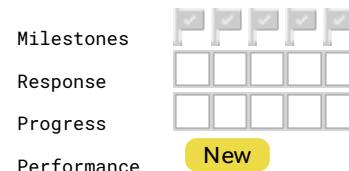
**Change Objective:** Habib Bank should implement appropriate risk management systems and internal controls that address financial crime, including money laundering and terrorist financing, as well as demonstrate that they are robust and universally applied.

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

► Accounting Fraud

**Change Objective:** The company should strengthen its risk management and internal controls and improve disclosure on relevant policies and their implementation.

\* This engagement was previously under **Hanergy Thin Film Power Group Limited**. Due to the changes in corporate structure, Sustainalytics will engage with its parent company.

**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.



**Industrial & Commercial Bank of China Ltd. (Spain, 2018)**

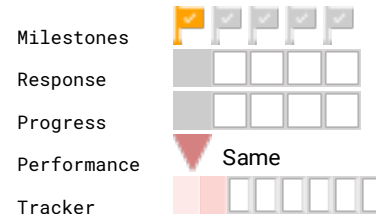
## ► Money Laundering

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

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

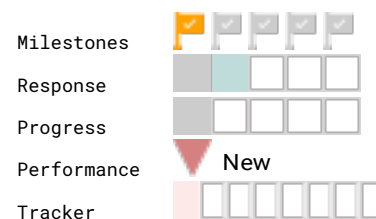
## ► Environmental Pollution

**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, 2019)**

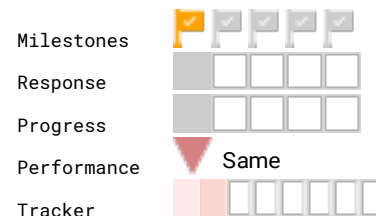
## ► Accounting Irregularities

**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.

**Korean Air Lines Co.,Ltd. (South Korea, 2019)**

## ► Embezzlement

**Change Objective:** Korean Air should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. The company should also ensure that the internal audit committees have the proper oversight and capacity to carry out its functions properly and strengthen Board independence.



**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 Fine Chemical Co., Ltd., Lotte Food Co., Ltd., LOTTE Himart Co. Ltd., Lotte Non-Life Insurance Co., Ltd. and Lotte Shopping Co., Ltd.*

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

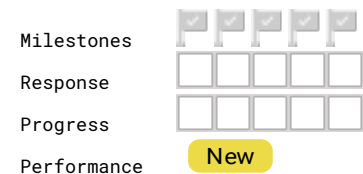
## ► Poor Working Conditions

**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:** This engagement will aim to ensure that Luckin Coffee 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:** The company 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.

**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.

**NTPC Limited** (Bangladesh, 2017)

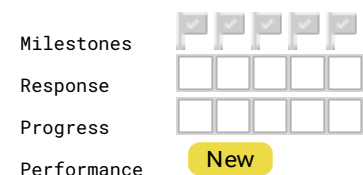
## ► Project(s) With Environmental and Human Rights Risks

**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.

**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:** The company 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.

**Olympus Corporation** (United States, 2019)

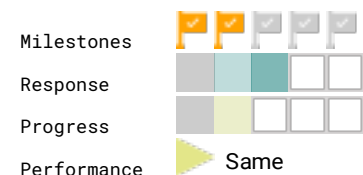
## ► Product-Related Fatalities

**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.

**PetroChina Co Ltd** (China, 2017)

## ► Corrupt Practices

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

**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.

**Petrolim Nasional Berhad** (Malaysia, 2019)

## ► Operations in Territories With Elevated Human Rights Risks

**Change Objective:** The company 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 Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.

**POSCO INTERNATIONAL Corp.** (Uzbekistan, 2012)

## ► Labour Rights Violations in Supply Chain

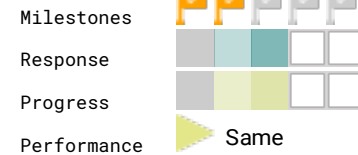
**Change Objective:** POSCO International Corp. should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If POSCO International Corp. is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.



**PT Indofood Sukses Makmur Tbk** (Indonesia, 2018)

► Labour Rights Violations at Plantations

**Change Objective:** Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.

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

► Environmental Impacts From Waste Practices

**Change Objective:** Inalum should introduce a policy prohibiting riverine tailings disposal in future projects, where there is a viable and more environmentally sustainable alternative. PT Indonesia Asahan Aluminium, 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 Perusahaan Perkebunan London Sumatra Indonesia Tbk** (Indonesia, 2019)

► Labour Rights Violations at Plantations

**Change Objective:** Lonsum should take responsibility for addressing labour rights incidents at its plantations. Lonsum should adopt and implement a more rigorous human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Lonsum should also improve the existing Sustainable Palm Oil Policy.

**PT Salim Ivomas Pratama Tbk** (Indonesia, 2019)

► Labour Rights Violations at Plantations

**Change Objective:** Salim Ivomas should take responsibility for addressing labour rights incidents at its plantations. The company should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Salim Ivomas should also improve the existing Sustainable Palm Oil Policy.

**PT Tiga Pilar Sejahtera Food Tbk** (Indonesia, 2019)

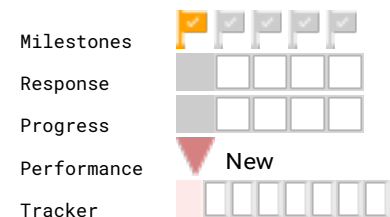
► Consumer Fraud

**Change Objective:** PT Tiga Pilar Sejahtera Food 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.





**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 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.

**Singapore Technologies Engineering Ltd.** (Singapore, 2017)

## ► Corrupt Practices

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

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

## ► Quality and Safety Violations

**Change Objective:** The company 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)

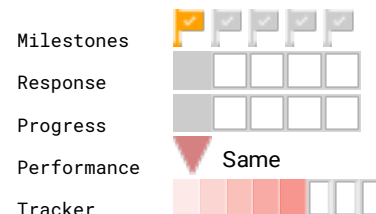
## ► Incident(s) Resulting in Negative Human Rights Impacts

**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 business ethics, policies, compliance processes, governance controls and risk management systems are in place to prevent recurrence of loans falsification.





**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.

**Toshiba Corp.** (Japan, 2020)

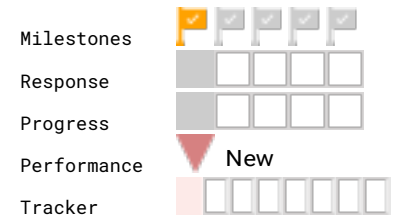
► Accounting Fraud

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



\*Associated company: **Hindustan Zinc Limited**

**Westpac Banking Corporation** (Australia, 2019)

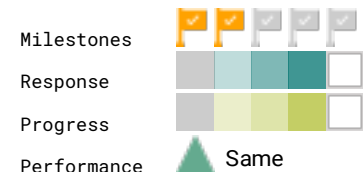
► Money Laundering

**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.

**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.



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

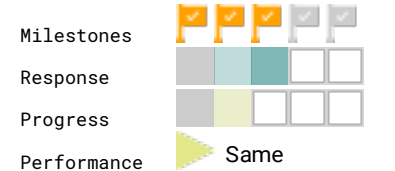
## ► Consumer Fraud

**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)

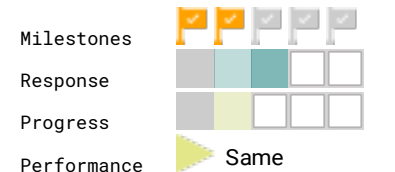
## ► Activities Resulting in Adverse Human Rights Impacts

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

**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.

**ZTE Corporation** (Iran, 2015)

## ► 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

### AB Volvo (publ) (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.



### Andritz AG (Turkey, 2010)

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

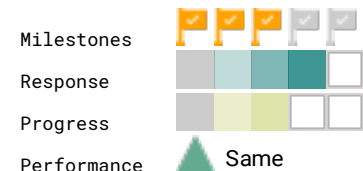
**Change Objective:** Andritz should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.



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

#### ► Quality and Safety Violations

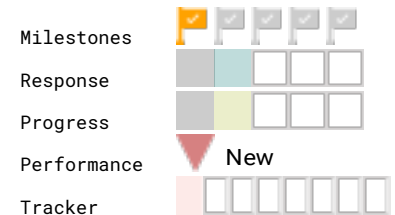
**Change Objective:** Atlantia needs to identify the cause of the bridge collapse, assess projects within its control to prevent similar failures in the future, develop a remedial strategy for the affected people, ensure project monitoring and maintenance systems and emergency procedures are in place.



### Barclays PLC (United Kingdom, 2019)

#### ► Corrupt Practices

**Change Objective:** Barclays should ensure on-going implementation of whistle-blower policies as mandated by regulators. 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.



### 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**

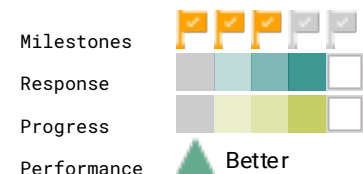


### BMW Group (Germany, 2019)

#### ► 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.

\*Associated company: **BMW Canada Auto Trust.**



**Bolloré** (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.

**Credit Suisse Group** (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.

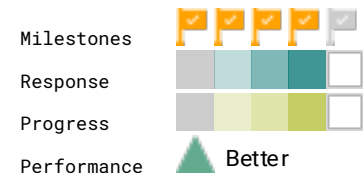


\*Associated company: **Mercedes-Benz Finance Co., Ltd.**

**Danske Bank A/S** (Estonia, 2018)

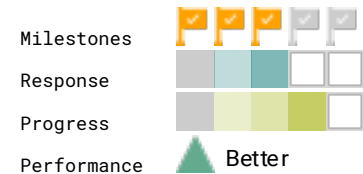
## ► Money Laundering

**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.

**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.

**DNO ASA** (Norway, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** DNO 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.

**G4S PLC** (Qatar, 2019)

## ► 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.



**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.

**HeidelbergCement AG** (Palestinian Authority, 2015)

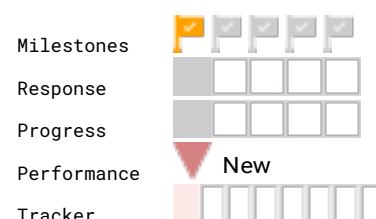
► Illegal Exploitation of Natural Resources

**Change Objective:** Heidelberg Cement should be able to demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.

**Indivior PLC** (United States, 2019)

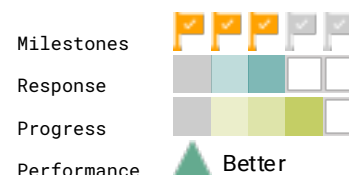
► Consumer Fraud

**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.

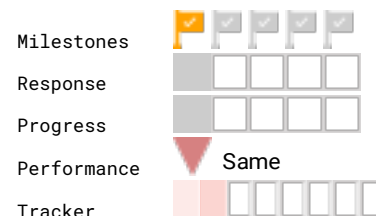


\*Associated company: **ING Bank Slaski SA**

**Irkut Corporation** (Russia, 2019)

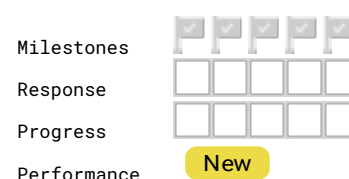
► Operations in Territories with Elevated Human Rights Risks

**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)

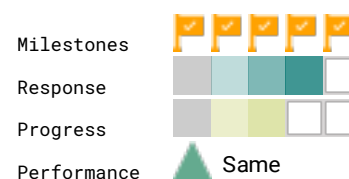
► Quality and Safety Breaches

**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.

**Mining and Metallurgical Company NORILSK NICKEL PJSC** (Russia, 2010)

► Activities Resulting in Negative Environmental and Human Rights Impacts

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



**Mozambique Ematum Finance 2020 BV** (Mozambique, 2019)

## ► Asset Misappropriation

**Change Objective:** The company should ensure transparency in its financial practices and treatment of labor in accordance with international standards.

**Nordea Bank Abp** (Sweden, 2015)

## ► Money Laundering

**Change Objective:** Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.

**Rostec Corporation** (Russia, 2019)

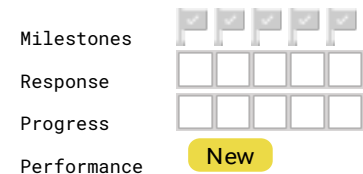
## ► Operations in Territories with Elevated Human Rights Risks

**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 Aktiengesellschaft** (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.

**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.

**SOCFIN Societe Financiere des Caoutchoucs** (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.



**Socfinaf SA** (Cameroon, 2019)

## ► Activities Resulting in Adverse Human Rights Impacts

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

\*Associated company: **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.

**Telefonaktiebolaget LM Ericsson** (Sweden, 2019)

## ► 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 Corporation** (Russia, 2019)

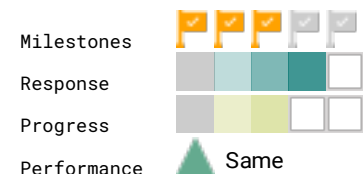
## ► Operations in Territories with Elevated Human Rights Risks

**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

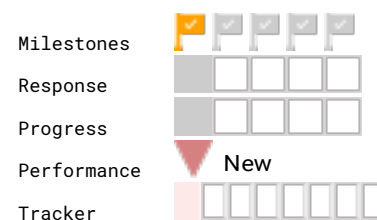
**Change Objective:** VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.

\*Associated company: **Porsche Automobil Holding SE**

**Watchstone Group PLC** (United Kingdom, 2019)

► Accounting Irregularities

**Change Objective:** Watchstone Group should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance program and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding investigations or legal proceedings.



## LATIN AMERICA AND CARRIBEAN

### 1MDB Global Investments Ltd. (Malaysia, 2019)

#### ► Embezzlement

**Change Objective:** 1MDB should ensure it has robust policies to prevent embezzlement, and executive misconduct, and where appropriate, disclose these findings.



### Andrade Gutierrez SA (Brazil, 2019)

#### ► Corrupt Practices

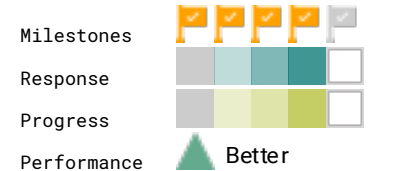
**Change Objective:** Andrade Gutierrez (AG) should investigate the alleged misconduct and take appropriate measures against any identified gaps, as well as cooperating with authorities to address the issue. AG should also demonstrate the effectiveness of its ethics and compliance work by improving its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

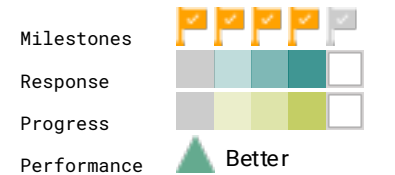


\*Associated company: **BFF International Ltd.**

### CEMEX, S.A.B. de C.V. (Palestinian Authority, 2016)

#### ► Operations in Occupied Territories

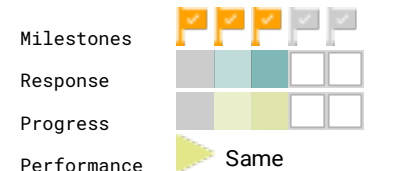
**Change Objective:** Cemex should demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.



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

#### ► Corrupt Practices

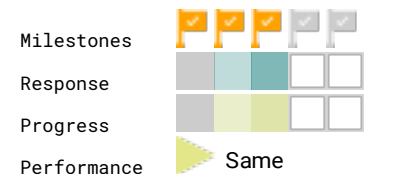
**Change Objective:** Eldorado Brasil Celulose SA should ensure that the bribery schemes have been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, 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

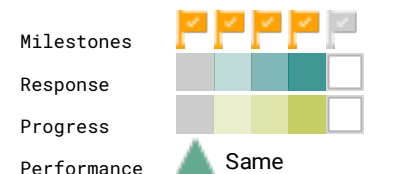
**Change Objective:** EPM should conduct a comprehensive assessment of the safety and stability of the dam, together with independent experts. The company should take appropriate mitigation measures as a result, both on legacy issues and identified impacts and risks. The company should make sure consultations 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. (Peru, 2016)

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

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



**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.

**JBS S.A.** (United States, 2015)

## ► Recurring Labour Rights Violations

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

**Petroleos Mexicanos S.A. de C.V.** (Mexico, 2015)

## ► Oil Spill(s)

**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

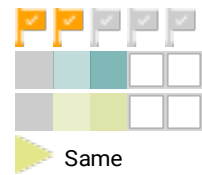
**Change Objective:** 3M Co. should provide greater clarity and public disclosure on its PFAS stewardship initiative and how it is mitigating potential liability from the historic sale/use of its products outside of the US. In addition, the company should explain how it is applying the lessons learnt from PFAS to its product development.

Milestones

Response

Progress

Performance



### 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.

Milestones

Response

Progress

Performance



### Bausch Health Companies Inc (United States, 2019)

#### ► Accounting Fraud

**Change Objective:** Bausch Health should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance program and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding legal proceedings.

