



# Quarterly Engagement Report

2021 - 1

# Content

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

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

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## Executive Summary



**Hanna Roberts**  
 Executive Director  
 Engagement Services

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

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

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

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

### New engagements

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

### Resolved engagements

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

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

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

### Myanmar – update on political situation

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

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

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

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

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

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

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

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

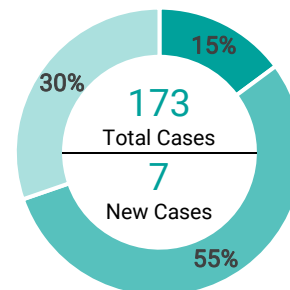
## Quarterly Statistics December 2020 – February 2021

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

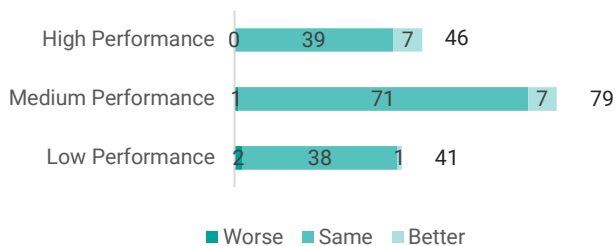


### Cases by Theme

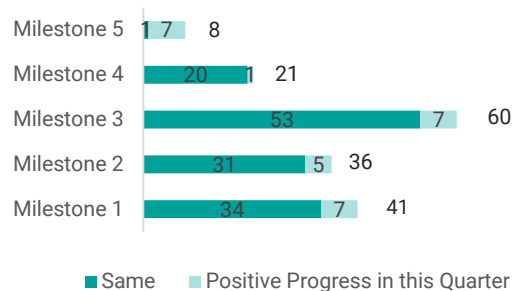
Environmental	26
Social	95
Governance	52



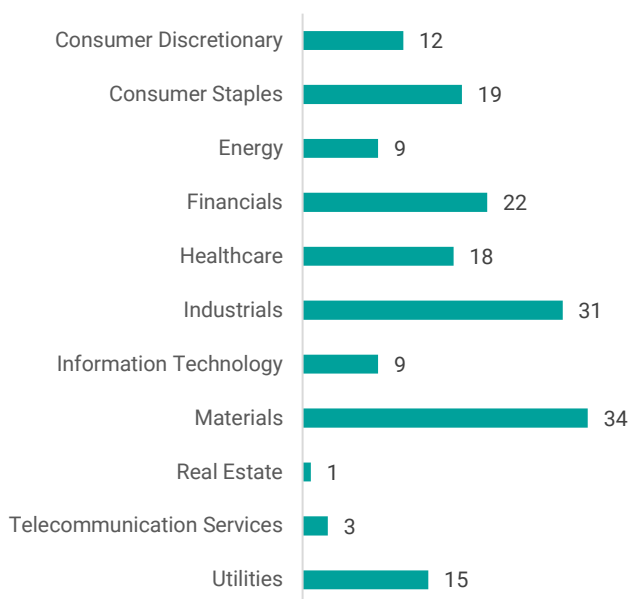
### Engagement Performance Overview\*



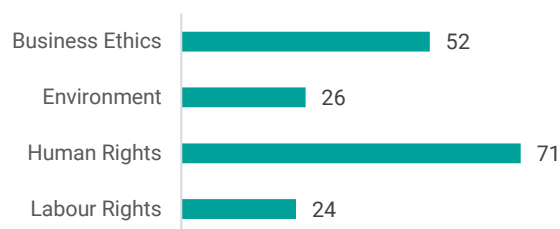
### Milestone Overview\*



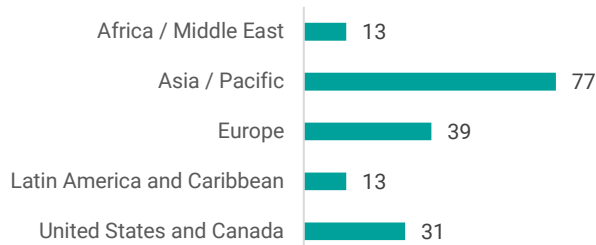
### Cases by Sector



### Cases by Norm



### Cases by Headquarters



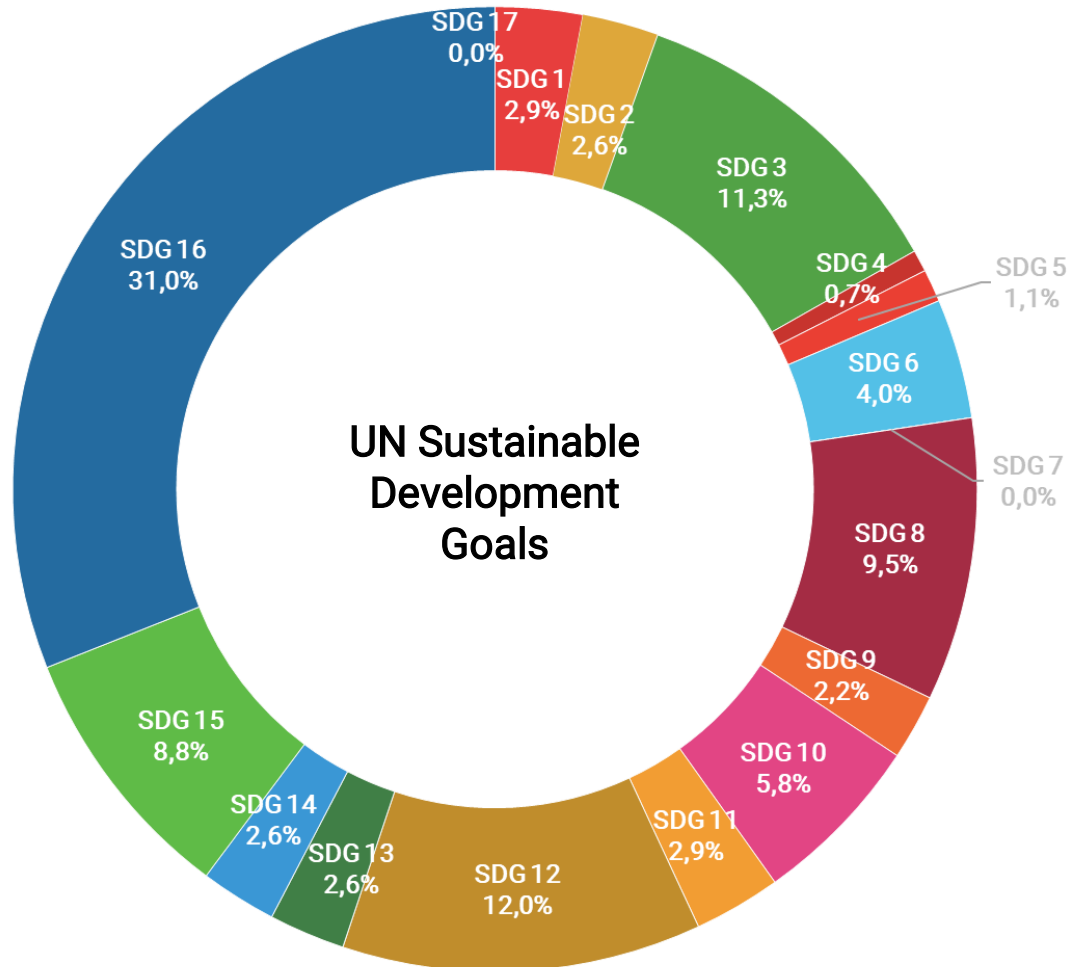
\* Seven new cases were opened at the end of Q1, 2021. Within the next quarter, performance and milestone assessments will be available and included in the performance statistics.