Milestones

Response

Progress

Performance



### Bausch Health Companies Inc (United States, 2019)

#### ► Price Discrimination

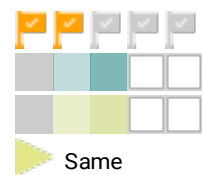
**Change Objective:** Bausch Health should restore trust of customers and authorities by establishing a responsible drug pricing policy and improving its disclosure on its pricing practices.

Milestones

Response

Progress

Performance



### Bunge Ltd. (Brazil, 2017)

#### ► Deforestation

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

Milestones

Response

Progress

Performance



### 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.

Milestones

Response

Progress

Performance



### Citigroup, Inc. (United States, 2020)

#### ► Money Laundering

**Change Objective:** Citigroup should implement on-going systematic controls related to money laundering and disclose these controls whenever appropriate.

Milestones

Response

Progress

Performance



\*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.

**Corteva, Inc.** (United States, 2019)

## ► Product-Related Incidents

**Change Objective:** Corteva Agriscience should address how it is preparing itself to address the potential future liabilities in relation to its chlorpyrifos product. And, how the company has amended its research and development in order to mitigate the potential impacts of future products.

**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.

**Enbridge Inc** (United States, 2016)

## ► Violations of the Rights of Indigenous Peoples

**Change Objective:** Enbridge should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.

**Energy Transfer LP** (United States, 2016)

## ► Violations of the Rights of Indigenous Peoples

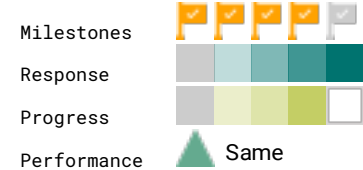
**Change Objective:** Energy Transfer LP should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.



**Equifax Inc** (United States, 2018)

## Data Breaches

**Change Objective:** Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.

**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.

**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.

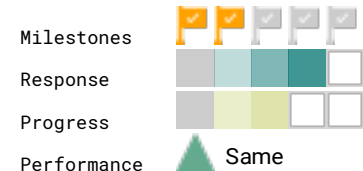


\*Associated company: **McKesson Europe AG**

**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.



**Patterson-UTI Energy, Inc.** (United States, 2018)

## ► Fatal Workplace Accident(s)

**Change Objective:** Patterson-UTI has received the Chemical Safety Board investigation report into the January 2018 incident, there are a number of recommendations both levelled at the company and the industry. We are interested in how the company has responded to the recommendations and how it is using its influence within the International Association of Drilling Contractors to address the industry-wide recommendations.

**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.

**Phillips 66** (United States, 2016)

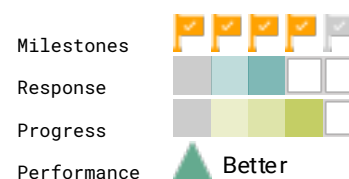
## ► Violations of the Rights of Indigenous Peoples

**Change Objective:** Phillips 66 should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.

**Pilgrim's Pride Corp.** (United States, 2015)

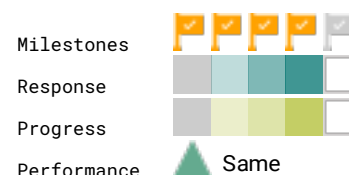
## ► Recurring Workplace Accidents

**Change Objective:** Pilgrim's Pride should address the identified health and safety (H&S) shortcomings at its processing facilities. It should implement H&S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&S performance.

**Southern Copper Corporation** (Peru, 2016)

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

**Change Objective:** SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.

**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.

**TC Energy Corp.** (United States, 2018)

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

**Change Objective:** TC Energy should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. In addition, it should disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon impacted natural resources. In particular, a best-practice system to detect leakages should be put in place, as should a robust emergency spill response plan. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.





**Tesla Inc** (United States, 2018)

## ► Labour Rights Violations at Company Operations

**Change Objective:** Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.

**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

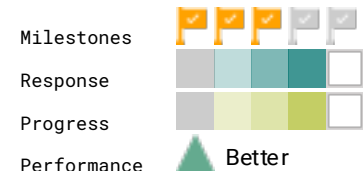
**Change Objective:** Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts. The company should also show that it is addressing PFAS contamination where applicable.

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

## ► Corrupt Practices

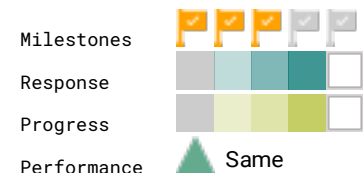
**Change Objective:** Goldman Sachs should implement on-going systematic controls related to business ethics, corruption and bribery and disclose these controls whenever appropriate.

\*Associated companies: **CMC Markets PLC, Jany Sukuk Co. Ltd.**

**Uber Technologies, Inc.** (United States, 2019)

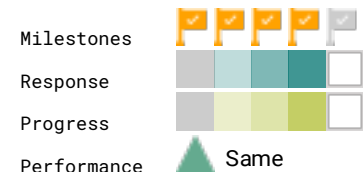
## ► Privacy Breaches

**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.

**Wolverine World Wide, Inc.** (United States, 2019)

## ► Activities Resulting in Negative Health Impacts

**Change Objective:** Wolverine should ensure that a compensation strategy is sought for the residents affected by the contamination from Wolverine's sites. The company should also have remedial measures in place to mitigate the identified contamination and to ensure that similar incidents do not reoccur in the future.



## Evaluate

---

### **AFRICA / MIDDLE EAST**

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

### **ASIA / PACIFIC**

China Petroleum & Chemical Corp.; China Railway Group Ltd; CK Hutchison Holdings Ltd.; Coromandel International Ltd.; Indian Oil Corp. Ltd.; Mitsubishi Motors Corporation; Oil and Natural Gas Corporation Limited; Oji Holdings Corp.; Panasonic Corp.; POSCO; POSCO INTERNATIONAL Corp.; Power Construction Corporation of China Ltd; PT Pertamina (Persero); PT Perusahaan Listrik Negara (Persero); Samsung Electronics Co., Ltd.; Sumitomo Corp

### **EUROPE**

Electricite de France SA; Eni SpA; Fiat Chrysler Automobiles N.V.; Grupa Azoty S.A.; J Sainsbury plc; NorgesGruppen ASA; Renault SA; Rheinmetall AG; Robert Bosch GmbH

### **LATIN AMERICA AND CARIBBEAN**

Banco Nacional de Desenvolvimento Econômico e Social SA; Grupo México, S.A.B. de C.V.; JBS S.A.; Petroleos Mexicanos S.A. de C.V.

### **UNITED STATES AND CANADA**

Bombardier Inc.; Costco Wholesale Corp.; DXC Technology Co; Energy Transfer LP; Johnson & Johnson; Pilgrim's Pride Corp.; Stryker Corporation; Tyson Foods Inc; Valero Energy Corp.

## Disengage

### AFRICA / MIDDLE EAST

<b>Elbit Systems Ltd.</b>	
‣ Operations in Occupied Territories	Palestinian Authority
<b>Israel Aerospace Industries Ltd.</b>	
‣ Involvement in Cluster Munitions	Israel
<b>Jerusalem Economy Ltd.</b>	
‣ Operations in Occupied Territories	Palestinian Authority
<b>Makina Ve Kimya Endustrisi Kurumu</b>	
‣ Involvement in Cluster Munitions	Turkey
<b>Mivne Real Estate (K.D) Ltd.</b>	
<i>*Previously Industrial Building Corp. Ltd.</i>	
‣ Operations in Occupied Territories	Palestinian Authority
<b>Roketsan A.S</b>	
‣ Involvement in Cluster Munitions	Turkey

### ASIA / PACIFIC

<b>Abdul Qader Khan Research Laboratories (AQKRL)</b>	
‣ Nuclear Weapons Development	Pakistan
<b>Aerospace Long-March International Trade Co., Ltd.</b>	
‣ Involvement in Cluster Munitions	China
<b>Anhui GreatWall Military Industry Co., Ltd.</b>	
‣ Involvement in Cluster Munitions	China
<b>Bharat Dynamics Limited</b>	
‣ Nuclear Weapons Development	India
<b>CH. Karnchang Public Company Limited</b>	
‣ Project with Environmental and Human Rights Risks	Laos
<b>China Aerospace Science &amp; Technology Corp.</b>	
‣ Involvement in Cluster Munitions	China
<b>China North Industries Corp.</b>	
‣ Involvement in Cluster Munitions	China
<b>Defense Research &amp; Development Organization</b>	
‣ Inhumane Weapons	India
<b>Hanwha Corp</b>	
‣ Involvement in Cluster Munitions	South Korea
<b>Larsen &amp; Toubro Limited</b>	
‣ Nuclear Weapons Development	
<i>*Associated companies: L&amp;T Finance Holdings Ltd, L&amp;T Technology Services Ltd. and Larsen &amp; Toubro Infotech Limited</i>	India
<b>LIG Nex1 Co Ltd</b>	
‣ Involvement in Cluster Munitions	South Korea
<b>Metallurgical Corporation of China Ltd.</b>	
‣ Environmental Impacts from Waste Practices	Papua New Guinea
<b>MindTree Limited</b>	
‣ Nuclear Weapons Development	India
<b>National Development Complex</b>	
‣ Involvement in Cluster Munitions	Pakistan
<b>National Engineering &amp; Scientific Commission</b>	
‣ Involvement in Cluster Munitions	
‣ Nuclear Weapons Development	Pakistan
<b>Nelco Ltd.</b>	
‣ Nuclear Weapons Development	India
<b>Pakistan Ordnance Factories</b>	
‣ Involvement in Cluster Munitions	Pakistan

<b>Poongsan Corporation</b>	
► Involvement in Cluster Munitions	South Korea
<b>Poongsan Holdings Corporation</b>	
► Involvement in Cluster Munitions	South Korea
<b>S&amp;T Corp.</b>	
► Involvement in Land Mines	South Korea
<b>S&amp;T Dynamics Co. Ltd.</b>	
► Involvement in Land Mines	South Korea
<b>S&amp;T Holdings Co., Ltd.</b>	
► Involvement in Land Mines	South Korea
<b>State Oil Company of Azerbaijan Republic</b>	
► Recurring Workplace Accidents	Azerbaijan
<b>Synthetic Moulders Ltd. (New)</b>	
► Involvement in Land Mines	India
<b>The Tata Power Company Limited</b>	
► Nuclear Weapons Development	India
<b>Walchandnagar Industries Ltd.</b>	
► Nuclear Weapons Development	India

## EUROPE

<b>Aeroteh SA</b>	
► Involvement in Cluster Munitions	Romania
<b>Cia Nationala ROMARM SA</b>	
► Involvement in Cluster Munitions	Romania
<b>Rostec Corporation</b>	
► Involvement in Cluster Munitions	Russia
<b>San Leon Energy Plc</b>	
► Operations in Occupied Territories	Western Sahara
<b>Splav State Research &amp; Production Association Fsee</b>	
► Involvement in Cluster Munitions	Russia
<b>Tactical Missiles Corp. JSC</b>	
► Involvement in Cluster Munitions	Russia

## LATIN AMERICA AND CARIBBEAN

<b>Avibras Industria Aeroespacial S/A.</b>	
► Involvement in Cluster Munitions	Brazil
<b>Petróleos de Venezuela S.A.</b>	
► Corrupt Practices	
► Oil Spill(s)	
► Recurring Workplace Accidents	Venezuela

## UNITED STATES AND CANADA

<b>Mil-spec Industries Corp</b>	
► Involvement in Cluster Munitions	
► Involvement in Land Mines	United States
<b>Motorola Solutions, Inc.</b>	
► Operations in Occupied Territories	Palestinian Authorities
<b>The Day &amp; Zimmermann Group, Inc.</b>	
► Involvement in Cluster Munitions	United States

## Global Standards Engagement Overview

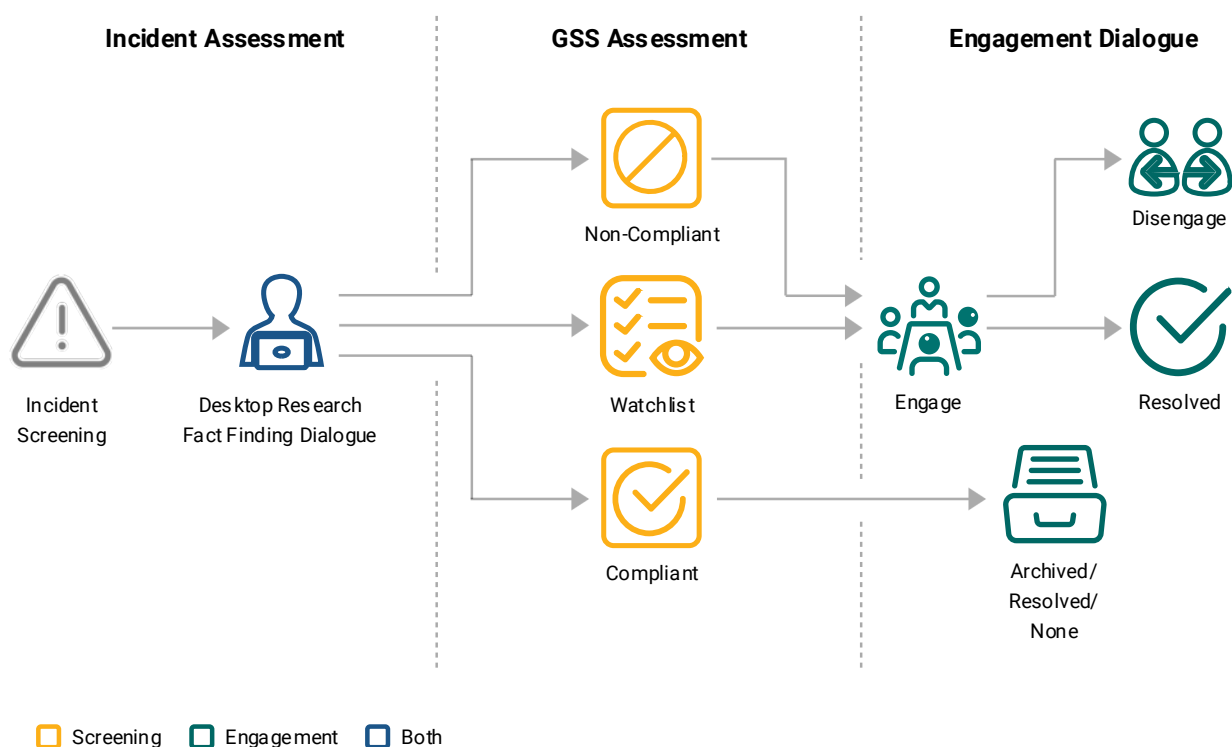
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment 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.



## About Erste Asset Management

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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.

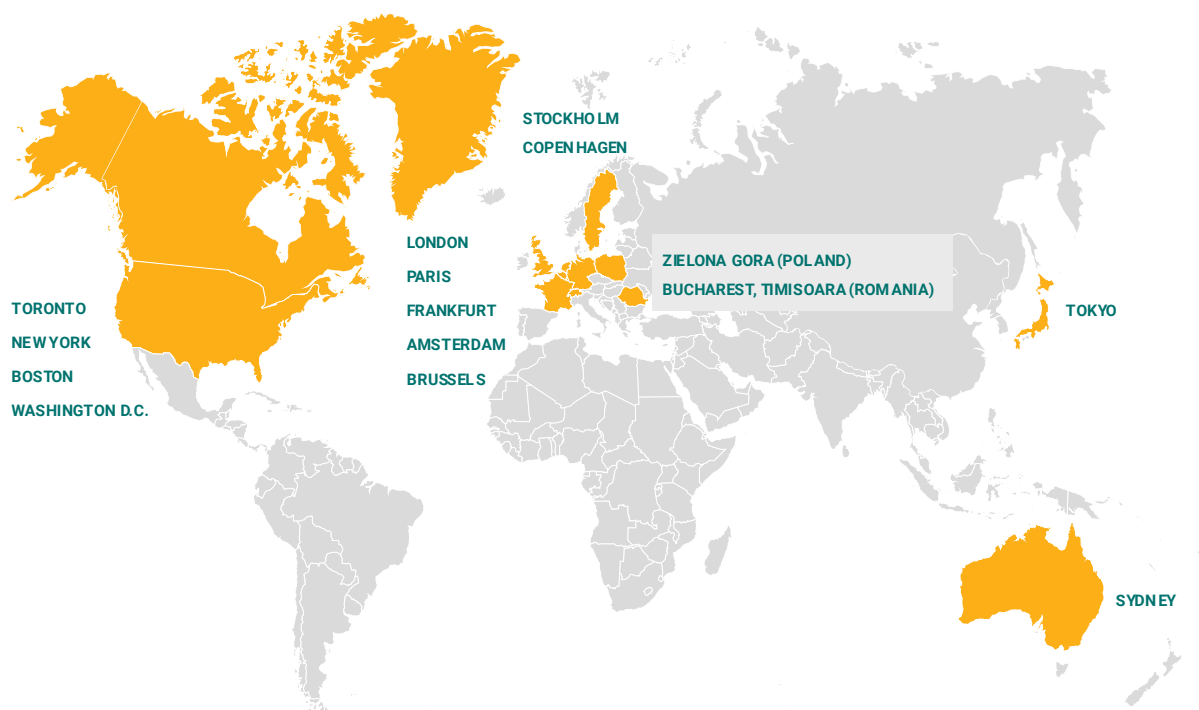
# About Sustainalytics

Sustainalytics is a leading global provider of ESG and corporate governance products and services, supporting investors around the world in the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading pension funds and asset managers who incorporate ESG and corporate governance information and assessments into their investment processes. With 16 offices globally, Sustainalytics has ~600 staff members, including over 200 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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

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



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# Quarterly Engagement Report

2020 - 3

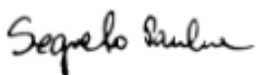
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This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during June to August 2020. Use of and access to this information is limited to clients of Sustainalytics and is subject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

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## Executive Summary

**Paulina Segreto**

Associate Director/  
Product Manager  
Global Standards Engagement

In the midst of the last six month's global market volatility and Covid-19 pandemic, we have progressed a number of cases and undertaken many company engagement discussions. While in-person meetings have generally been cancelled or rescheduled to other channels, we have proceeded at normal pace with conference calls and written communications. As we have observed a trend of increased investor and consumer focus on sustainability and human capital management and health and safety in particular, we have been encouraged to see that ESG issues have remained high on the corporate agenda and have in some instances also become a further priority. As such, the response and progress rate has remained good and our engagement programme is ramping up for a busy autumn.

To address the many challenges companies face during this unprecedented period, our Engagement team has included Covid-19 related questions, whenever relevant during engagement calls. Our engagements have to a higher degree focused on increased disclosure and transparency to enable investors to make better informed assessments about companies' response to the crisis. Among other, we have asked companies to outline their main challenges, interruptions and elaborate on the mitigative measures taken. Overall, we have experienced companies to be willing to share a high degree of information and details about priority areas such as employee protection and supply chain disruption and management.

In parallel to engagement dialogue, we have also worked on several methodology updates, the continued product alignment with Global Standards Screening and have also transitioned all engagement research to the Global Access (GA) platform, thereby decommissioning the previous client platform Engagement Forum. We also introduced an Engagement Alerts Notification in GA, enabling clients to receive an automated daily email containing updates regarding product specific changes which have occurred in clients' portfolios.

Between June and August, Sustainalytics advanced a number of Global Standards Engagement cases, resulting in several changed statuses:

### Concluded engagements

- Bunge Ltd, a US-based food and agribusiness company accused of deforestation in Brazil and Bolivia for the purpose of large-scale soybean cultivation.
- Two Latin American companies, Grupo México, S.A.B. de C.V. and its subsidiary Southern Copper Corporation, involved in a controversial mining project in Peru, leading to community protests due to water pollution concerns.
- Nordea Bank ABp, a bank, which operates across the Nordic and Baltic regions, investigated by Swedish, Finish and Danish financial authorities in relation to its reoccurring money-laundering issues.
- Patterson-UTI Energy, Inc., a US drilling services company which suffered a well explosion, resulting in five fatalities in Oklahoma in January 2018.
- A subsidiary of Singapore Technologies Engineering Ltd., a Singaporean aerospace and defense company, linked to corrupt practices regarding illegal transactions and bribes with various companies.
- Wolverine World Wide, Inc., a US-based multinational footwear company, accused of disposing toxic chemical waste in the local area for nearly 30 years, which not only contaminated local drinking water but also affected local resident's health.

### New engagements

- Aviation Industry Corporation of China, Ltd., a Chinese aerospace and defense company, which has been involved in the sale of military equipment to embargoed or conflicted-affected countries, such as Myanmar, Sudan and Egypt.
- Boohoo Group Plc, a UK-based online fashion retailer, linked to labour rights violations in its supply chain during the country's pandemic lockdown.
- Caterpillar Inc, a leading manufacturer of heavy machinery and trucks, involved in selling construction and mining equipment for demolition works in the Occupied Palestinian Territories, and in a jade mining project in Myanmar.
- Centrais Elétricas Brasileiras SA, a major Brazilian electric utilities company, due to its controversial hydropower projects in Brazilian Amazon, where the previous remediations are considered insufficient and the projects are causing continuous concerns from local communities.
- El Sewedy Electric Co, an Egyptian electrical company, regarding a hydropower project located in a UNESCO area, which leads to concerns about its negative environmental impacts.
- Grupo México, S.A.B. de C.V., the largest mining company in Mexico, and its subsidiary Southern Copper Corporation, accused of labour rights violations, which are considered systemic, as similar issues have recurred at various operations.
- JBS S.A., the largest meat processing company in Brazil, whose subsidiary has been involved in price-fixing and antitrust practices.
- MMC Norilsk Nickel PJSC, a Russian diversified metals mining company, over an incident at its subsidiary, causing a diesel fuel spill which led to severe environmental and human rights impacts in the Russian Arctic region.
- Odebrecht S.A., a Brazilian company, facing legal and business consequences due to past corrupt practices.
- PT Sinar Mas Group, one of the largest conglomerates in Indonesia, accused of widespread deforestation through its subsidiaries.
- Two fraud cases; one regarding an investigation of Wirecard AG, a Germany-based provider of software solutions to the financial services industry, for alleged accounting irregularities and ethical misconduct; another one with regards to Yes Bank Ltd, an Indian private sector bank, facing multiple allegations of corruption and financial misreporting since 2017.

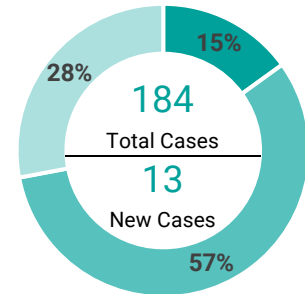
## Quarterly Statistics June – August 2020

During June – August 2020, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to 184 Engage and Resolved cases.

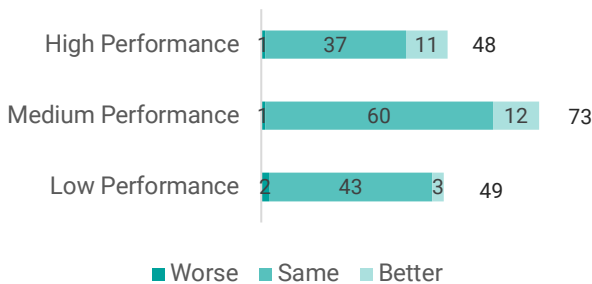


### Cases by Theme

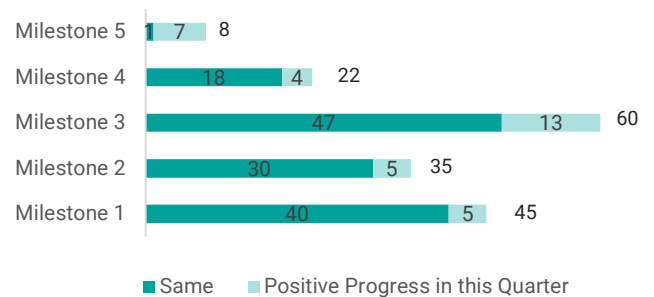
Environmental	28
Social	105
Governance	51



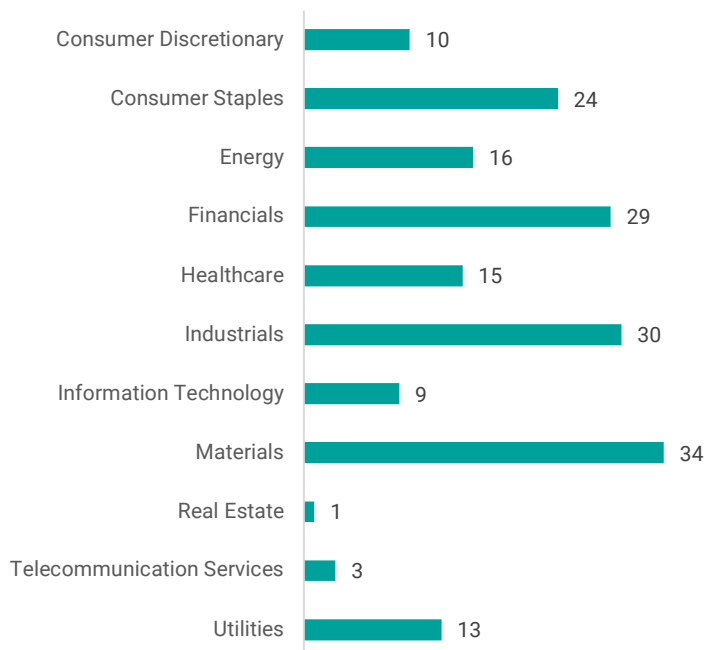
### Engagement Performance Overview



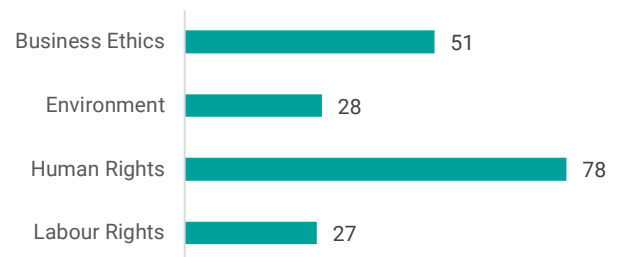
### Milestone Overview



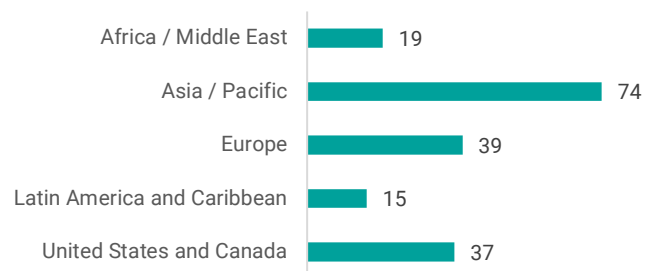
### Cases by Sector



### Cases by Norm



### Cases by Headquarters



## Companies Mentioned In This Engagement Brief

● Resolved
 ● Engage
 ● Associated

<span style="color: teal;">●</span> 3M	12
<span style="color: teal;">●</span> AVIATION INDUSTRY CORPORATION OF CHINA	13
<span style="color: teal;">●</span> AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED	13
<span style="color: teal;">●</span> BOOHOO GROUP PLC	13
<span style="color: grey;">●</span> BUNGE LTD.	7
<span style="color: teal;">●</span> CATERPILLAR INC	14
<span style="color: teal;">●</span> CENTRAIS ELÉTRICAS BRASILEIRAS SA	14
<span style="color: teal;">●</span> EL SEWEDY ELECTRIC CO	15
<span style="color: teal;">●</span> GOLDEN AGRI-RESOURCES LTD	17
<span style="color: grey;">●</span> GRUPO MÉXICO, S.A.B DE C.V.	8, 15
<span style="color: teal;">●</span> JBS S.A.	16
<span style="color: yellow;">●</span> JBS USA FOOD CO.	16
<span style="color: teal;">●</span> MMC Norilsk Nickel PJSC	16
<span style="color: grey;">●</span> NORDEA BANK ABP	9
<span style="color: teal;">●</span> ODEBRECHT S.A.	17
<span style="color: grey;">●</span> PATTERSON-UTI ENERGY, INC.	10
<span style="color: yellow;">●</span> PILGRIM'S PRIDE CORP.	16
<span style="color: teal;">●</span> PT SINAR MAS GROUP	17
<span style="color: grey;">●</span> SINGAPORE TECHNOLOGIES ENGINEERING LTD.	11
<span style="color: grey;">●</span> SOUTHERN COPPER CORPORATION	8, 15
<span style="color: teal;">●</span> WIRECARD AG	18
<span style="color: grey;">●</span> WOLVERINE WORLD WIDE INC.	12
<span style="color: teal;">●</span> YES BANK LTD	18

## Resolved Cases

### Bunge Ltd.

#### Background

Sustainalytics launched an engagement process with BUNGE LTD. (Bunge) in 2017, following reports from NGOs that linked the company to deforestation in Brazil and Bolivia. According to their investigations, local farmers systematically carried out forest burning to grow soybeans for Bunge in parts of the Brazilian Cerrado, a forested savanna region, and the Amazon basin lowlands in Bolivia. The company was identified by NGOs as one of the agricultural traders operating in the area that was most closely linked to deforestation.

#### Engagement Objective

In the engagement process, we expected Bunge to develop a time-bound no-deforestation policy which would prohibit exploitation of the areas of high conservation value, land under conservation, as well as high carbon stock land or peatland. The change objective also focused on a policy which requires the free, prior, and informed consent of local indigenous peoples, in case of any operations which may affect their livelihoods. The company also needed to ensure the effective implementation of the policy across its supply chain.

#### Engagement Activities

Sustainalytics has been in dialogue with Bunge since 2017. Five conference calls and numerous email exchanges have taken place since then. In the initial communication, the company stated its commitment to reducing deforestation within its supply chain and presented plans to address local and indigenous community rights, improve traceability and transparency, as well as develop incentives for sustainable expansion. During the engagement process, Bunge was able to demonstrate progress against the set objectives.

In 2017, the company updated its Non-Deforestation Policy which currently includes the company's commitments to eliminate deforestation from its supply chain by 2025, to respect local and indigenous community rights and conserve biodiversity. In addition, Bunge has suspended cooperation with suppliers that illegally deforest the land. The company is also attempting to engage with those farmers who have a legal right to clear forests.

#### Outcome

Bunge publicly committed to achieving a deforestation-free supply chain worldwide by 2025. The company has released seven reports of progress on its deforestation efforts, disclosing a growing number of monitored farms, increased traceability, and farmer engagement. As an example, in April 2020, it was monitoring over 7,700 farms, and over 34 million acres of farmland. This amounts to 800 farms more than the previous year.

In relation to the Cerrado biome in Brazil, 25 municipalities have been identified as priority for engagement and analysis. For those, Bunge has 98% of direct sourcing. It is currently working to improve engagement levels with third-party suppliers.

Bunge estimates the current level of deforestation within its supply chain to be 1-2%. Bunge funded Agroideal, an open source database which helps companies to assess the risks of contributing to deforestation through the expansion of soybean planting activities. Agroideal primarily covers the Brazilian Cerrado, however, since 2019 the tool has also been available in Argentina. Based upon these developments, Sustainalytics considers the case to be resolved.

#### STATUS

Resolved

#### ISSUE(S)

► Deforestation

#### ENGAGEMENT MANAGER



**Ewa Klewar**  
Senior Associate  
Medellin

#### CONTRIBUTION TO SDGs



#### DIALOGUE STATISTICS

	<b>26</b>	Number of Contacts
	<b>5</b>	Conference Calls
	<b>7</b>	Correspondence
	<b>0</b>	Meetings in Person

#### CASE TIMELINE

	Engagement Since	Oct 2017
	Milestone 1	Oct 2017
	Milestone 2	Nov 2017
	Conference Call	Feb 2018
	Conference Call	Apr 2018
	Milestone 3	Apr 2018
	Conference Call	Jun 2018
	Conference Call	Aug 2019
	Milestone 4	Dec 2019
	Conference Call	Apr 2020
	Milestone 5	Aug 2020
	Case Resolved	Aug 2020



## GRUPO MÉXICO, S.A.B DE C.V / Southern Copper Corporation

### Background

In 2015, four people were reportedly killed and more than 200 injured in clashes with police during protests against the Tia Maria mine project in Peru. The proposed project, which local communities have opposed for several years due to water pollution concerns, is owned by SOUTHERN COPPER CORPORATION (SCC), a subsidiary of GRUPO MÉXICO, S.A.B DE C.V (GM). Since then, GM altered the design of the project and in October 2019, the Mining Council of the Ministry of Energy and Mines in Peru issued a construction license.

### Engagement Objective

The engagement focused on improving company practices with regard to the security, human rights, community relations and water management of the proposed Tia Maria mine. The dialogue also centered on encouraging and advising GM and SCC to strengthen their human rights framework overall.

### Engagement Activities

Sustainalytics has had a longstanding dialogue with both GM and SCC, with four in-person meetings and five conference calls, as well as numerous email correspondences, in relation to this case. GM and its subsidiary SCC have the necessary permits to proceed with construction; however, they have stated to Sustainalytics that they have decided not to build Tia Maria until it has clear support from the government and community acceptance is higher. The company is expecting a public announcement of support shortly. Water management of the proposed mine is aligned with international standards, and grievance mechanisms are in place across company operations.

In our last call with the company in June 2020, a human rights consultant to the company presented comprehensive improvements in the development of GM's human rights framework and stated more would be included in its upcoming sustainability report. The report was later published in August 2020 and included 130 pages of human rights reporting.

### Outcome

Among the improvements presented in the latest Sustainability Report is a comprehensive human rights framework, including human due diligence and community relations procedures, describing how the grievance mechanism is set up as well as providing aggregated results and example grievances. GM further outlines its community relations framework, including example projects. Lastly, the human rights reporting includes a presentation of how the company adheres to the main principles of the Voluntary Principles on Security and Human Rights, although the company is not an official signatory.