## UN Sustainable Development Goals Attribution

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



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

## Companies Mentioned in this Engagement Brief

● Engage   
 ● Associated   
 ● Disengage   
 ● Resolved   
 ● Archived

<span style="color: #A9A9A9;">●</span> BAUSCH HEALTH COMPANIES INC	13, 14
<span style="color: #A9A9A9;">●</span> CORTEVA INC.	15
<span style="color: #008080;">●</span> COX & KINGS (INDIA) LTD.	9
<span style="color: #008080;">●</span> GCM RESOURCES PLC	9
<span style="color: #008080;">●</span> JBS S.A.	10
<span style="color: #008080;">●</span> NLC INDIA LTD.	10
<span style="color: #A9A9A9;">●</span> NOVONOR	16
<span style="color: #ADD8E6;">●</span> POSCO	11
<span style="color: #008080;">●</span> POSCO COATED & COLOR STEEL CO., LTD.	11
<span style="color: #008080;">●</span> SIME DARBY PLANTATION SDN BHD	11
<span style="color: #008080;">●</span> TOP GLOVE CORP BHD	12



## Engage Cases

### Cox & Kings (India) Ltd.

#### Background

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

#### Engagement Objective and Activity

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

#### Next Step

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

#### STATUS

Engage

#### ISSUE(S)

► Fraud

#### ENGAGEMENT MANAGER



**Angela Flaemrich**  
Associate Director  
Toronto

#### CONTRIBUTION TO SDGs



### GCM Resources Plc

#### Background

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

#### Engagement Objective and Activity

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

#### Next Step

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

#### STATUS

Engage

#### ISSUE(S)

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

#### ENGAGEMENT MANAGER



**K Bruce Jackson**  
Associate Director  
London

#### CONTRIBUTION TO SDGs



## JBS S.A.

### Background

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

### Engagement Objective and Activity

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

### Next Step

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

### STATUS

Engage

### ISSUE(S)

► Deforestation

### ENGAGEMENT MANAGER



**Anita Nagarajan**  
Manager  
London

### CONTRIBUTION TO SDGs



## NLC India Ltd.

### Background

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

### Engagement Objective and Activity

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

### Next Step

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

### STATUS

Engage

### ISSUE(S)

► Recurring Workplace Accidents

### ENGAGEMENT MANAGER



**K Bruce Jackson**  
Associate Director  
London

### CONTRIBUTION TO SDGs



## POSCO Coated & Color Steel Co., Ltd.

### Background

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

### Engagement Objective and Activity

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

### Next Step

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

### STATUS

Engage

### ISSUE(S)

► Operations in Territories with Elevated Human Rights Risks

### ENGAGEMENT MANAGER



**Ewa Klewar**  
Manager  
Zielona Góra

### CONTRIBUTION TO SDGs



## Sime Darby Plantation Sdn Bhd

### Background

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

### Engagement Objective and Activity

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

### Next Step

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

### STATUS

Engage

### ISSUE(S)

► Labour Rights Violations at Company Operations

### ENGAGEMENT MANAGER



**Matthew Barg**  
Associate Director  
Toronto

### CONTRIBUTION TO SDGs



## Top Glove Corp Bhd

### Background

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

### Engagement Objective and Activity

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

### Next Step

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

### STATUS

Engage

### ISSUE(S)

► Labour Rights Violations at Company Operations

### ENGAGEMENT MANAGER



**Matthew Barg**  
Associate Director  
Toronto

### CONTRIBUTION TO SDGs



## Resolved Cases

### Bausch Health Companies Inc

#### Background

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

#### Engagement Objective

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

#### Engagement Activities

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

#### Outcome

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

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

#### STATUS

**Resolved**

#### ISSUE(S)

► Accounting Fraud

#### ENGAGEMENT MANAGER







**K Bruce Jackson**  
Associate Director  
London












#### CONTRIBUTION TO SDGs



#### DIALOGUE STATISTICS

	<b>16</b>	Number of Contacts
	<b>4</b>	Conference Calls
	<b>2</b>	Correspondence
	<b>0</b>	Meetings in Person

#### CASE TIMELINE

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

## Bausch Health Companies Inc

### Background

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

### Engagement Objective

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

### Engagement Activities

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

### Outcome

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

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

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

### STATUS

Resolved

### ISSUE(S)

► Price Discrimination

### ENGAGEMENT MANAGER







**K Bruce Jackson**  
Associate Director  
London












### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>24</b>	Number of Contacts
	<b>4</b>	Conference Calls
	<b>3</b>	Correspondence
	<b>0</b>	Meetings in Person

### CASE TIMELINE

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



## Corteva, Inc.

### Background

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

### Engagement Objective

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

### Engagement Activities

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

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

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

### Outcome

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

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

### STATUS

Resolved

### ISSUE(S)

► Product-Related Incidents

### ENGAGEMENT MANAGER







**K Bruce Jackson**  
Associate Director  
London

### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS

	<b>36</b>	Number of Contacts
	<b>2</b>	Conference Calls
	<b>7</b>	Correspondence
	<b>0</b>	Meetings in Person

### CASE TIMELINE

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



## Novonor

*\*Previously as Odebrecht S.A.*

### Background

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

### Engagement Objective

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

### Engagement Activities

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

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

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

### Outcome

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

### STATUS

Resolved

### ISSUE(S)

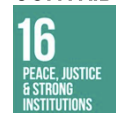
► Fraud

### ENGAGEMENT MANAGER







**Stina Nilsson**  
Associate Director  
Stockholm

### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS





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

### CASE TIMELINE

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

## Company Dialogue & Progress Summary

### Legend

<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</b> or <b>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

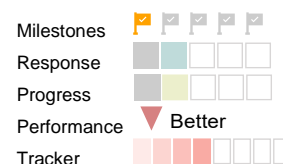
# Engage

## AFRICA / MIDDLE EAST

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

#### ► Corrupt Practices

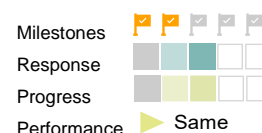
**Change Objective:** Bezeq should implement and demonstrate an appropriate anti-corruption programme and internal control mechanisms. It should further ensure that its media ethics guidelines are sufficient to guard against similar subjective influence and cooperate with the authorities on the ongoing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



### El Sewedy Electric Co (Tanzania, 2020)

#### ► Power Project(s) Resulting in Negative Environmental Impacts

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



### Eskom Holdings SOC Limited (South Africa, 2019)

#### ► Air Pollution

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



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

#### ► Fatal Accident(s)

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



### MTN Group Limited (South Africa, 2019)

#### ► Operations in Territories with Elevated Human Rights Risks

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

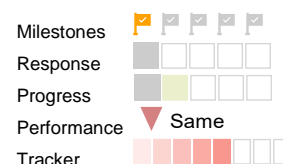


\*Associated company: **MTN Nigeria Communications Ltd.**

### Mumias Sugar Company Limited (Kenya, 2019)

#### ► Accounting Fraud

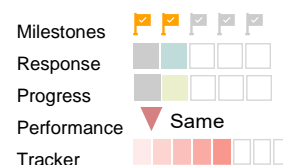
**Change Objective:** Mumias Sugar should reinforce board oversight and compliance measures, such as a more effective code of conduct, whistleblower mechanism, and structural compliance awareness training. Furthermore, the company should take measures to compensate the dismissed staff.



### OCP S.A. (Western Sahara, 2016)

#### ► Operations in Occupied Territories

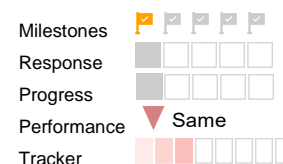
**Change Objective:** OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and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



**Orascom Investment Holding SAE** (North Korea, 2020)

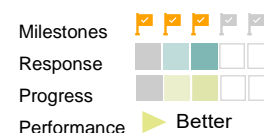
## ► Operations in Territories with Elevated Human Rights Risks

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

**Sibanye Stillwater Ltd.** (South Africa, 2018)

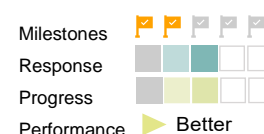
## ► Recurring Workplace Accidents

**Change Objective:** Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.

**Teva Pharmaceutical Industries Limited** (United States, 2019)

## ► Price-Fixing Violations

**Change Objective:** Teva should take appropriate actions by investigating the alleged misconduct internally and cooperate with authorities to address the issue. The company should also develop and implement a drug pricing model that ensures equitable access to medicine and implement competition guidelines.

**The Okomu Oil Palm Co PLC** (Nigeria, 2019)

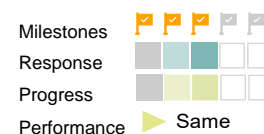
## ► Activities Resulting in Adverse Human Rights Impacts

**Change Objective:** Okomu should ensure that affected communities are consulted in a meaningful manner, according to the principles of Free, Prior and Informed consent. It should also implement its human rights policy and demonstrate human rights due diligence in its operations to prevent adverse human rights impacts.

**Tiger Brands Limited** (South Africa, 2019)

## ► Product-Related Fatalities

**Change Objective:** Tiger Brands should ensure that it has taken appropriate actions to responsibly address the impacts of the incident. Tiger Brands should also demonstrate that it has taken adequate measures to improve consistency of operational practices and procedures for product safety across the group.

**Tongaat Hulett Limited** (South Africa, 2020)

## ► Accounting Fraud

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

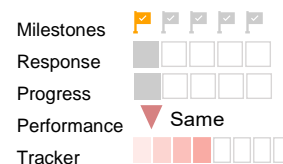


## ASIA / PACIFIC

### 63 Moons Technologies Ltd (India, 2020)

► Fraud

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



### Adani Enterprises Limited (Australia, 2016)

► Project(s) with Environmental and Human Rights Risks

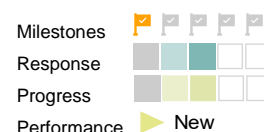
**Change Objective:** Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the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



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

► Project(s) with Environmental and Human Rights Risks

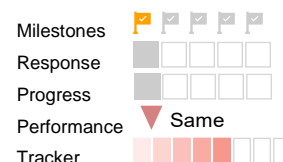
**Change Objective:** APSEZ should adopt corporate policies and processes addressing environmental and social risks in infrastructure projects. It should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards. The company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



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

► Quality and Safety Violations

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



### AMP Limited (Australia, 2019)

► Consumer Fraud

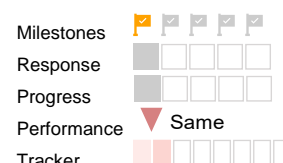
**Change Objective:** AMP should ensure that robust policies and internal controls addressing product governance and business ethics are implemented, universally applied and where appropriate, disclosed.



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

► Operations in Territories with Elevated Human Rights Risks

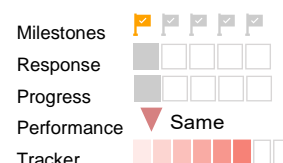
**Change Objective:** AVIC should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.



### AviChina Industry & Technology Company Limited (China, 2019)

► Operations in Territories with Elevated Human Rights Risks

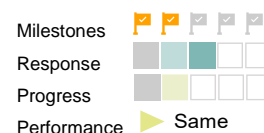
**Change Objective:** AviChina should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.



### Bharat Heavy Electricals Limited (Bangladesh, 2017)

► Project(s) with Environmental and Human Rights Risks

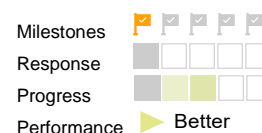
**Change Objective:** BHEL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC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



**China Energy Engineering Corporation Ltd** (China, 2019)

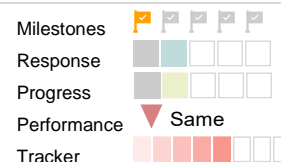
## ► Fatal Workplace Accident(s)

**Change Objective:** China Energy Engineering Corporation (CEEC) should carry out an internal investigation into the causes of the accident and accordingly strengthen its control risk management process of construction sites. CEEC should also disclose how it has improved its safety management system across its operations and subsidiaries.

**China Huarong Asset Management Co Ltd** (China, 2019)

## ► Corrupt Practices

**Change Objective:** Huarong should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should disclose the respective policies publicly and provide details on their implementation.

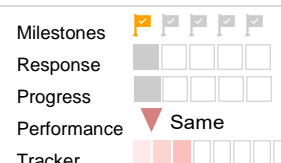


*\*Associated companies: Huarong International Financial Holdings Ltd., Huarong Investment Stock Corp Ltd and Huarong Real Estate Co., Ltd.*

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

## ► Operations in Territories with Elevated Human Rights Risks

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

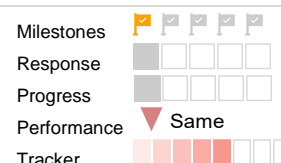


*\*Associated company: CNPC Global Capital Ltd. (New)*

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

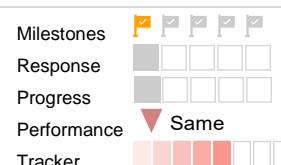
## ► Operations in Territories with Elevated Human Rights Risks

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

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

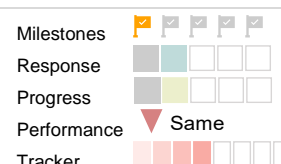
## ► Project(s) Resulting in Negative Environmental and Human Rights Impacts

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

**China Petroleum & Chemical Corp.** (China, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** China Petroleum & Chemical Corp. should ensure its practices are generally aligned with international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond appropriately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.