With regards to community relations at Tia Maria, the company has held a number of meetings as a part of the project approval process and four community centers operated by SCC have been established in communities nearby the proposed mine. As of June 2020, 30 people were working with community relations in the area. The company has also signed an agreement with the local health administration, in which SCC will finance 44 positions of health professionals for three health centers.

Following substantial improvements both in relation to human rights and water management, Sustainalytics regards the case as resolved.

### STATUS

Resolved

### ISSUE(S)

► Project(s) Resulting in Adverse Human Rights Impacts

### ENGAGEMENT MANAGER







**Stina Nilsson**  
Associate Director  
Stockholm

















### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>87</b>	Number of Contacts
	<b>5</b>	Conference Calls
	<b>19</b>	Correspondence
	<b>4</b>	Meetings in Person

### CASE TIMELINE

	Engagement Since	Mar 2013
	Milestone 1	Mar 2013
	Meeting in Person	Jun 2015
	Milestone 2	Mar 2016
	Conference Call	Jun 2016
	Meeting in Person	Jun 2017
	Conference Call	Jan 2018
	Conference Call	Jun 2018
	Milestone 3	Jun 2018
	Conference Call	Nov 2018
	Milestone 4	Jun 2018
	Meeting in Person	Jun 2019
	Meeting in Person	Nov 2019
	Conference Call	Jun 2020
	Milestone 5	Aug 2020
	Case Resolved	Aug 2020

## Nordea Bank Abp

### Background

NORDEA BANK ABP (Nordea) was investigated by financial authorities in three jurisdictions: Sweden, Finland and Denmark. All cases related to money-laundering activities committed in 2016 and earlier. Initially, the bank was criticized by the Financial Supervisory Authority of Sweden for poor customer due diligence practices between 2010 and 2015 and received two administrative fines. Later, the bank was charged in Finland for the failure to report suspicious transactions in 2016. The Financial Supervisory of Denmark found breaches in Nordea's compliance with anti-money laundering regulations in 2015. The case was handed over to the police, the bank was raided in 2017 and 2019 and the investigation was still ongoing in July 2020. There were further allegations of money laundering in October 2018 and of the involvement in the Troika Laundromat in March 2019. However, the authorities did not proceed with investigations.

### Engagement Objective

The objective of the engagement was to ensure the company has a strong Anti-Money Laundering (AML) framework. The bank was expected to address all issues raised by the Swedish Financial Supervisory Authority in order to reduce the risks of contributing to money laundering or the facilitation of illegal activities.

### Engagement Activities

Sustainalytics and Nordea had five constructive meetings in person and one conference call. The first discussion happened in 2013, when the company already acknowledged the poor quality of the internal practices aimed at financial crime prevention. Further meetings focused on the company's progress towards the disclosure of its AML policy and the response to further allegations and investigations. Initially, Nordea was reluctant to disclose its AML policy when the issue was first discussed in 2014. During the meeting in 2016, the company confirmed that publication of the respective documents was underway. Soon after, the documents became available on its public website. The latest version of its code of conduct and Anti-Money Laundering, Counter-Terrorist Financing, Anti-Tax Evasion frameworks from February 2020 has all the necessary conditions to lay the basis for strong practices.

### Outcome

Since 2016, Nordea has adopted a responsible course of action at different levels, including governance, processes and culture. All the issues raised by the Swedish FSA were addressed: financial crime risks were updated and revaluated, the discipline of suspicious activity reporting was improved, the quality of know-your-customer files was increased with 90% accepted as the new lowest tolerable level of data completeness. These changes were implemented across all countries of Nordea operations. The bank published a robust code of conduct and summaries of key policies, including on AML. A Business Ethics and Values Committee, chaired by the group's CEO, was established in 2017 and convenes several times a year with the goal of advising on ethical dilemmas to support sustainable decision making. A company-wide cultural transformation programme was conducted with the involvement of external consultants.

In Denmark, Nordea successfully passed an inspection by the FSA at the end of 2019. The bank made a provision of EUR 95 million, awaiting the decision of the police.

Due to the measures taken by the bank, as well as the decision by the Swedish FSA and the Finnish police not to launch investigations into allegations from 2018 and 2019, Sustainalytics decided to resolve the case.

### STATUS

**Resolved**

### ISSUE(S)

► Money Laundering

### ENGAGEMENT MANAGER



**Olga Kostyurina**  
Manager  
Amsterdam

### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>113</b>	Number of Contacts
	<b>1</b>	Conference Calls
	<b>24</b>	Correspondence
	<b>5</b>	Meetings in Person

### CASE TIMELINE

	Engagement Since	Apr 2013
	Milestone 1	Apr 2013
	Meeting in Person	May 2013
	Milestone 2	May 2013
	Meeting in Person	Mar 2014
	Milestone 3	Mar 2014
	Meeting in Person	Jun 2015
	Meeting in Person	May 2016
	Meeting in Person	Dec 2016
	Milestone 4	Dec 2016
	E-mail Correspondence	2017-2019
	Conference Call	Jun 2020
	Milestone 5	Jul 2020
	Case Resolved	Jul 2020

## Patterson-UTi Energy, Inc.

### Background

PATTERSON-UTi ENERGY, INC. (Patterson) is a US-based drilling services company, which in January 2018 suffered a well explosion that resulted in five fatalities in Oklahoma. Thereafter, State and Federal authorities launched investigations into the causes of the accident. In July 2018, the US Department of Labor's Occupational Safety and Health Administration (OSHA) issued seven citations against Patterson for the explosion, with an associated fine of USD 74,000. The Chemical Safety Board (CSB) reported its findings and recommendations in June 2019. It identified a systemic failure to maintain proper controls while drilling the well, inspect slow descent devices and implement emergency response plans. Patterson collaborated with all the investigations and proactively started to improve its systems.

### Engagement Objective

In July 2019, Patterson received the CSB investigation report into the January 2018 incident. There were five company-specific recommendations and several levelled at the industry. The objective of the engagement was to ensure Patterson addresses the recommendations from the Chemical Safety Board and uses its influence within the industry, through the American Petroleum Institute (API) and the International Association of Drilling Contractors (IADC) to address the causes of the accident.

### Engagement Activities

Sustainalytics has conducted three conference calls, and exchanged numerous emails with Patterson, since the initiation of the engagement. We also reviewed CSB's investigation report and its recommendations for Patterson and the industry.

During the two initial calls with Patterson, it explained how it was collaborating with CSB. Patterson was also proactively making improvements based upon its own investigation and CSB's recommendations. It also informed Sustainalytics how it shared best practices through its membership of IADC.

The third call, in July 2020, enabled the company to provide greater details on the number of improvements it has made to its protocols. Patterson chairs two out of the five API committees which are set-up to address the CSB's recommendations to the industry, and it also sits on three other committees.

### Outcome

The company has been very open and responsive during the engagement and has been able to provide substantial information in pursuit of the engagement objective. Patterson states that it has addressed all the company-specific recommendations, which resulted in some 220 new or improved procedures. All rig managers and drilling crews have undergone job-specific training in the new and revised procedures. The company is also actively collaborating with API and IADC to address the industry-wide recommendations.

Patterson has been collaborating closely with CSB throughout its investigation, proactively amending its protocols in advance of the public disclosure of CSB's investigation. The company is collaborating with the industry through IADC and API and it plays main roles in API committees, thus ensuring that CSB's recommendations to the industry are addressed consistently. This will ensure a consistency of approach by both company and industry. However, progress has been slowed by the coronavirus pandemic.

Based on the actions of the company to address the CSB's company-specific and industry recommendations, Sustainalytics considers the case to be resolved.

### STATUS

**Resolved**

### ISSUE(S)

- ▶ Fatal Workplace Accident(s)

### ENGAGEMENT MANAGER







**K Bruce Jackson**  
Associate Director  
London




### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>48</b>	Number of Contacts
	<b>3</b>	Conference Calls
	<b>11</b>	Correspondence
	<b>0</b>	Meetings in Person

### CASE TIMELINE

	Engagement Since	Nov 2018
	Milestone 1	Nov 2018
	Milestone 2	Mar 2019
	Conference Call	Mar 2019
	Milestone 3	Mar 2019
	Conference Call	Nov 2019
	Conference Call	Jul 2020
	Milestone 4	Jul 2020
	Milestone 5	Aug 2020
	Case Resolved	Jul 2020

## Singapore Technologies Engineering Ltd.

### Background

In September 2011, the Corrupt Practices Investigation Bureau (CPIB) in Singapore launched an investigation over certain transactions involving former and current employees of ST Marine, a wholly-owned subsidiary of SINGAPORE TECHNOLOGIES ENGINEERING LTD. (ST Engineering). Allegedly, between 2000 and 2011, ST Marine former executives paid at least USD 24.9 million in bribes to various companies in Singapore to secure ship-repair contracts and then falsely claimed entertainment expenses. As a result of the CPIB's investigation, seven former ST Marine senior executives were convicted on corruption charges between 2016 and 2017, with jail sentences of up to 10 months and fines up to 300,000 Singaporean dollars (around USD 200,000).

### Engagement Objective

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

### Engagement Activities

Sustainalytics has been in dialogue with ST Engineering since 2016, about the implementation of anti-bribery and corruption practices. The company has been responsive and, throughout the engagement, has increasingly provided more disclosure on its policies and practices.

The improvements include disclosure of a code of conduct with a zero-tolerance position shared with all employees, extending to political contributions and third-party screening. ST Engineering also conducts bespoke anti-bribery and corruption training, which has been rolled out since 2017 and is disclosed annually. In addition, a risk and assurance function was established in 2019 to oversee and harmonize efforts in governance, risk, compliance, and assurance, to be enhanced during 2020. The procurement framework was revised in 2019, and compliance policies and procedures were reviewed. Executive remuneration now includes a claw back provision tied to business ethics. Also, information is provided on the compensation of highly paid family members of a director or the President and CEO.

Finally, ST Engineering has introduced an anonymous whistleblowing hotline hosted by a third-party vendor, which is accessible in over twenty countries and can be accessed via the company's website.

### Outcome

ST Engineering has made formal commitments prohibiting bribery and corruption and is expanding its anti-corruption programmes, with increased centralized control and a whistleblowing channel in place. There is growing disclosure and training of employees, as well as efforts underway to streamline and strengthen governance, risk, compliance and assurance processes.

There have been no identified public reports or allegations of other incidents, nor have any individuals in key executive or board positions been identified as having been involved in the previous ST Marine incident. The company has confirmed that none of the seven individuals who were charged any longer work within ST Engineering. Considering these developments, Sustainalytics considers the case to be resolved.

### STATUS

**Resolved**

### ISSUE(S)

► Corrupt Practices

### ENGAGEMENT MANAGER







**Cathrine Steenstrup**  
Associate Director  
Copenhagen












### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>43</b>	Number of Contacts
	<b>4</b>	Conference Calls
	<b>13</b>	Correspondence
	<b>0</b>	Meetings in Person

### CASE TIMELINE

	Engagement Since	July 2017
	Milestone 1	July 2017
	Conference Call	Aug 2017
	Conference Call	Aug 2017
	Milestone 2	Aug 2017
	Conference Call	Dec 2017
	Milestone 3	Dec 2017
	Milestone 4	Dec 2018
	Conference Call	Jun 2020
	Milestone 5	Aug 2020
	Case Resolved	Aug 2020

**Wolverine World Wide, Inc.**

**Background**

WOLVERINE WORLD WIDE INC. (Wolverine) is a multinational footwear company with its head office in Michigan, US. In December 2017, residents of Northern Kent County, Michigan filed several lawsuits against Wolverine alleging that it had contaminated their drinking water with perfluoroalkyl and polyfluoroalkyl substances (PFAS). PFAS are toxic chemicals linked to cancer, thyroid problems and other diseases. The lawsuits stated the company had been disposing of PFAS contaminated waste in the area for nearly 30 years up to the mid-1990s. 3M, the supplier of the PFAS, ceased production and supply in 2002/2003. In 2005, the US Environmental Protection Agency (EPA) listed PFAS as 'possible carcinogens'. As part of the settlement of the lawsuit, in October 2019, a remediation strategy was agreed with the US EPA and compensation agreed with the residents. Then, in February 2020, 3M as the original supplier of the PFAS agreed to pay USD 55 million toward the provision of piped potable water to the affected residents. By May 2020, the remedial works had been largely completed.

**Engagement Objective**

During the engagement, Sustainalytics expected Wolverine to remediate the sites that it had contaminated with PFAS and provide a sustainable solution for the supply of a potable water source for the affected residents. It was also necessary to ensure Wolverine's existing waste disposal methodologies were fit for purpose and independently audited.

**Engagement Activities**

Following an initial conference call in April 2018, Wolverine has been unresponsive to further dialogue. However, the company has been very active in communicating progress in regard to the ongoing issue of PFAS contamination from its sites through a dedicated website: <https://wearewolverine.com/> and associated press releases. The numerous blogs by *We Are Wolverine* have detailed the remedial works, legal settlements and disclosed details of PFAS and their known or suspected impacts. Wolverine has also highlighted the cooperation between the company, the Michigan Department of Environmental Quality, the US EPA, local communities and other stakeholders in seeking a suitable conclusion to the issue.

Sustainalytics has verified Wolverine's actions through third parties, including local media outlets, the US EPA and other sources. These third parties have also detailed efforts by the company to engage with the community, something that during the April 2018 meeting the company stressed was important as the company is a local one and considers itself part of the community.

**Outcome**

Although engagement with the company has been limited, the meeting in April 2018 highlighted to the company our concerns and what we hoped would be the outcome.

Since then, Wolverine has settled with, and compensated, the impacted residents. It has also agreed and undertaken the remediation of its former tannery and House Street sites. In addition, a piped potable water supply is to be constructed to the homes of the affected residents. Wolverine's disclosed Production Code of Conduct states that the company will minimize negative impacts from its operations to safeguard the health and safety of the public. In addition, Wolverine's suppliers permit announced and unannounced audits of their premises and practices.

The company appears to have taken concerns over the impacts of PFAS seriously and has addressed them where it has been within its power to do so. Furthermore, it has remedied the PFAS pollution to the benefit of the affected residents and local environment. Based upon the company's actions, we consider the case to be resolved.

**STATUS**

**Resolved**

**ISSUE(S)**

► Activities Resulting in Negative Health Impacts

**ENGAGEMENT MANAGER**







**K Bruce Jackson**  
Associate Director  
London

**CONTRIBUTION TO SDGs**



**DIALOGUE STATISTICS**

	<b>22</b>	Number of Contacts
	<b>1</b>	Conference Calls
	<b>5</b>	Correspondence
	<b>0</b>	Meetings in Person

**CASE TIMELINE**

	Engagement Since	Dec 2017
	Milestone 1	Jan 2018
	Milestone 2	Mar 2018
	Conference Call	Apr 2018
	Milestone 3	Apr 2018
	Milestone 4	Oct 2019
	Milestone 5	Jun 2020
	Case Resolved	Jul 2020



## Engage Cases

### Aviation Industry Corporation of China, Ltd.

#### Background

AVIATION INDUSTRY CORPORATION OF CHINA (AVIC) has reportedly been involved, both directly and through its subsidiaries, in the sale of military equipment to embargoed or conflict-affected countries. In 2015, AVIC allegedly signed a contract to provide 16 combat aircraft to the armed forces of Myanmar, which have been accused of severe human rights violations. AVIC has been repeatedly linked to arms deals in other conflict-affected regions, including Zimbabwe, Sudan and Egypt. The company was also allegedly involved in the sale of strike-capable reconnaissance unmanned aerial vehicles (UAVs) to Saudi Arabia and the United Arab Emirates which were then used in operations in Yemen.

Sustainalytics already has an existing Engage case on one of the company's subsidiaries AVICHINA INDUSTRY & TECHNOLOGY COMPANY LIMITED (AviChina) related to the sale of military equipment in high risk countries.

#### Engagement Objective and Activity

The engagement objective is to encourage AVIC to establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals. To this end, we will ask the company both about its general procedures and its response to allegations relating to specific countries.

#### Next Step

Sustainalytics will attempt to open a dialogue with the company to seek its response on the different allegations and ask whether it is undertaking any human rights due diligence on potential clients.

#### STATUS

Engage

#### ISSUE(S)

► Operations in Territories with Elevated Human Rights Risks

#### ENGAGEMENT MANAGER



**Jonathan Kellar**  
Manager  
London

#### CONTRIBUTION TO SDGs



### Boohoo Group Plc

#### Background

BOOHOO GROUP PLC (Boohoo) is a UK-based online fast fashion retailer of low-priced clothing. In June 2020, an NGO, Labour Behind the Label, reported that factories in Leicester, UK, including those supplying for Boohoo, required workers to come into work despite the risk of infection from COVID-19. The NGO states it heard several incidents of workers who had tested positive being told to come to work. The majority of reports the NGO received involving abusive practices were linked to suppliers producing for Boohoo. In July 2020, the Sunday Times, a UK newspaper, exposed how a supplier making Boohoo garments was allegedly paying workers below the legal minimum wage. The UK Home Secretary ordered the National Crime Agency to investigate factory working conditions in Leicester. Modern slavery concerns were being looked into, as part of the investigation. Meanwhile, Boohoo has launched its own independent review into working conditions in its supply chain.