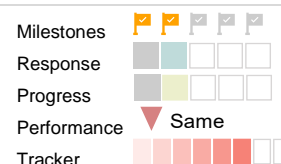


*\*Associated company: Sinopec Kantons Holdings Ltd*

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

## ► Forced Evictions

**Change Objective:** CREC should compensate the affected communities and create an anti-harassment and discrimination policy adapted to its risk exposure. The company should also ensure that its corporate culture supports the policy and has mechanisms in place to monitor the related compliance.

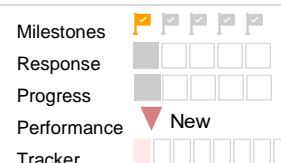


*\*Associated company: China Railway Engineering Corp.*

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

## ► Recurring Workplace Accidents

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

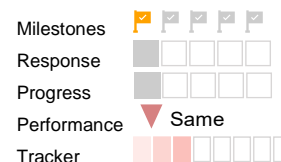




**CK Power Public Co. Ltd.** (Laos, 2020)

► Project(s) with Environmental and Human Rights Risks

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

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

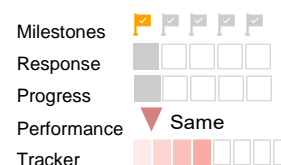
► Money Laundering

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

**Convoy Global Holdings Ltd** (Hong Kong, 2019)

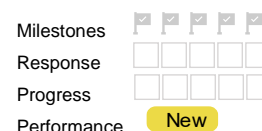
► Fraud

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

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

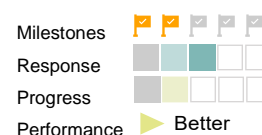
► Fraud

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

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

► Fraud

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

\*Previously as **Anbang Insurance Group Co., Ltd.**\*Associated company: **TongYang Life Insurance Co Ltd and Dajia Life Insurance Co. Ltd.****FGV Holdings Bhd.** (Malaysia, 2017)

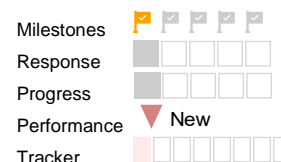
► Labour Rights Violations at Company Operations

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

\*Associated company: **MSM Malaysia Holdings Bhd****Formosa Taffeta Co., Ltd.** (Vietnam, 2020)

► Labour Rights Violations at Company Operations

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

\*Associated company: **Formosa Chemicals & Fibre Corp**

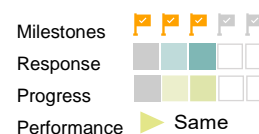


**Golden Agri-Resources Ltd** (Indonesia, 2020)

## ► Deforestation

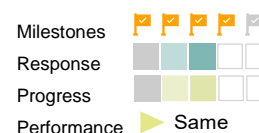
**Change Objective:** Golden Agri Resources should implement robust environmental protection policies, and enhanced policies to oversee executive conduct in order to prevent illegal deforestation and properly track environmental activities. GAR should disclose these changes to the aforementioned policies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

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

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

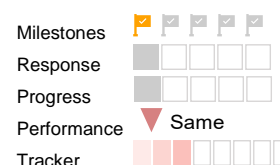
## ► Money Laundering

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

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

## ► Accounting Fraud

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

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

## ► Human Rights Impacts of Surveillance Systems

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

**Indofood Agri Resources Ltd** (Indonesia, 2018)

## ► Labour Rights Violations at Plantations

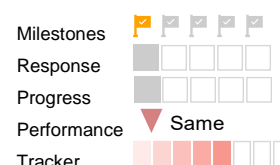
**Change Objective:** IndoAgri should adopt and implement a more rigorous social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also strengthen its grievance mechanism.

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

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

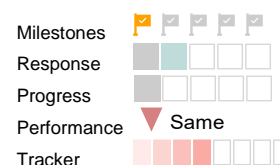
## ► Environmental Pollution

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

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

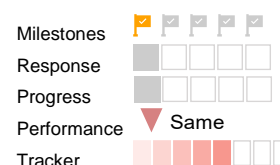
## ► Accounting Irregularities

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

**Kangmei Pharmaceutical Co Ltd** (China, 2019)

## ► Accounting Fraud

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



**Korea Electric Power Corporation (Laos, 2019)**

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

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

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

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

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

**Lotte Corp (South Korea, 2019)**

## ► Embezzlement

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



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

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

## ► Poor Working Conditions

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

**Luckin Coffee, Inc. (China, 2020)**

## ► Accounting Fraud

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

**Mitsubishi Materials Corporation (Japan, 2019)**

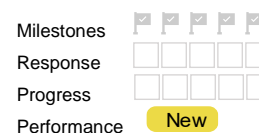
## ► Quality and Safety Violations

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

**NLC India Ltd. (India, 2021)**

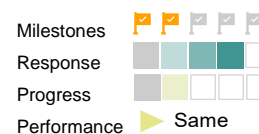
## ► Recurring Workplace Accidents

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

**NTPC Limited (Bangladesh, 2017)**

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

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



**NTPC Limited** (India, 2018)

## ► Recurring Workplace Accidents

**Change Objective:** NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.

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

## ► Forced Labour

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

**Oil and Natural Gas Corporation Limited** (India, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

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



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

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

## ► Product-Related Fatalities

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

**Page Industries Ltd.** (India, 2020)

## ► Systemic Labour Rights Violations

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

**PetroChina Co Ltd** (China, 2019)

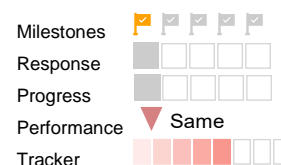
## ► Operations in Territories with Elevated Human Rights Risks

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

**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

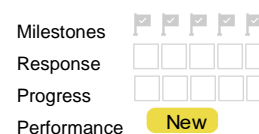
**Change Objective:** POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary POSCO International is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.



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

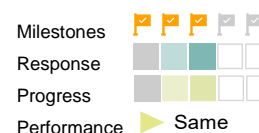
► Operations in Territories with Elevated Human Rights Risks

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

\*Associated company: **POSCO (New)****POSCO INTERNATIONAL Corp.** (Uzbekistan, 2012)

► Labour Rights Violations in Supply Chain

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

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

► Environmental Impacts from Waste Practices

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

**PT Sinar Mas Group** (Indonesia, 2020)

► Deforestation

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

\*Associated companies: **PT Indah Kiat Pulp & Paper Tbk** and **PT Pabrik Kertas Tjiwi Kimia Tbk****PT Tiga Pilar Sejahtera Food Tbk** (Indonesia, 2019)

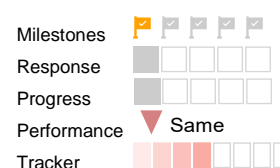
► Consumer Fraud

**Change Objective:** PT Tiga Pilar Sejahtera Food Tbk should ensure that it implements adequate risk management processes and internal controls meant to reduce compliance breaches, and regulatory action, and disclose the results where appropriate. The anti-corruption programme should be reported on and transparent in terms of implementation, follow-up mechanisms, corrective actions and external verification.

**Punjab National Bank** (India, 2019)

► Fraud

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

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

► Incident(s) Resulting in Negative Human Rights Impacts

**Change Objective:** Ratch should ensure that a comprehensive assessment of the safety and stability of the project is conducted, together with independent experts and that appropriate mitigation measures are taken. It should use its leverage to ensure adequate consultations with, and compensation to, project-affected communities and a transparent process for grievance and compensation. It should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.



**Rio Tinto Ltd.** (Australia, 2020)

## ► Violations of the Rights of Indigenous Peoples

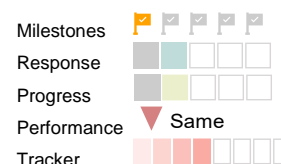
**Change Objective:** Rio Tinto should agree on a compensation package with the Puutu Kunti Kurrama and Pinikura (PKKP), the Traditional Owners of the destroyed rock-shelters. The company should ensure that it rebuilds community relations with the PKKP and has suitable community relations mechanisms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

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

**Samling Global Limited** (Malaysia, 2019)

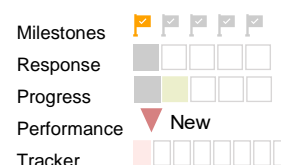
## ► Deforestation

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

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

## ► Accounting Fraud

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

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

## ► Accounting Fraud

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

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

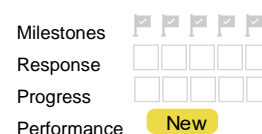
## ► Corrupt Practices

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

**Sime Darby Plantation Sdn Bhd** (Malaysia, 2021)

## ► Labour Rights Violations at Company Operations

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

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

## ► Quality and Safety Violations

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



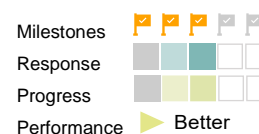
\*Associated company: **SK Chemicals Co. Ltd.**



**SK Holdings Co Ltd** (Laos, 2019)

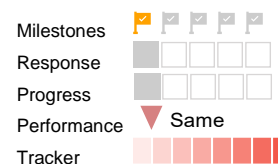
► Incident(s) Resulting in Negative Human Rights Impacts

**Change Objective:** SK Holdings' subsidiary should conduct a comprehensive assessment of the safety and stability of the project, together with independent experts and take appropriate mitigation measures. It should use its leverage to ensure adequate consultations with, and compensations to, project-affected communities and a transparent process for grievance and compensation. The company should have an ongoing human rights due diligence process to identify, prevent and mitigate its impact on human rights.

**Steel Authority of India Limited** (India, 2019)

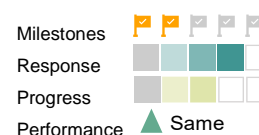
► Fatal Workplace Accident(s)

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

**Suruga Bank Ltd.** (Japan, 2019)

► Fraud

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

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

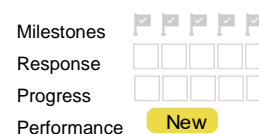
► Incident(s) Resulting in Negative Environmental and Human Rights Impacts

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

**Top Glove Corp Bhd** (Malaysia, 2021)

► Labour Rights Violations at Company Operations

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

\*Associated company: **Top Glove Labuan Ltd.** (New)**Toshiba Corp.** (Japan, 2020)

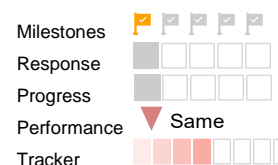
► Accounting Fraud

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

**Unitech Limited** (India, 2019)

► Consumer Fraud

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

**Vedanta Limited** (India, 2019)

► Community Protests

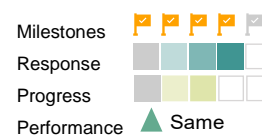
**Change Objective:** Vedanta should analyze the root causes of the protests in Tuticorin and address the identified issues in cooperation with the local communities. It should develop a framework for improving its communication with stakeholders with the aim of applying it across operations. The company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

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

**Westpac Banking Corporation** (Australia, 2020)

## ► Money Laundering

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

**Wilmar International Limited** (Indonesia, 2019)

## ► Violations of the Rights of Indigenous Peoples

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

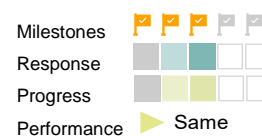


\*Associated company: **Shree Renuka Sugars Ltd**

**Wockhardt Limited** (India, 2019)

## ► Quality and Safety Breaches

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

**Yes Bank Ltd** (India, 2020)

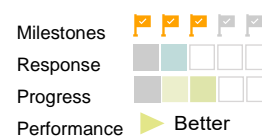
## ► Fraud

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

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

## ► Consumer Fraud

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

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

## ► Activities Resulting in Adverse Human Rights Impacts

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

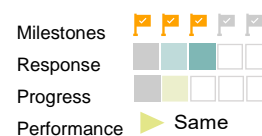


\*Associated company: **Guyana Goldfields Inc (New)**

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

## ► Activities Resulting in Negative Environmental Impacts

**Change Objective:** Zijin Mining should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera and ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.

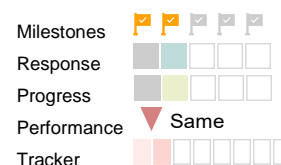


\*Associated company: **Guyana Goldfields Inc (New)**

**ZTE Corporation** (Iran, 2019)

## ► Human Rights Impacts of Surveillance Systems

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





## EUROPE

### Andritz AG (Turkey, 2010)

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

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



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

#### ► Quality and Safety Violations

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



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

### Barclays PLC (United Kingdom, 2019)

#### ► Corrupt Practices

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



### Bayer AG (United States, 2018)

#### ► Concealing Data on Product-Related Toxicity

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



\*Associated company: **Bayer CropScience Limited**

### Bayer AG (United States, 2019)

#### ► Quality and Safety Breaches

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



\*Associated company: **Bayer CropScience Limited**

### BMW Group (Germany, 2019)

#### ► Antitrust Violations

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



### Bolloré SA (Cameroon, 2019)

#### ► Activities Resulting in Adverse Human Rights Impacts

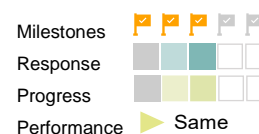
**Change Objective:** Bolloré should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human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



**Boohoo group Plc** (United Kingdom, 2020)

## ► Labour Rights Violations in Supply Chain

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

**Credit Suisse Group AG** (Switzerland, 2019)

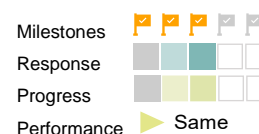
## ► Fraud

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

**Daimler AG** (Germany, 2019)

## ► Antitrust Violations

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

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

## ► Money Laundering

**Change Objective:** Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business. To the extent possible, Danske Bank should disclose all changes related to its AML program.