#### Engagement Objective and Activity

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 use of unauthorized sub-contractors). In addition, the company should adopt an effective grievance mechanism that is accessible to supply chain workers.

#### Next Step

Sustainalytics will outline investor expectations to Boohoo regarding ethical trade and decent working conditions. Through our engagement, Sustainalytics will aim to monitor measures taken by Boohoo to ensure a robust programme is adopted that eliminates abuse throughout the company's supply chains.

#### STATUS

Engage

#### ISSUE(S)

► Labour Rights Violations in Supply Chain

#### ENGAGEMENT MANAGER



**Anita Nagarajan**  
Manager  
London

#### CONTRIBUTION TO SDGs



## Caterpillar Inc

### Background

CATERPILLAR INC (Caterpillar) is one of the world's leading manufacturers of construction and mining equipment. The company has been heavily criticized for many years by several NGOs, including Who Profits and Swedwatch, for its distribution and sales of construction and mining equipment to Israel and Myanmar. It has been reported that, apart from regular construction projects, the products have been used in controversial operations, for example, demolition works in the Occupied Palestinian Territories and in jade mines in Hpakan, Myanmar.

### Engagement Objective and Activity

The engagement will focus on Caterpillar's controls on the sale of its equipment and measures it can take to prevent its usage in controversial operations. Caterpillar should undertake a due diligence process prior to the sale of products to potential controversial users.

### Next Step

As a first step, Sustainalytics will request a conference call with Caterpillar to learn about company's sales process and whether any due diligence is undertaken.

### STATUS

Engage

### ISSUE(S)

► Operations in Territories with Elevated Human Rights Risks

### ENGAGEMENT MANAGER



**Emma Henningsson**  
Associate Director  
Stockholm

### CONTRIBUTION TO SDGs



## Centrais Elétricas Brasileiras SA

### Background

CENTRAIS ELÉTRICAS BRASILEIRAS SA (Eletrobras) is involved in several hydropower projects in the Brazilian Amazon, such as Teles Pires, São Manoel and Belo Monte, which are considered controversial due to the high risk of impacting indigenous communities in the area. Allegedly, in some cases, programmes aimed at addressing the impacts have been poorly implemented, community fisheries have been affected and the consultation process was not satisfactory for participants.

Sustainalytics previously engaged with the company for several years and we had noted significant progress, as Eletrobras developed a set of measures to improve its performance in the area of human rights. However, complaints continue, and its processes do not appear to have fully addressed concerns.

### Engagement Objective and Activity

The aim of this engagement is to ensure adequate implementation of the company's commitments, especially those related to human rights due diligence. Eletrobras should carry out a human rights due diligence process of its projects with alleged 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.

### Next Step

As a first step, Sustainalytics will request a conference call with the company to inform them of our engagement objectives. The initial call will focus on the current controversies and the need for a more rigorous application of its human rights due diligence process.

### STATUS

Engage

### ISSUE(S)

► Project(s) Resulting in Adverse Human Rights Impacts

### ENGAGEMENT MANAGER



**Ewa Klewar**  
Senior Associate  
Medellin

### CONTRIBUTION TO SDGs





## El Sewedy Electric Co

### Background

EL SEWEDY ELECTRIC CO (Elsewedy) is an Egyptian based provider of integrated energy solutions and is playing a key role in the Rufiji Hydropower Project located inside the Selous Game Reserve in Tanzania – a UNESCO area of Outstanding Universal Value and a World Heritage Site in Danger. Elsewedy holds key positions and 45% of shares in the joint venture, which is to design and build the dam.

Tanzania Electric Supply Company, the project owner, conducted a Strategic Environmental Assessment which was deemed inadequate and incomplete by both UNESCO and Elsewedy. UNESCO has described the project as fatally flawed. However, construction started in June 2019 and the dam is due to be operational by 2022.

### Engagement Objective and Activity

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 most relevant and substantial 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.

### Next Step

Sustainalytics will reach out to Elsewedy in order to understand the gaps that it identified in the strategic environmental assessment and to understand what actions the company has taken to address them.

### STATUS

Engage

### ISSUE(S)

► Power Project(s) Resulting in Negative Environmental Impacts

### ENGAGEMENT MANAGER



**Emma Henningsson**  
Associate Director  
Stockholm

### CONTRIBUTION TO SDGs



## GRUPO MÉXICO, S.A.B DE C.V / Southern Copper Corporation

### Background

GRUPO MÉXICO, S.A.B. DE C.V. (Grupo México)'s alleged labour and union rights violations, conducted through the operations of its subsidiaries, SOUTHERN COPPER CORPORATION (SCC) and Asarco, affected its workers in Mexico, Peru, and the US, and have been the focus of campaigns by trade unions throughout South and North America. The incidents have recurred since 2007 and, while labour strikes are not uncommon in the industry, their frequency and the severity of the cumulative impacts on company employees and neighboring communities cast doubt on the company's labour practices. Even though labour disputes have ended at some of the companies' operations, the strikes in Mexico have not yet been resolved and new allegations of unfair labour practices at Asarco's facilities in the US emerged in 2020.

Sustainalytics closed a case related to the same issue in US in 2018. At the time, the labour rights conflicts with trade unions in the US were resolved with a new collective agreement and the unfair labour practices charges were withdrawn. However, considering that the problem is still ongoing at some of Grupo México's subsidiaries, Sustainalytics will initiate a new engagement with the company on the poor working conditions across its subsidiaries and operations.

### Engagement Objective and Activity

Grupo México should improve its labour practices in accordance with international standards and demonstrate how it is meeting these obligations by improving its external disclosure on the implementation of the measures and their effectiveness.

### Next Step

Sustainalytics will reach out to the company to better understand the measures it has taken to improve its labour rights practices.

### STATUS

Engage

### ISSUE(S)

► Labour Rights Violations at Company Operations

### ENGAGEMENT MANAGER



**Emma Henningsson**  
Associate Director  
Stockholm

### CONTRIBUTION TO SDGs



## JBS S.A.

\*Associated Companies: **JBS USA Food Co.** and **Pilgrim's Pride Corp.**

### Background

Two PILGRIM'S PRIDE CORP. (Pilgrim's Pride) executives, one of which was the CEO, have been indicted for conspiring to fix prices for broiler chicken in the US from at least 2012 to 2017. Pilgrim's Pride is majority-owned by JBS USA FOOD CO., which is a wholly owned subsidiary of JBS S.A. (JBS). Pilgrim's CEO is on paid leave to focus on his defense. The original investigation by the US Department of Justice targeted several other poultry producing companies. Following which, two executives of family-owned Claxton Farms have also been indicted. There has not been any similar indictment of anyone at any of the other investigated companies.

### Engagement Objective and Activity

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.

### Next Step

Sustainalytics will reach out to JBS to discuss measures to prevent recurrence in the future. Considering that JBS has already been investing considerably in improving its compliance functions with additional staff, policies, systems and trainings, Sustainalytics would like to understand how antitrust risks can be mitigated more effectively.

### STATUS

Engage

### ISSUE(S)

► Antitrust Violations

### ENGAGEMENT MANAGER



**Joris Laseur**  
Manager  
Amsterdam

### CONTRIBUTION TO SDGs



## MMC Norilsk Nickel PJSC

### Background

In May 2020, a fuel storage tank owned by Norilsk-Taimyr Energy Company (NTEC), a subsidiary of MMC NORILSK NICKEL PJSC (Nor Nickel), collapsed and leaked about 21,000 tonnes of diesel fuel contaminating an alleged area of around 350 square kilometres, including the Ambarnaya river, located near the city of Norilsk in Russia's Arctic region. The company provides regular updates on its response. Booms were installed to contain the leak and large quantities of contaminated soil and water have been removed. The initial investigation attributes the accident to permafrost melt, but the tank's age and alleged poor maintenance may be contributory factors. Russian authorities have issued a fine of USD 2.1 billion. It is estimated that the clean-up will cost the company about USD 150 million.

### Engagement Objective and Activity

Nor Nickel 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 maintenance and monitoring programmes to address the risks to its infrastructure, including from melting permafrost.

### Next Step

Sustainalytics will arrange a call with Nor Nickel to discuss its emergency response to the leak and how the company is addressing the initial impacts of the leak.

### STATUS

Engage

### ISSUE(S)

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

### ENGAGEMENT MANAGER



**Emma Henningsson**  
Associate Director  
Stockholm

### CONTRIBUTION TO SDGs



## Odebrecht S.A.

### Background

ODEBRECHT S.A. (Odebrecht) has faced numerous allegations of involvement in corruption and criminal conspiracy globally. In December 2016, Odebrecht agreed to pay USD 2.6 billion to settle a criminal probe with the US, Brazilian and Swiss authorities. In February 2020, Odebrecht agreed to extend monitorship by the US Department of Justice (DOJ) until November 2020, after failing to comply with some conditions of the agreement including allowing the DOJ to complete the monitorship and failure to maintain a compliance and ethics programme.

Sustainalytics has a previous resolved case in relation to the corrupt practices, after several improvements of Odebrecht's anti-corruption programmes. Due to the DOJ extended monitoring, Sustainalytics has however decided to open an engage case on the company, which we will carefully follow.

### Engagement Objective and Activity

The aim of this engagement is to ensure that the company fulfils requirements set by the US Department of Justice (DOJ), including completion of the external monitoring.

### Next Step

Sustainalytics will request a conference call with Odebrecht to understand how it will comply with DOJ's requirements and external monitoring.

### STATUS

Engage

### ISSUE(S)

► Fraud

### ENGAGEMENT MANAGER



**Stina Nilsson**  
Associate Director  
Stockholm

### CONTRIBUTION TO SDGs



## PT Sinar Mas Group

### Background

PT SINAR MAS GROUP (Sinar Mas) faces reoccurring allegations of deforestation through its subsidiaries GOLDEN AGRI-RESOURCES LTD (GAR), one of the largest palm oil plantation operators in South-East Asia and Asia Pulp & Paper (APP), one of the largest pulp and paper companies in the world.

GAR is facing a complaint, filed by various NGOs, alleging illegal deforestation in several of its operations. Meanwhile, APP has historically been responsible for the destruction of more than 2 million hectares (ha) of tropical rainforest up to 2011. In December 2019, Greenpeace alleged that Sinar Mas was responsible for 193,500 ha of peatland burning at its Indonesian pulp and palm oil operations between 2015 and 2018 and for more than 40% of emissions associated with the plantation sector. Additionally, in July 2020, Greenpeace reported that between August 2018 and June 2020, around 3,500 ha of peatland was destroyed in three concessions either owned or that are major suppliers to APP and 50 hectares were burned in late June 2020 on one of these concessions.

### Engagement Objective and Activity

This engagement case will mainly focus on encouraging Sinar Mas and its subsidiaries to demonstrate clear action plans and targets concerning deforestation, also accounting for its suppliers. The company should implement a system to monitor and verify deforestation related activities.

### Next Step

Sustainalytics will attempt to contact the company and engage in dialogue on its deforestation risk management controls. We will begin by seeking more information on the company's and subsidiaries' approaches to deforestation as well as encouraging further disclosures in that regard.

### STATUS

Engage

### ISSUE(S)

► Deforestation

### ENGAGEMENT MANAGER



**David Frazer**  
Manager  
Toronto

### CONTRIBUTION TO SDGs



## Wirecard AG

### Background

In June 2020, WIRECARD AG (Wirecard) publicly admitted that EUR 1.9 billion of cash reported on its balance sheet likely did not exist, while the company's auditor, EY, refused to sign-off on Wirecard's financial report. Immediately, the COO was suspended and the next day the founder and CEO resigned. Within several days, the former CEO was arrested and charged by German prosecutors for allegedly falsifying accounts by inflating the company's reported revenues and total assets, and thereby manipulating the group's share price, while at the same time the former COO went missing. The ex-CFO was arrested in July 2020, and prosecutors are investigating the rest of the former management board. Multiple allegations followed in July and August 2020 when media alleged the former COO held close ties with Russian intelligence services and was associated with suspicious activities in Libya disguised as a humanitarian project. Also, it was claimed that Wirecard facilitated money laundering for a mafia-linked online casino. According to information provided by the Financial Times, Wirecard appears to have tried to suppress various allegations of business ethics misconduct since 2015 by suing those who have investigated the company. In June 2020, Wirecard announced that it had applied for insolvency proceedings; however, stating that its business activities would continue. Over the years, the company's public disclosure suggested good practices in terms of governance and internal control; however, the gravity and credibility of the allegations seriously undermines trust in their quality.

### Engagement Objective and Activity

Wirecard should ensure that it is not complicit in any fraudulent activities. The company should investigate the root causes of the misconduct. Such an investigation should be facilitated by external stakeholders and the results of it should be made available to the public. The company should thoroughly re-examine its internal controls and compliance as well as implement robust countermeasures.

### Next Step

Sustainalytics will approach Wirecard to enquire about the internal investigation of the accounting fraud and the company's plan to rectify the misconduct. Furthermore, Sustainalytics will focus on the company's own review of the effectiveness of policy implementation and the strengthening of whistleblower mechanisms.

### STATUS

Engage

### ISSUE(S)

► Fraud

### ENGAGEMENT MANAGER



**Olga Kostyurina**  
Manager  
Amsterdam

### CONTRIBUTION TO SDGs



## Yes Bank Ltd

### Background

In 2017, YES BANK LTD (Yes Bank) was fined with an undisclosed amount by the Reserve Bank of India (RBI) for underreporting its non-performing assets (NPAs). In 2018, the RBI pointed out serious lapses in corporate governance, a poor compliance culture at the company and denied an extension to the term of the bank's founder and then-CEO. In March 2020, the Indian government put Yes Bank under moratorium for two weeks over the company's deteriorating financial position and approved its restructuring. The same month, the Indian Enforcement Directorate (ED) alleged that the founder had sanctioned USD 4.1 billion worth of loans, 65% of which were later classified as NPAs. In May 2020, the ED charged the founder and his family members over allegations that they had received around USD 575 million in kickbacks over improperly issued loans and for not recovering NPAs.

### Engagement Objective and Activity

Yes Bank should responsibly manage the restructuring process and reform its internal control and compliance systems to ensure their effectiveness. The bank should adopt a robust anti-bribery and corruption policy with implementation properly overseen at the board level.

### Next Step

Sustainalytics will reach out to Yes Bank in September 2020 to request a call and discuss its plans to reform the corporate governance to ensure its effectiveness in the future.

### STATUS

Engage

### ISSUE(S)

► Fraud

### ENGAGEMENT MANAGER







**Olga Kostyurina**  
Manager  
Amsterdam

### CONTRIBUTION TO SDGs



## Company Dialogue & Progress Summary

### Legend

<b>Country</b>	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.
<b>Year</b>	The year shows when the case was downgraded to Engage status.
<b>Response</b>	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> 
<b>Progress</b>	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> 
<b>Performance</b>	<p>The indicator describes the combined company progress and response performance.</p> <p>▲ <b>High Performance</b> - good or excellent Response in combination with good or excellent Progress.</p> <p>▶ <b>Medium Performance</b> - standard level of Response and Progress.</p> <p>▼ <b>Low Performance</b> - poor or no Response in combination with poor or no Progress.</p> <p><b>New, Same, Better or Worse Performance</b> - indicates the change in either Response or Progress since the last quarterly report.</p>
<b>Low Performance Tracker (Tracker)</b>	<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>
<b>Milestones</b>	<p>The indicator describes the milestone achieved from 1 to 5.</p>  <p>3/5 Achieve</p>

# Resolved

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## ASIA / PACIFIC

### Singapore Technologies Engineering Ltd. (Singapore, 2017)

ST Engineering has implemented structure and processes relative to risks of bribery and corruption, that fulfil the engagement objective and are in the process of being expanded further. Furthermore, there have been no reported incidents of subsequent occurrences of bribery and corruption. Therefore, Sustainalytics decided to resolve the case.

#### ISSUE

- Corrupt Practices

#### MILESTONES

5/5 Achieved

## EUROPE

### Nordea Bank Abp (Sweden, 2013)

Since 2016, Nordea has adopted a responsible course of action. The bank cooperated with the authorities and addressed all issues raised during the investigations. All identified deficiencies in the control framework were corrected. The Code of Conduct was updated, and all relevant policies were publicly disclosed. A committee chaired by the Group CEO and taking the mandate from the Board of Directors was established to address ethical dilemmas. Due to the measures taken by the bank and clarity on the allegations from 2019, Sustainalytics decided to resolve the case.

#### ISSUE

- Money Laundering

#### MILESTONES

5/5 Achieved

## LATIN AMERICA AND CARIBBEAN

### Grupo México, S.A.B. de C.V. (Peru, 2013)

Grupo Mexico has aligned its corporate wide practices to the Voluntary Principles on Security and Human Rights, improved community relations and have water management system in place for the Tia Maria project aligned with international standards. Substantial focus has been given to the development of a comprehensive human rights framework across Grupo Mexico, which is also transparently reported in its 2019 Sustainability Report. With such improvements, Sustainalytics regards the case as resolved.