**Deutsche Bank AG** (Russia, 2019)

## ► Money Laundering

**Change Objective:** Deutsche Bank should ensure that robust policies, programmes, compliance processes and risk management systems addressing anti-money laundering (AML), Know-Your-Customer (KYC), and sanctions issues are in place. The bank should publish comprehensive disclosures on how it is managing AML risks, how it trains employees in different ways, and how the board is set up to prevent financial crime.

**DNO ASA** (Norway, 2019)

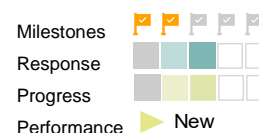
## ► Operations in Territories with Elevated Human Rights Risks

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

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

## ► Corrupt Practices

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



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

**G4S PLC** (Qatar, 2020)

## ► Forced Labour

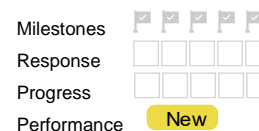
**Change Objective:** G4S should ensure it is not complicit in any forced labour. The company should assure its Supplier Code of Conduct and Migrant Worker Policy are implemented throughout its global operations, including subsidiaries. G4S shall show it has accurate processes to manage grievances and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



**GCM Resources Plc** (Bangladesh, 2021)

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

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

**Genel Energy plc** (Somalia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Genel should ensure its practices are generally aligned to international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond adequately to human rights due diligence. It should also engage where possible with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.

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

## ► Consumer Fraud

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

**ING Groep N.V.** (Russia, 2019)

## ► Money Laundering

**Change Objective:** ING should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. ING should ensure that it properly addresses corporate culture in order to prevent ethical breaches. The company's risk management framework related to AML should be publicly disclosed as is appropriate.

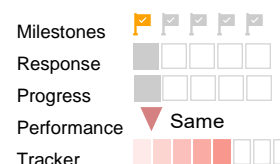


\*Associated company: **ING Bank Slaski SA**

**Irkut Corporation** (Russia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

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

**Mallinckrodt PLC** (United States, 2020)

## ► Quality and Safety Breaches

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

**MMC Norilsk Nickel PJSC** (Russia, 2010)

## ► Activities Resulting in Negative Environmental and Human Rights Impacts

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

**MMC Norilsk Nickel PJSC** (Russia, 2020)

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

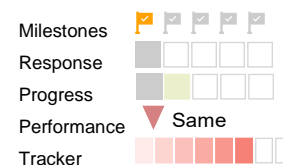
**Change Objective:** Nornickel should take appropriate actions to contain the oil and prevent further damage to the environment. It should have remedial measures in place to address the impacts of the leak. The company should also ensure that it has the maintenance and monitoring programmes to address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



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

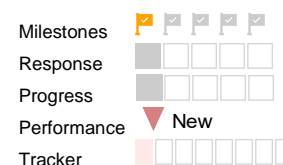
► Asset Misappropriation

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

**NMC Health PLC** (United Arab Emirates, 2020)

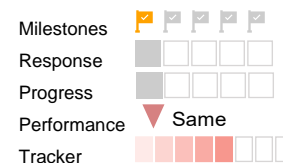
► Accounting Fraud

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

\*Associated company: **NMC Health (Jersey) Ltd.****Rostec Corporation** (Russia, 2019)

► Operations in Territories with Elevated Human Rights Risks

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

**Sanofi** (Philippines, 2020)

► Product-Related Fatalities

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

\*Associated company: **Sanofi India Ltd.****Siemens AG** (Western Sahara, 2017)

► Operations in Occupied Territories

**Change Objective:** Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.

\*Associated company: **Sivantos GmbH****Siemens Gamesa Renewable Energy, S.A.** (Western Sahara, 2018)

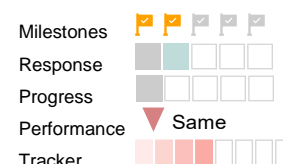
► Operations in Occupied Territories

**Change Objective:** Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.

\*Associated company: **Siemens Energy AG****Société Financière des Caoutchoucs SA** (Cameroon, 2019)

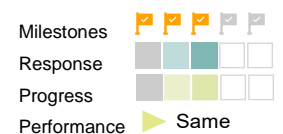
► Activities Resulting in Adverse Human Rights Impacts

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

\*Associated companies: **Société de Caoutchoucs de Grand-Bereby, Socfin SA and Socfinasia S.A.****Steinhoff International Holdings N.V.** (South Africa, 2019)

► Accounting Fraud

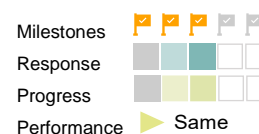
**Change Objective:** Steinhoff should demonstrate that it has taken sufficient measures to recover from the fraud and to prevent recurrence. Also, Steinhoff should disclose more details about its Remediation Plan and report on its progress.

\*Associated company: **Pepkor Holdings Ltd.**

**Swedbank AB** (Sweden, 2019)

## ► Money Laundering

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

**Syngenta AG** (Thailand, 2019)

## ► Quality and Safety Breaches

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



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

**Telefonaktiebolaget LM Ericsson** (Sweden, 2020)

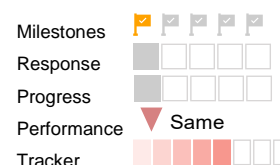
## ► Corrupt Practices

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

**United Aircraft Corp. PJSC** (Russia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

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

**Vedanta Resources Ltd.** (India, 2019)

## ► Community Protests

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

**Volkswagen AG** (United States, 2016)

## ► Activities Resulting in Negative Environmental and Human Rights Impacts

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



*\*Associated company: Porsche Automobil Holding SE*

**Volvo AB** (Israel, 2019)

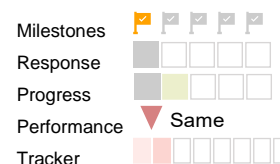
## ► Operations in Territories with Elevated Human Rights Risks

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

**Wirecard AG** (Germany, 2020)

## ► Fraud

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



## LATIN AMERICA AND CARRIBEAN

### Andrade Gutierrez SA (Brazil, 2019)

#### ► Corrupt Practices

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



### BRF S.A. (Brazil, 2019)

#### ► Consumer Fraud

**Change Objective:** BRF should ensure that the failure to meet food safety standards due to a bribery scheme has been investigated thoroughly and that its food quality and safety policies and management systems are properly implemented, monitored and reported.



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

### Centrais Elétricas Brasileiras SA (Brazil, 2020)

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

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



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

#### ► Corrupt Practices

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



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

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

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



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

#### ► Labour Rights Violations at Company Operations

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



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

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

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

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



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



**JBS S.A.** (United States, 2020)

## ► Antitrust Violations

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



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

**JBS S.A.** (Brazil, 2017)

## ► Corrupt Practices

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

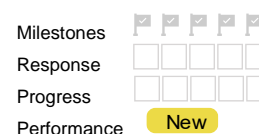


\*Associated company: **Independencia International**

**JBS S.A.** (Brazil, 2021)

## ► Deforestation

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



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

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

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

**Change Objective:** PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimize likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.

**Vale S.A.** (Brazil, 2019)

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

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



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



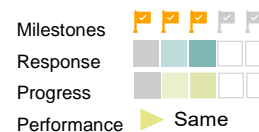
## UNITED STATES AND CANADA

### 3M Co (United States, 2019)

#### ► Activities Resulting in Negative Environmental and Human Rights Impacts

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

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



### Amazon.com Inc (United States, 2020)

#### ► Workplace Accident(s)

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



### Cargill, Inc. (Brazil, 2020)

#### ► Deforestation

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



### Caterpillar Inc (Myanmar, 2020)

#### ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Caterpillar should use its leverage with importers and distributors in high-risk locations to reduce the risk of its products getting implicated in human rights violations. It should establish clear criteria to identify high-risk countries and collaborate with local business partners to conduct human rights due diligence and report transparently on these processes.



### Citigroup, Inc. (United States, 2019)

#### ► Money Laundering

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



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

### CoreCivic Inc (United States, 2019)

#### ► Forced Labour

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



### Dow, Inc. (United States, 2019)

#### ► Quality and Safety Violations

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



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

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

## ► Activities Resulting in Negative Environmental and Human Rights Impacts

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

**Edison International** (United States, 2019)

## ► Product-Related Fatalities

**Change Objective:** Edison should address the impacts of the incidents and ensure that remedial measures are in place. It should have comprehensive practices to mitigate wildfire and other physical risks, based on long-term scenario analysis and report transparently on the progress against clearly defined goals. It should also establish wide collaboration with communities, authorities and rescue forces to ensure integrated efforts to minimize the risks of future wildfires.

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

## ► Violations of the Rights of Indigenous Peoples

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

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

## ► Privacy Breaches

**Change Objective:** Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.

**GEO Group, Inc.** (United States, 2019)

## ► Forced Labour

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

**Johnson & Johnson** (United States, 2018)

## ► Product-Related Incidents

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



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

**Lockheed Martin Corp** (Saudi Arabia, 2020)

## ► Operations in Territories with Elevated Human Rights Risks

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

**McDonald's Corp** (United States, 2015)

## ► Labour Rights Violations at Contractors

**Change Objective:** McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.

**McKesson Corp** (United States, 2019)

## ► Consumer Fraud

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



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

**Pan American Silver Corp.** (Guatemala, 2019)

► Violations of the Rights of Indigenous Peoples

**Change Objective:** Pan American Silver should align policies and practices to international human rights norms, in particular with regards to security and human rights and community relation, and in particular with regards to the Escobal mine.

**PG&E Corp** (United States, 2019)

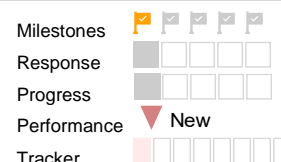
► Product-Related Fatalities

**Change Objective:** PG&E should address the impacts of the incident and ensure that suitable remedial measures have been put in place. The company should also develop a comprehensive, risk-based, safety strategy. The company-wide strategy should address the employee, contractor and public safety and consider future potential risks, including those related to changing climate conditions. The company should also establish a process for monitoring the execution of the strategy.

**Raytheon Technologies Corp.** (Saudi Arabia, 2020)

► Operations in Territories with Elevated Human Rights Risks

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

\*Associated company: **Raytheon Co****Southern Copper Corporation** (Mexico, 2015)

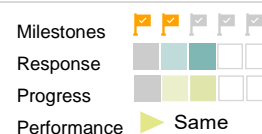
► Labour Rights Violations at Company Operations

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

\*Associated company: **Minera Mexico SA de CV** (New)**Southern Copper Corporation** (Mexico, 2020)

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

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

\*Associated company: **Minera Mexico SA de CV** (New)**Stryker Corporation** (United States, 2019)

► Quality and Safety Breaches

**Change Objective:** Stryker should take appropriate actions to responsibly address the negative impacts of its products. The company should continue to improve quality and safety of its devices and improve the disclosure of all product-related data to ensure that relevant information is communicated to the public.

\*Associated companies: **Wright Medical Group N.V.** (New) and **Invuity, Inc.** (New)**The Boeing Company** (United States, 2019)

► Quality and Safety Breaches

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

**The Chemours Co** (United States, 2018)

► Activities Resulting in Negative Environmental and Human Rights Impacts

**Change Objective:** Chemours has stated that it wishes to eradicate the discharge of persistent chemicals from its operations; however, there are a number of legacy issues in relation to pollution from its operations, therefore, wish to ensure that Chemours has a strategy in place for each legacy issue and to show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts. The company should also show that it is addressing PFAS contamination where it is applicable to its sites.



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

## ► Corrupt Practices

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

\*Associated company: **CMC Markets PLC**

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

## ► Privacy Breaches

**Change Objective:** Uber Technologies should improve its privacy programme in line with regulatory requirements and international norms including implementation of measures to ensure and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security of user data, and appropriate processing and use of data. Uber should also improve public disclosure to provide transparency on its progress toward improvement and preparedness to manage its related risk exposure.

**Walmart Inc.** (United States, 2006)

## ► Recurring Labour Rights Violations

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

**Wells Fargo & Company** (United States, 2019)

## ► Fraud

**Change Objective:** Wells Fargo should ensure that it implements adequate risk management processes and internal controls meant to reduce compliance breaches, and regulatory action, and disclose the results where appropriate.



# Disengage

## AFRICA / MIDDLE EAST

### Elbit Systems Ltd.

- Operations in Occupied Territories

Palestinian Authority

*\*Associated company: Ashot Ashkelon Industries Ltd.*

### Israel Aerospace Industries Ltd.

- Involvement in Cluster Munitions

Israel

### Makina Ve Kimya Endustrisi Kurumu

- Involvement in Cluster Munitions

Turkey

### Roketsan Roket Sanayii ve Ticaret AS

- Involvement in Cluster Munitions

Turkey

### Saudi Arabian Oil Co.

- Operations in Territories with Elevated Human Rights Risks

*\*Associated company: Saudi Basic Industries Corp*

Saudi Arabia

## ASIA / PACIFIC

### Abdul Qader Khan Research Laboratories (AQKRL)

- Nuclear Weapons Development

Pakistan

### Aerospace Long-March International Trade Co., Ltd.

- Involvement in Cluster Munitions

China

### Air Weapons Complex

- Involvement in Cluster Munitions

Pakistan

### Anhui GreatWall Military Industry Co., Ltd.

- Involvement in Cluster Munitions

China

### Bharat Dynamics Limited

- Nuclear Weapons Development

India

### CH. Karnchang Public Company Limited

- Project(s) with Environmental and Human Rights Risks

Laos

### China Aerospace Science & Technology Corp.

- Involvement in Cluster Munitions

China

### China North Industries Corp.

- Involvement in Cluster Munitions

China

### China Spacesat Co Ltd

- Involvement in Cluster Munitions

China

### Coal India Limited

- Recurring Workplace Accidents

India

### Defense Research & Development Organization

- Inhumane Weapons

- Involvement in Cluster Munitions

India

### Export-Import Bank of India

- Project(s) With Environmental and Human Rights Risks

Bangladesh

### Larsen & Toubro Limited

- Nuclear Weapons Development

India

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

### LIG Corp.

- Involvement in Cluster Munitions

South Korea

### LIG Nex1 Co Ltd

- Involvement in Cluster Munitions

South Korea

### Metallurgical Corporation of China Ltd.

- Environmental Impacts from Waste Practices

Papua New Guinea

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

### MindTree Limited

- Nuclear Weapons Development

India

<b>Narendra &amp; Co.</b>	
► Involvement in Land Mines	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>Nityanand Udyog Pvt Ltd.</b>	
► Involvement in Land Mines	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 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.</b>	
► Involvement in Land Mines	India
<b>TATA Advanced Systems Ltd.</b>	
► Nuclear Weapons Development	India
<b>Tata Sons Private Limited.</b>	
► Nuclear Weapons Development	
<i>*Associated companies: Tata Consultancy Services Ltd. and Tata Investment Corp. Ltd.</i>	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>Splav State Research &amp; Production Association Fsue</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
► Operations in Territories with Elevated Human Rights Risks	