#### ISSUE

- Project(s) Resulting in Adverse Human Rights Impacts

#### MILESTONES

5/5 Achieved

## UNITED STATES AND CANADA

### Bunge Ltd. (Brazil, 2017)

Whilst Sustainalytics has engaged with Bunge, the company has committed to achieving zero deforestation in its supply chain by 2025 and demonstrated ongoing progress towards that goal. The company has continued to increase traceability within its supply chain, engage with farmers and create technological solutions and other projects to promote forest conservation. Sustainalytics therefore considers that Bunge has sufficient measures in place for the case to be resolved.

#### ISSUE

- Deforestation

#### MILESTONES

5/5 Achieved

**Patterson-UTI Energy, Inc.** (United States, 2018)

The company has worked cooperatively with CBS since the accident and before the investigation report was published, pre-emptively taking actions and improving working practices where it had identified independently identified causes of the accident. Although, all of the company-specific actions, recommended by CSB, have been addressed, it will take time for the industry bodies to formulate responses and even longer for CSB to verify and confirm the implementation of its recommendations. There will furthermore, be no official verification, based on the actions of the company to address CSB's investigation report and the causes of the accidents, and as such, including the lack of further incidents since January 2018, Sustainalytics considers the case resolved.

**ISSUE**

► Fatal Workplace  
Accident(s)

**MILESTONES**

🟢 🟢 🟢 🟢 🟢 5/5 Achieved

**Southern Copper Corporation** (Peru, 2013)

Grupo Mexico, including its subsidiary Southern Copper, has aligned its corporate wide practices to the Voluntary Principles on Security and Human Rights, improved community relations and have water management system in place for the Tia Maria project aligned with international standards. Substantial focus has been given to the development of a comprehensive human rights framework across Grupo Mexico, which is also transparently reported in its 2019 Sustainability Report. With such improvements, Sustainalytics regards the case as resolved.

**ISSUE**

► Project(s) Resulting in  
Adverse Human Rights  
Impacts

**MILESTONES**

🟢 🟢 🟢 🟢 🟢 5/5 Achieved

**Wolverine World Wide, Inc.** (United States, 2017)

The settlement of the community/state brought a lawsuit against Wolverine in February 2020 combined with the Agreement over remediation with the USEPA in October 2019, which was completed in May 2020, which means that Wolverine has addressed the historic PFAS contamination from its sites. Compensation to residents and a new piped water supply are within the terms of the February 2020 settlement. Based on this information, Sustainalytics has decided to resolve the case.

**ISSUE**

► Activities Resulting in  
Negative Health Impacts

**MILESTONES**

🟢 🟢 🟢 🟢 🟢 5/5 Achieved



## Archived

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### AFRICA / MIDDLE EAST

#### **Jerusalem Economy Ltd.** (Palestinian Authority, 2010)

Jerusalem Economy had merged with its parent company and operates now as Mivne Real Estate (K.D) Ltd. Thus, the case profile can be found under Mivne Real Estate (K.D) Ltd.

#### **ISSUE**

- Operations in Occupied Territories

### ASIA / PACIFIC

#### **Agricultural Bank of China** (United States, 2018)

Despite ABC's failure to enter into engagement dialogue with Sustainalytics, over the last three years, we have identified, through the company's reporting, improvements on how it deals with Anti-Money Laundering (AML) controls, by for example adopting a more robust AML system which involved technology driven enhancements. The company has also strengthened its monitoring and control activities related to financial crime prevention and participated in a China-wide AML assessment. Furthermore, no new stories appear to have surfaced since 2017 pertaining to money laundering at the senior executive or board level, other than fines which have been levied in the US and China in 2016 and 2018 respectively, for the money laundering violations on which the case was founded. Based on the measures taken by the company, Sustainalytics has decided to archive the case.

#### **ISSUE**

- Money Laundering

#### **Industrial & Commercial Bank of China Ltd.** (Spain, 2018)

Despite the company's non-responsiveness to engagement attempts over the last three years, the company has made improvements in its reporting of Anti-Money Laundering (AML) risks across the company's global operations. ICBC has invested in AML training, created structures of governance for AML compliance globally, and focused on ensuring overseas compliance. All these developments, among others that the company has disclosed, suggests above average management capacity for AML related risks, and a lower likelihood of incurring costs related to AML noncompliance such as fines, costly litigation and reputational damage. Furthermore, during Sustainalytics' research, no major money laundering incidents like the ones described in the media in February 2016 have been identified. Thus, Sustainalytics has decided to archive the case.

#### **ISSUE**

- Money Laundering

#### **Korean Air Lines Co.,Ltd.** (South Korea, 2019)

Sustainalytics recognizes the company has undertaken important reforms to improve governance, especially most recently with the separation of chairman and chief executive. There are also several ethics policies in place that address key aspects of corruption. Some gaps remain, however, such as the fact that the audit committee is not fully independent and training on anti-corruption is directed towards all employees without additional training specifically targeted at executives. These gaps are likely to require a fundamental change in culture i.e. to challenge authority which may be unrealistic at this stage for a Korean chaebol (family-run business). Due to measures taken by the company and the fact that no further allegations connected to embezzlement have surfaced and the criminal case against the former chairman-chief executive was dismissed by Korean Authorities when he died, Sustainalytics has decided to archive the case.

#### **ISSUE**

- Embezzlement

**S&T Corp.** (South Korea, 2019)

Following a reassessment of the company's corporate structure links with S&T Dynamics, which is involved in the production of anti-personnel mines, Sustainalytics concluded that S&T Corp. is not directly involved in anti-personal mines. Thus, the case has been archived.

**ISSUE**

- Involvement in Land Mines

**EUROPE****Watchstone Group PLC** (United Kingdom, 2019)

The company's most significant legal proceeding was settled in October 2019, which left only an investigation by the UK Serious Fraud Office (SFO). In early 2020, the company was notified by the SFO that it is no longer a suspect and will not be liable to prosecution. While the company was non-responsive to Sustainalytics attempts at engagement dialogue and has not provided guidance, beyond general statements, on how internal financial controls have improved, it no longer faces material litigations or investigations regarding claims of irregular accounting practices. Based on the above and the fact that there have been no new allegations after 2015, Sustainalytics decided to archive the case.

**ISSUE**

- Accounting Irregularities

**UNITED STATES AND CANADA****Tesla Inc** (United States, 2018)

Tesla denies any alleged anti-union practices that would adversely impact its employees' right to freedom of association. Even though the company still lacks a stand-alone policy that would explicitly guarantee the right to unionize and several controversies related to labour rights at Tesla are present, after substantial engagement efforts, Sustainalytics decided to archive the case. The severity of current allegations, in comparison with other labour issues Sustainalytics engages on, has been assessed as not high enough to continue the engagement process, especially as the conflicts have not escalated to further protests and the outstanding issues are being analyzed by the National Labor Relations Board. Sustainalytics will continue to monitor the situation and should new, relevant information emerge, we will reconsider this conclusion.

**ISSUE**

- Labour Rights Violations at Company Operations

# Engage

## AFRICA / MIDDLE EAST

### Bank Hapoalim B.M. (Palestinian Authority, 2010)

#### Financing of Illegal Settlements in Occupied Territories

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



### Bank Leumi Le-Israel Ltd. (Palestinian Authority, 2010)

#### Financing of Illegal Settlements in Occupied Territories

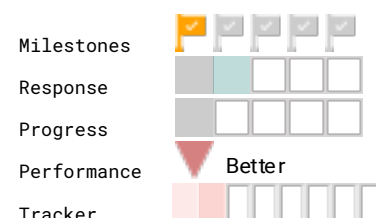
**Change Objective:** Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.



### Bezeq The Israel Telecommunication Corporation Limited (Israel, 2019)

#### Corrupt Practices

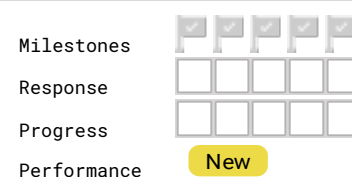
**Change Objective:** Bezeq should implement and demonstrate an appropriate anti-corruption programme and internal control mechanisms. It should further ensure that its media ethics guidelines are sufficient to guard against similar subjective influence and cooperate with the authorities on the ongoing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



### El Sewedy Electric Co (Tanzania, 2020)

#### Power Project(s) Resulting in Negative Environmental Impacts

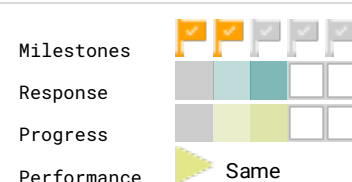
**Change Objective:** Elsewedy should identify the gaps in the existing strategic environmental assessment, demonstrate actions taken to address the gaps, and publicly disclose the results. The company should use its leverage to ensure that mitigation measures are in place wherever possible to address the most relevant and substantial 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

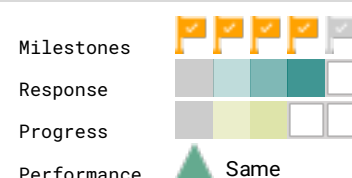
**Change Objective:** Eskom should make sure that more extensive maintenance programme is introduced to its plants and the implementation of environmental offset programmes in the communities is confirmed. It should prioritize the plants which will remain operational for a longer time and be able to 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 to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.



### Israel Discount Bank Ltd. (Palestinian Authority, 2010)

#### Financing of Illegal Settlements in Occupied Territories

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



**Mizrahi Tefahot Bank Ltd.** (Palestinian Authority, 2010)

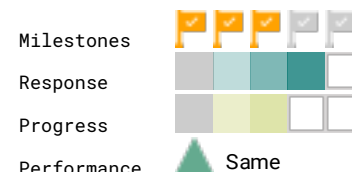
► Financing of Illegal Settlements in Occupied Territories

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

**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.** (New)

**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)

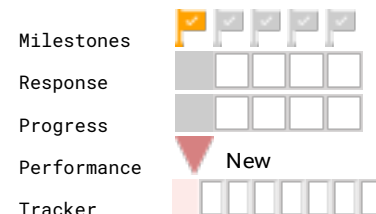
► Operations in Occupied Territories

**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.

**Saudi Arabian Oil Co.** (Saudi Arabia, 2019)

► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Sustainalytics is analyzing the company's potential leverage to improve the human rights situation in Saudi Arabia.

**Sibanye Stillwater Ltd.** (South Africa, 2018)

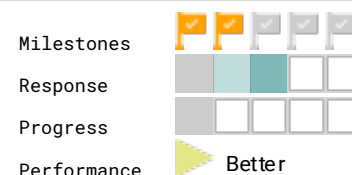
► Recurring Workplace Accidents

**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 First International Bank of Israel Ltd.** (Palestinian Authority, 2011)

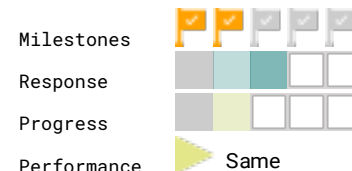
## ► Financing of Illegal Settlements in Occupied Territories

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

**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)

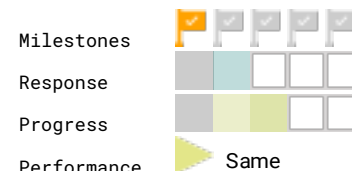
## ► Product-Related Fatalities

**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.

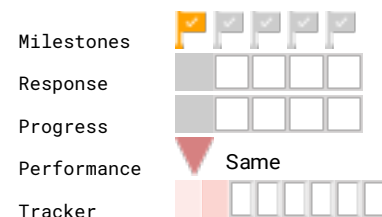


## ASIA / PACIFIC

### 63 Moons Technologies Ltd (India, 2020)

#### Fraud

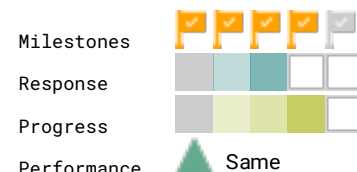
**Change Objective:** 63 moons should cease ownership in any market infrastructure. The company should implement robust countermeasures to guard against financial crime and strengthen its internal controls. 63 moons should reimburse affected investors.



### Adani Enterprises Limited (Australia, 2016)

#### Project(s) with Environmental and Human Rights Risks

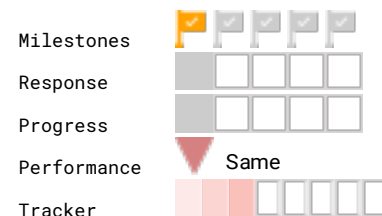
**Change Objective:** Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the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



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

#### Quality and Safety Violations

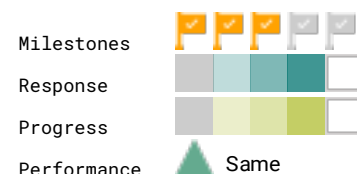
**Change Objective:** Aekyung Industrial should disclose the findings of any internal and external investigations into the disinfectant issue. It should respond appropriately to these findings, including reviewing, upgrading and externally assuring its quality and safety management system as needed, 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.



### Anbang Insurance Group Co., Ltd. (China, 2019)

#### Fraud

**Change Objective:** Anbang 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.

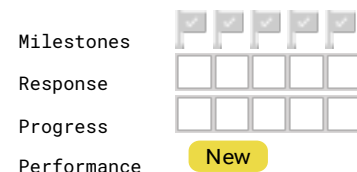


\*Associated companies: **TongYang Life Insurance Co Ltd** and **Dajia Life Insurance Co. Ltd.**

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

#### Operations in Territories with Elevated Human Rights Risks

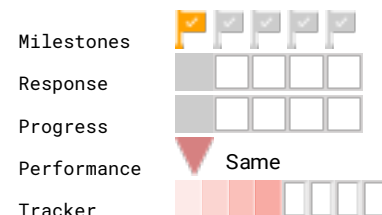
**Change Objective:** AVIC should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.



### 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.

**China National Chemical Corp.** (China, 2019)

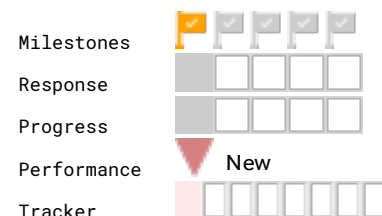
► Quality and Safety Breaches

**Change Objective:** ChemChina should, through its wholly owned subsidiary Syngenta, address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new products.

**China National Petroleum Corp.** (China, 2020)

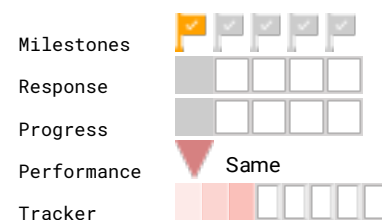
► Operations in Territories with Elevated Human Rights Risks

**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.

**China North Industries Corp.** (China, 2019)

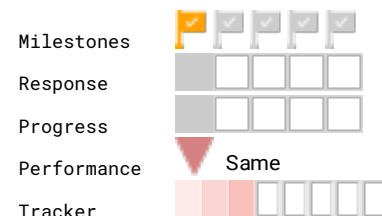
► Operations in Territories with Elevated Human Rights Risks

**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:** The company 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:** The company 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)

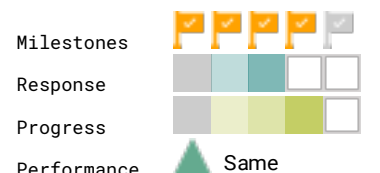
► Forced Evictions

**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 companies: **China Railway Engineering Corp.** (New)**China Railway Group Ltd** (China, 2014)

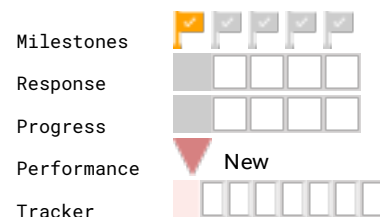
► Recurring Workplace Accidents

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

\*Associated companies: **China Railway Engineering Corp.** (New)**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.

**Coal India Limited** (India, 2016)

► Recurring Workplace Accidents

**Change Objective:** Coal India should strengthen both its health and safety management systems resulting in a material and sustained decrease in accident rate and examine and investigate root causes of past accidents, and subsequently identify and correct gaps in its systems. Meanwhile, the company should align its practices to relevant IFC Standards, in particular those related to consultation, resettlement and compensation.

**Commonwealth Bank of Australia** (Australia, 2019)

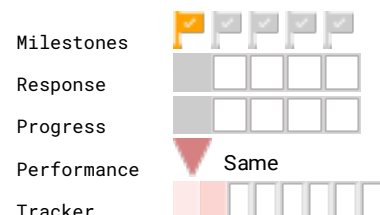
► Money Laundering

**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.



**Export-Import Bank of India** (Bangladesh, 2017)

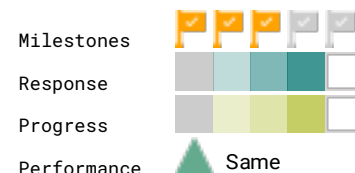
► Project(s) with Environmental and Human Rights Risks

**Change Objective:** Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.

**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**

**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.



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

**Habib Bank Limited** (Pakistan, 2019)

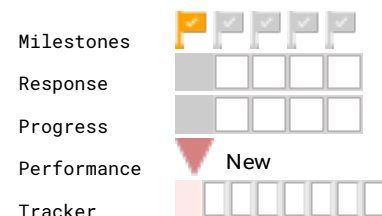
► Money Laundering

**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.

**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

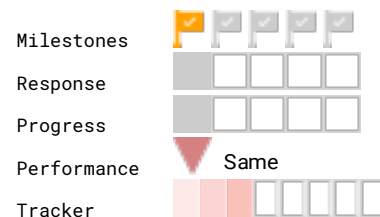
**Change Objective:** IndoAgri should adopt and implement a more rigorous social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also strengthen its grievance mechanism.



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

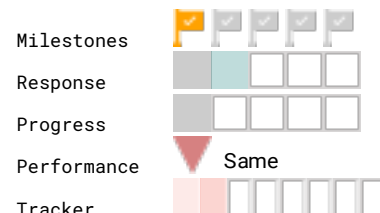
## ► Environmental Pollution

**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)

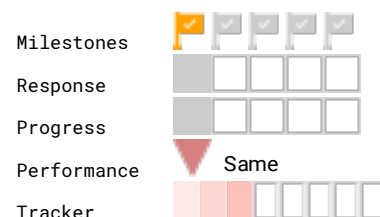
## ► Accounting Irregularities

**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)

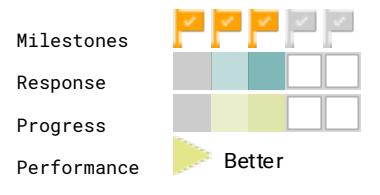
## ► Incident(s) Resulting in Negative Human Rights Impacts

**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.

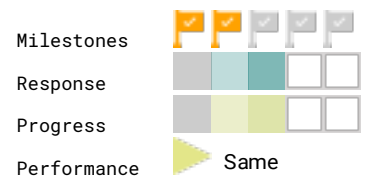


*\*Associated companies: Lotte Chemical Corp, Lotte Chilsung Beverage Co Ltd, Lotte Confectionery (New), Lotte Fine Chemical Co., Ltd., Lotte Food Co., Ltd., LOTTE Himart Co. Ltd., Lotte Non-Life Insurance Co., Ltd. and Lotte Shopping Co., Ltd.*

**Lu Thai Textile Co., Ltd.** (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)

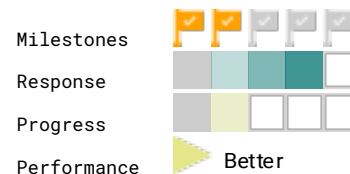
## ► Quality and Safety Violations

**Change Objective:** The company 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.

**NTPC Limited** (Bangladesh, 2017)

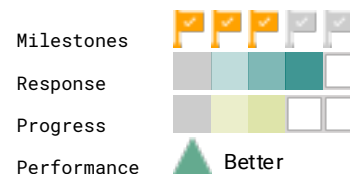
## ► Project(s) with Environmental and Human Rights Risks

**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)

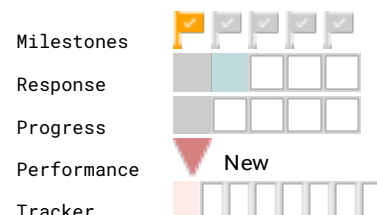
## ► Recurring Workplace Accidents

**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)

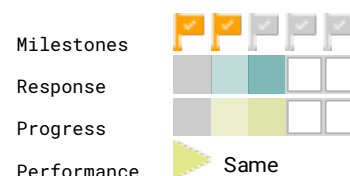
## ► Forced Labour

**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 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.

**Olympus Corporation** (United States, 2019)

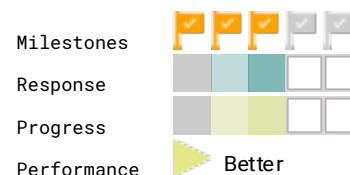
## ► Product-Related Fatalities

**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.

**PetroChina Co Ltd** (China, 2017)

## ► Corrupt Practices

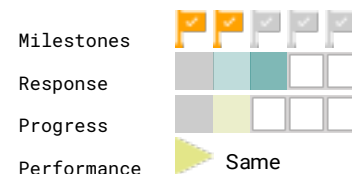
**Change Objective:** PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training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



**PetroChina Co Ltd** (China, 2019)

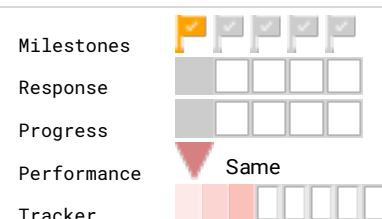
## ► Operations in Territories with Elevated Human Rights Risks

**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.

**Petrolim Nasional Berhad** (Malaysia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Petrolim 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 INTERNATIONAL Corp.** (Uzbekistan, 2012)

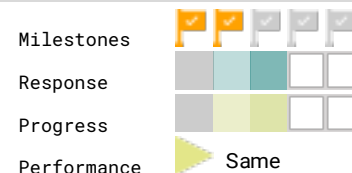
## ► Labour Rights Violations in Supply Chain

**Change Objective:** POSCO International Corp. (Daewoo) should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.

**PT Indofood Sukses Makmur Tbk** (Indonesia, 2018)

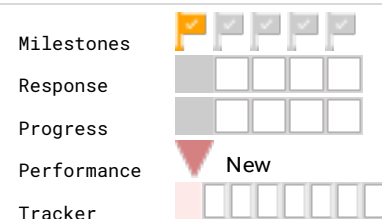
## ► Labour Rights Violations at Plantations

**Change Objective:** Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.

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

## ► Environmental Impacts from Waste Practices

**Change Objective:** Inalum should introduce a policy prohibiting riverine tailings disposal in future projects, where there is a viable and more environmentally sustainable alternative. PT Indonesia Asahan Aluminium, 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 Perusahaan Perkebunan London Sumatra Indonesia Tbk** (Indonesia, 2019)

## ► Labour Rights Violations at Plantations

**Change Objective:** Lonsum should take responsibility for addressing labour rights incidents at its plantations. Lonsum should adopt and implement a more rigorous human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Lonsum should also improve the existing Sustainable Palm Oil Policy.

**PT Salim Ivomas Pratama Tbk** (Indonesia, 2019)

## ► Labour Rights Violations at Plantations

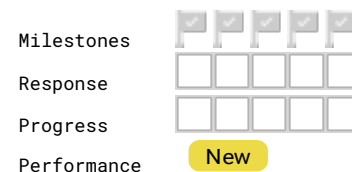
**Change Objective:** Salim Ivomas should take responsibility for addressing labour rights incidents at its plantations. The company should adopt and implement a human rights due diligence programme to identify, prevent and mitigate any human rights impacts. Salim Ivomas should also improve the existing Sustainable Palm Oil Policy.



**PT Sinar Mas Group** (Indonesia, 2020)

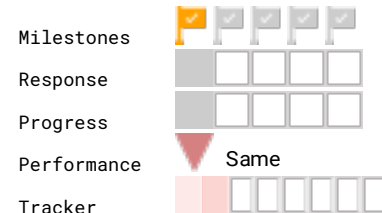
## ► Deforestation

**Change Objective:** Sinar Mas should demonstrate clear action plans and targets concerning deforestation, also accounting for its suppliers. The company should also implement a system to monitor and verify deforestation related activities.

**PT Tiga Pilar Sejahtera Food Tbk** (Indonesia, 2019)

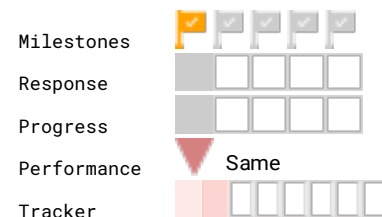
## ► Consumer Fraud

**Change Objective:** PT Tiga Pilar Sejahtera Food 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.

**Samling Global Limited** (Malaysia, 2019)

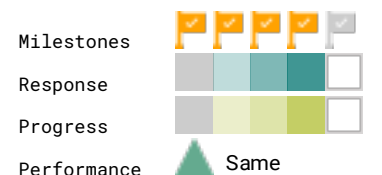
## ► Deforestation

**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 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.

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

## ► Quality and Safety Violations

**Change Objective:** SK Discovery Co 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 business ethics, policies, compliance processes, governance controls and risk management systems are in place to assure strong business ethics and prevent recurrence of loans falsification.

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

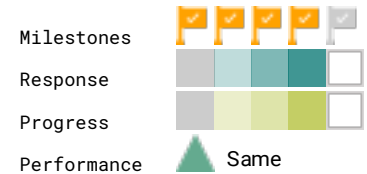
## ► Incident(s) Resulting in Negative Environmental and Human Rights Impacts

**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 measure both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.

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

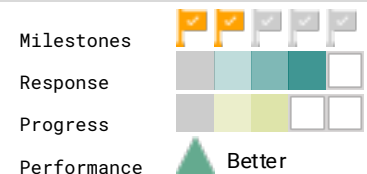


\*Associated company: **Hindustan Zinc Limited**

**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.

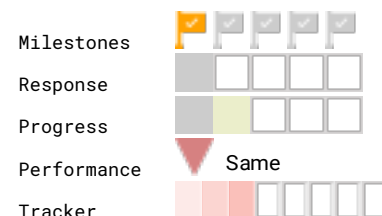


\*Associated company: **Shree Renuka Sugars Ltd** (New)

**Wockhardt Limited** (India, 2019)

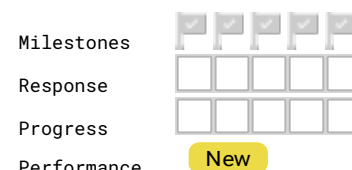
► Quality and Safety Breaches

**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)

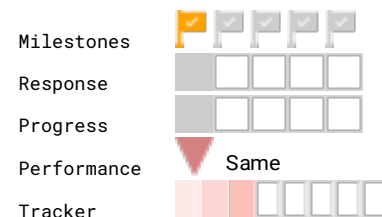
► Fraud

**Change Objective:** Yes Bank should be properly reporting 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)

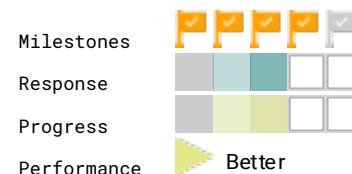
► Consumer Fraud

**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.

**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.

**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

### AB Volvo (publ) (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.



### 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.

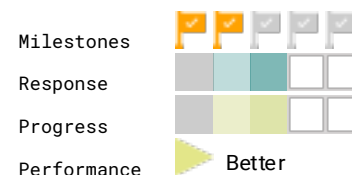


\*Associated company: **Autostrade per l'Italia SpA** (New)

### Barclays PLC (United Kingdom, 2019)

#### ► Corrupt Practices

**Change Objective:** Barclays should ensure on-going implementation of whistle-blower policies as mandated by regulators. 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.



### 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.

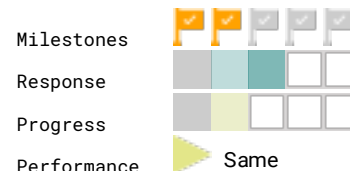


\*Associated companies: **BMW Canada Auto Trust.** and **BMW (UK) Capital Plc** (New)

**Bolloré SA** (Cameroon, 2019)

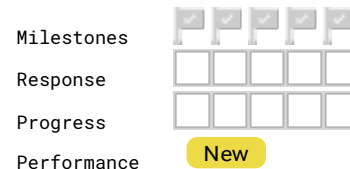
## ► Activities Resulting in Adverse Human Rights Impacts

**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)

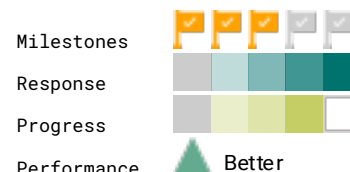
## ► Labour Rights Violations in Supply Chain

**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 unauthorised sub-contractors). In addition, the company should adopt an effective grievance mechanism accessible to supply chain workers.

**Credit Suisse Group** (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.

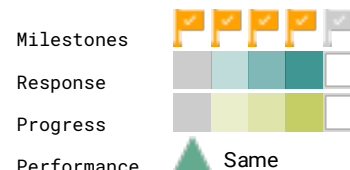


\*Associated company: **Mercedes-Benz Finance Co., Ltd.**

**Danske Bank A/S** (Estonia, 2018)

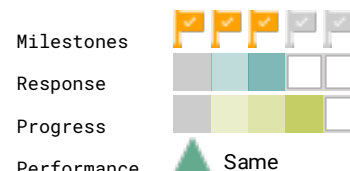
## ► Money Laundering

**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.

**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.

**DNO ASA** (Norway, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** DNO 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.

**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.



**Genel Energy plc** (Somalia, 2019)

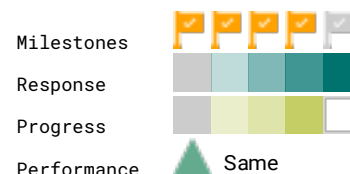
## ► Operations in Territories with Elevated Human Rights Risks

**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.

**HeidelbergCement AG** (Palestinian Authority, 2015)

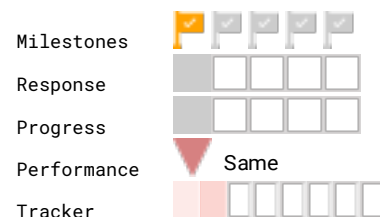
## ► Illegal Exploitation of Natural Resources

**Change Objective:** Heidelberg Cement should be able to demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.

**Indivior PLC** (United States, 2019)

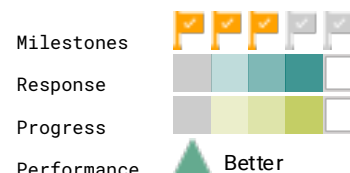
## ► Consumer Fraud

**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.



\*Associated company: **ING Bank Śląski SA**

**Irkut Corporation** (Russia, 2019)

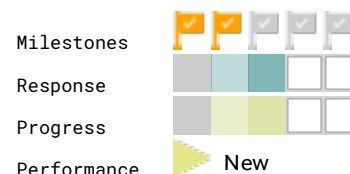
## ► Operations in Territories with Elevated Human Rights Risks

**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 practises, 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.



\*Previously as **Mining and Metallurgical Company NORILSK NICKEL PJSC**

**MMC Norilsk Nickel PJSC** (Russia, 2020)

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

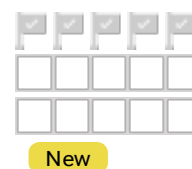
**Change Objective:** Nor Nickel should take appropriate actions to contain the oil and prevent further damage to the environment. It should have remedial measures in place to address the impacts of the leak. The company should also ensure that it has the maintenance and monitoring programmes to address the risks to its infrastructure, including from melting permafrost.

Milestones

Response

Progress

Performance

**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.

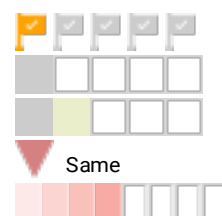
Milestones

Response

Progress

Performance

Tracker

**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.

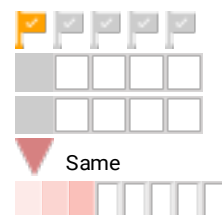
Milestones

Response

Progress

Performance

Tracker

**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.

Milestones

Response

Progress

Performance



\*Associated company: **Sanofi India Ltd.**

**Siemens Aktiengesellschaft** (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.

Milestones

Response

Progress

Performance

**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.

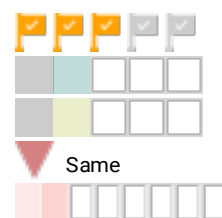
Milestones

Response

Progress

Performance

Tracker

**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.

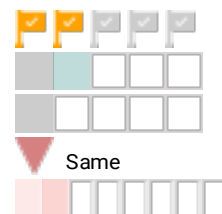
Milestones

Response

Progress

Performance

Tracker



\*Associated company: **Société de Caoutchoucs de Grand-Bereby (New)**

\*Previously as **SOCFIN Societe Financiere des Caoutchoucs**

**Socfinaf SA** (Cameroon, 2019)

## ► Activities Resulting in Adverse Human Rights Impacts

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

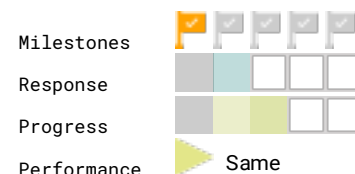
\*Associated company: **Socfinasia S.A.**

**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.

**Telefonaktiebolaget LM Ericsson** (Sweden, 2020)

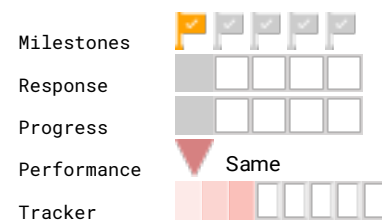
## ► Corrupt Practices

**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

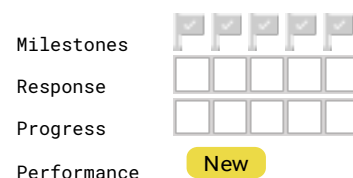
**Change Objective:** VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.

\*Associated company: **Porsche Automobil Holding SE**

**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 a 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.



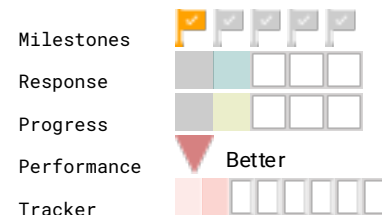


## LATIN AMERICA AND CARRIBEAN

### 1MDB Global Investments Ltd. (Malaysia, 2019)

#### ► Embezzlement

**Change Objective:** 1MDB should ensure it has robust policies to prevent embezzlement, and executive misconduct, and where appropriate, disclose these findings.



### 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.**

### CEMEX, S.A.B. de C.V. (Palestinian Authority, 2016)

#### ► Operations in Occupied Territories

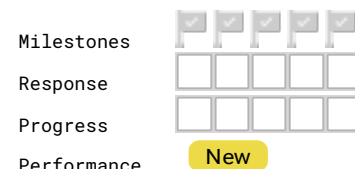
**Change Objective:** Cemex should demonstrate that its operations on Occupied Palestinian Territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.



### 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 México 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.

Milestones



Response



Progress



Performance

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.

Milestones



Response



Progress



Performance

New

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

**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.

Milestones



Response



Progress



Performance

Better

\*Associated company: **Independencia International** (New)

**JBS S.A.** (United States, 2015)

## ► Recurring Labour Rights Violations

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

Milestones



Response



Progress



Performance

Same

\*Associated company: **Independencia International** (New)

**Odebrecht S.A.** (Brazil, 2020)

## ► Fraud

**Change Objective:** Odebrecht should ensure that all requirements by the US Department of Justice are being resolved and externally monitored, including the company's anti-corruption programme and governance structure.

Milestones



Response



Progress



Performance

New

\*Associated company: **Ocyan Participacoes SA** (New)

**Petroleos Mexicanos S.A. de C.V.** (Mexico, 2015)

## ► Oil Spill(s)

**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 minimise likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.

Milestones



Response



Progress



Performance

Same

**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.

Milestones



Response



Progress



Performance

Same

\*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.



### 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.



### Bausch Health Companies Inc (United States, 2019)

#### Accounting Fraud

**Change Objective:** Bausch Health should ensure that it has adequate risk management systems and internal controls. It should demonstrate that its compliance program and code of conduct work effectively in practice. Also, the company should cooperate with authorities to resolve outstanding legal proceedings.



### Bausch Health Companies Inc (United States, 2019)

#### Price Discrimination

**Change Objective:** Bausch Health should put in place policies and practices that ensure a consistent methodology to 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.



### Cargill, Inc. (Brazil, 2020)

#### Deforestation

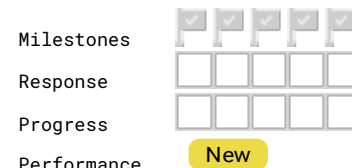
**Change Objective:** Cargill should demonstrate a clear action plan and targets in relation to deforestation, for both the company and its suppliers. It should establish a monitoring and verification system for supplier's compliance and disclose progress against its company and supplier targets. In 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.

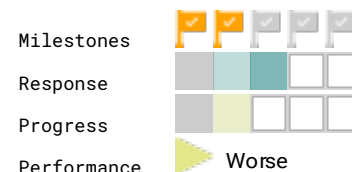


\*Associated company: **Caterpillar International Finance DAC** (New)

### Citigroup, Inc. (United States, 2019)

#### Money Laundering

**Change Objective:** Citigroup should implement on-going systematic controls related to money laundering and disclose these controls whenever appropriate.

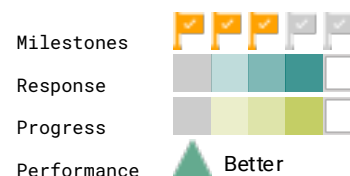


\*Associated company: **Associates First Capital Corporation**

**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.

**Corteva, Inc.** (United States, 2019)

## ► Product-Related Incidents

**Change Objective:** Corteva Agriscience should address how it is preparing itself to address the potential future liabilities in relation to its chlorpyrifos product. And, how the company has amended its research and development in order to mitigate the potential impacts of future products.

**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)

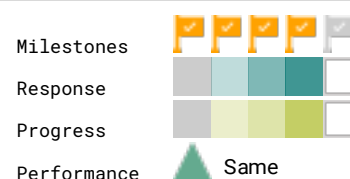
## ► Activities Resulting in Negative Environmental and Human Rights Impacts

**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)

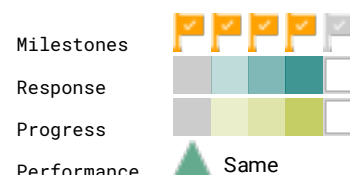
## ► Product-Related Fatalities

**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.

**Enbridge Inc** (United States, 2016)

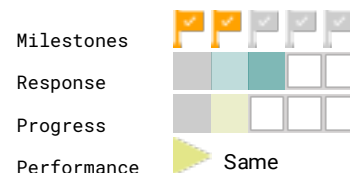
## ► Violations of the Rights of Indigenous Peoples

**Change Objective:** Enbridge should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.

**Energy Transfer LP** (United States, 2016)

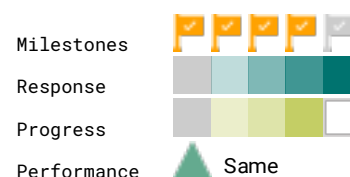
## ► Violations of the Rights of Indigenous Peoples

**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.

**Equifax Inc** (United States, 2018)

## ► Data Breaches

**Change Objective:** Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.



**Facebook Inc** (United States, 2018)

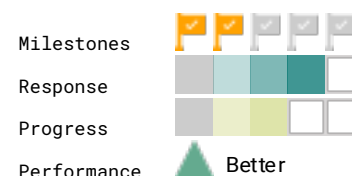
## ► Privacy Breaches

**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.

**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.

**Phillips 66** (United States, 2016)

## ► Violations of the Rights of Indigenous Peoples

**Change Objective:** Phillips 66 should enter into a reconciliation dialogue with Standing Rock on the Dakota Access Pipeline. It should adopt a human rights policy and establish a due diligence process to align with international norms on indigenous peoples' rights across its operations, as well as on security and human rights.



**Pilgrim's Pride Corp.** (United States, 2015)

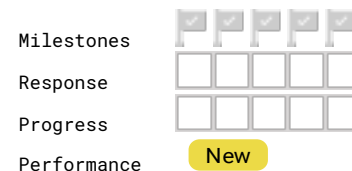
## ► Recurring Workplace Accidents

**Change Objective:** Pilgrim's Pride should address the identified health and safety (H&S) shortcomings at its processing facilities. It should implement H&S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&S performance.

**Southern Copper Corporation** (Mexico, 2020)

## ► Labour Rights Violations at Company Operations

**Change Objective:** SCC 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.

**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.

**TC Energy Corp.** (United States, 2018)

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

**Change Objective:** TC Energy should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. In addition, it should disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon impacted natural resources. In particular, a best-practice system to detect leakages should be put in place, as should a robust emergency spill response plan. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.

**The Boeing Company** (United States, 2019)

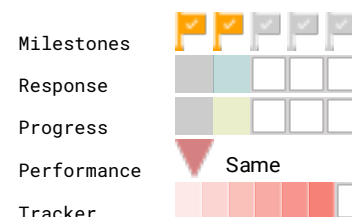
## ► Quality and Safety Breaches

**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. Furthermore, the Covid-19 pandemic is having a major impact on the aircraft delivery schedules.

**The Chemours Co** (United States, 2018)

## ► Activities Resulting in Negative Environmental and Human Rights Impacts

**Change Objective:** Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts. The company should also show that it is addressing PFAS contamination where applicable.

**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.



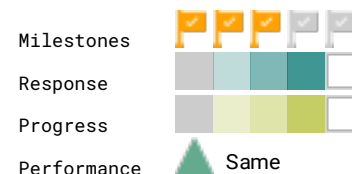
\*Associated company: **CMC Markets PLC**



**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)

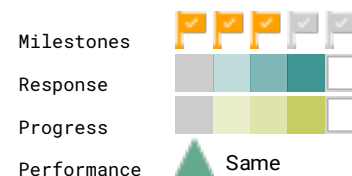
## ► Recurring Labour Rights Violations

**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.





## Evaluate

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### **AFRICA / MIDDLE EAST**

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

### **ASIA / PACIFIC**

China Petroleum & Chemical Corp.; CK Hutchison Holdings Ltd.; Indian Oil Corp. Ltd.; Mitsubishi Motors Corporation; Oil and Natural Gas Corporation Limited; Oji Holdings Corp.; Panasonic Corp.; POSCO; POSCO INTERNATIONAL Corp.; Power Construction Corporation of China Ltd; PT Pertamina (Persero); PT Perusahaan Listrik Negara (Persero); Samsung Electronics Co., Ltd.; Sumitomo Corp

### **EUROPE**

Electricite de France SA; Eni SpA; Grupa Azoty S.A.; Renault SA; Rheinmetall AG; Robert Bosch GmbH

### **LATIN AMERICA AND CARIBBEAN**

Banco Nacional de Desenvolvimento Econômico e Social SA; Grupo México, S.A.B. de C.V.; JBS S.A.

### **UNITED STATES AND CANADA**

Bombardier Inc.; Costco Wholesale Corp.; Energy Transfer LP; Johnson & Johnson; Stryker Corporation; Tyson Foods Inc

## Disengage

### AFRICA / MIDDLE EAST

**Elbit Systems Ltd.**

- Operations in Occupied Territories Palestinian Authority
- \*Associated company: **Ashot Ashkelon Industries Ltd. (New)**

**Israel Aerospace Industries Ltd.**

- Involvement in Cluster Munitions Israel

**Makina Ve Kimya Endustrisi Kurumu**

- Involvement in Cluster Munitions Turkey

**Mivne Real Estate (K.D) Ltd.**

- Operations in Occupied Territories Palestinian Authority

**Roketsan Roket Sanayii ve Ticaret AS**

- \*Previously **Roketsan A.S** Turkey
- Involvement in Cluster Munitions

### ASIA / PACIFIC

**Abdul Qader Khan Research Laboratories (AQKRL)**

- Nuclear Weapons Development Pakistan

**Aerospace Long-March International Trade Co., Ltd.**

- Involvement in Cluster Munitions China

**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 (New)**

- Involvement in Cluster Munitions China

**Defense Research & Development Organization**

- Inhumane Weapons
- Involvement in Cluster Munitions (New) India

**Hanwha Corp**

- Involvement in Cluster Munitions South Korea

**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. (New)**

- 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 (New)** and **China**

**Minmetals Group Co. Ltd. (New)**

**MindTree Limited**

- Nuclear Weapons Development India

**National Development Complex**

- Involvement in Cluster Munitions Pakistan

**National Engineering & Scientific Commission**

- Involvement in Cluster Munitions
- Nuclear Weapons Development

Pakistan

**Nelco Ltd.**

- Nuclear Weapons Development

India

**Nityanand Udyog Pvt Ltd. (New)**

- 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

**The Tata Power Company Limited**

- Nuclear Weapons Development

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

**San Leon Energy Plc**

- Operations in Occupied Territories

Western Sahara

**Splav State Research & Production Association Fsee**

- 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

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

## Global Standards Engagement Overview

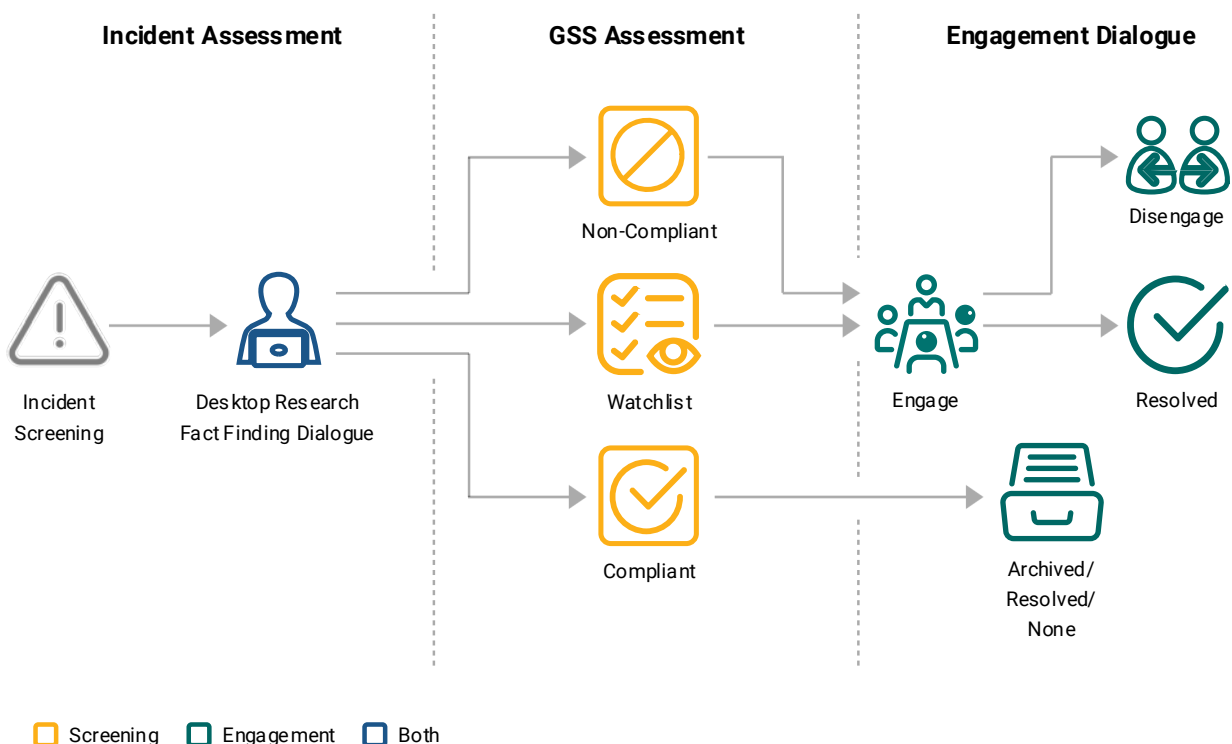
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment 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.



## About Erste Asset Management

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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.

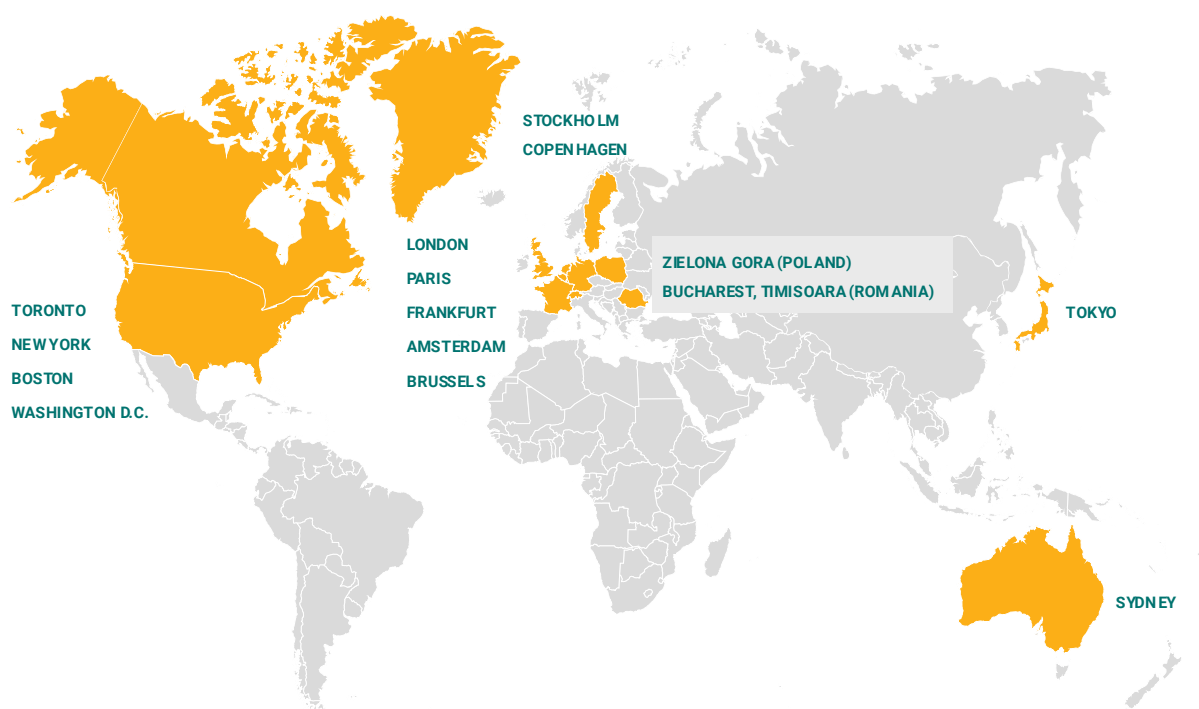
This way we combine the flexibility of a boutique manager with the size and clout of an international financial service provider.

# 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 650 staff members, including more than 200 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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



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