## 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



# Resolved

## LATIN AMERICA AND CARIBBEAN

### Novonor (Brazil, 2020)

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

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

\* Associated company: **Ocyan Participacoes SA**

#### ISSUE

► Fraud

#### MILESTONES

5/5 Achieved

## UNITED STATES AND CANADA

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

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

#### ISSUE

► Accounting Fraud

#### MILESTONES

5/5 Achieved

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

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

#### ISSUE

► Price Discrimination

#### MILESTONES

5/5 Achieved

### Corteva, Inc. (United States, 2015)

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

#### ISSUE

► Product-Related Incidents

#### MILESTONES

5/5 Achieved

## Archived

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### ASIA / PACIFIC

#### **Hanwha Corp** (South Korea, 2008)

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

#### **ISSUE**

► Involvement in Cluster Munitions

### EUROPE

#### **San Leon Energy Plc** (Western Sahara, 2012)

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

#### **ISSUE**

► Operations in Occupied Territories

## Global Standards Engagement Overview

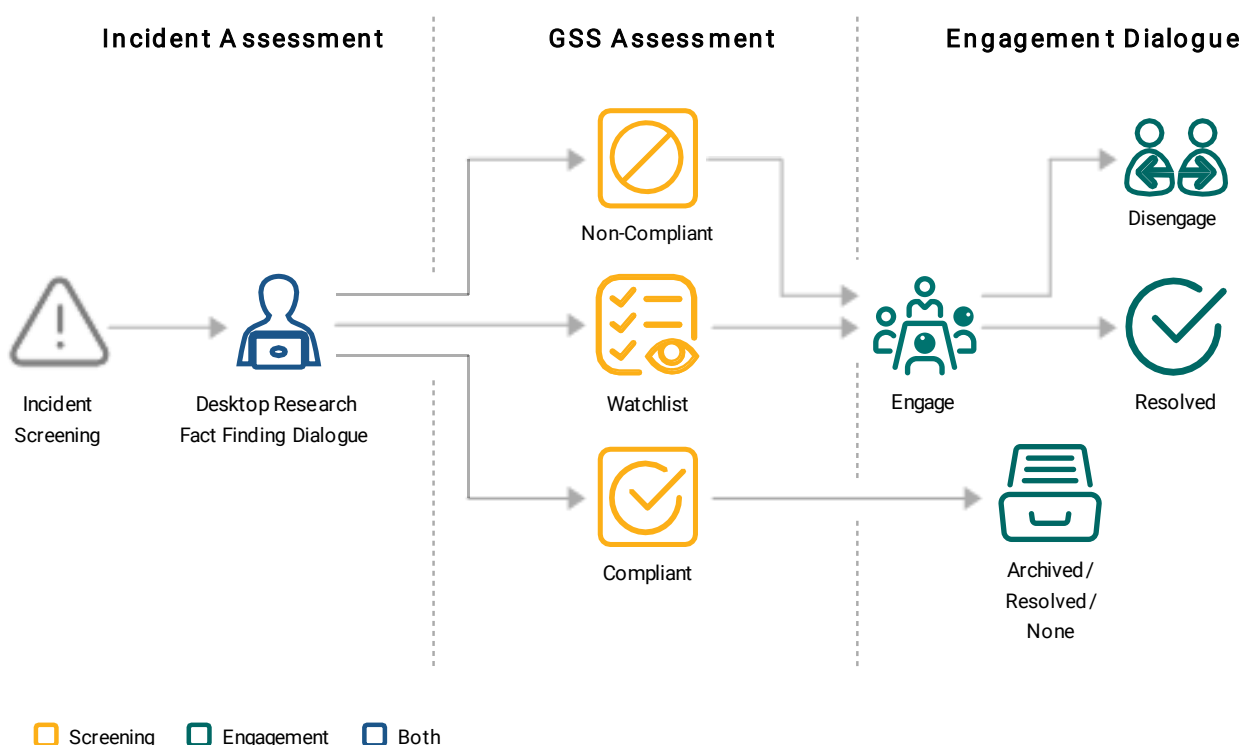
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment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

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

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

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

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



## Global Standards Engagement Status

### Evaluate

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

### Engage

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

### Associated

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

### Disengage

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

### Resolved

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

### Archived

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

## About Erste Asset Management

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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 700 staff members, including more than 200 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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



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# Quarterly Engagement Report

March – May 2021

# Content

Executive Summary	Page 3
Quarterly Statistics	Page 5
UN Sustainable Development Goals Attribution	Page 6
Engagement Brief	Page 7
Engage	Page 8
Adani Ports & Special Economic Zone Ltd	Page 8
Baidu, Inc.	Page 8
Crown Resorts Ltd	Page 9
Glencore PLC	Page 9
Imperial Pacific International Holdings Ltd.	Page 10
PT Indah Kiat Pulp & Paper Tbk	Page 10
PT Pabrik Kertas Tjiwi Kimia Tbk	Page 10
SLC Agricola SA	Page 11
Tencent Holdings Ltd	Page 11
Türkiye Halk Bankası AS	Page 12
Weibo Corp	Page 12
Disengage	Page 13
Steel Authority of India Limited	Page 13
Resolved	Page 14
Bayer AG	Page 14
MMC Norilsk Nickel PJSC	Page 15
Company Dialogue & Progress Summary	Page 16
Engage Cases	Page 17
Disengage Cases	Page 41
Resolved Cases	Page 43
Archived Cases	Page 44
Global Standards Engagement Overview	Page 46
About Erste Asset Management	Page 48
About Sustainalytics	Page 49

This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Erste Asset Management during March 2021 to May 2021. 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




**Hanna Roberts**  
 Executive Director  
 Engagement Services

Global stewardship continues to gain momentum with recent historic AGM developments and ESG shareholder leading to strong investor actions and coalitions on climate change, say on pay, and diversity & inclusion.

Engine No. 1's campaign to rejuvenate the board of Exxon, led to at least two of the activist fund's four nominees winning board positions at the US oil giant, in an historic moment for investor action on climate change.

Further, a Dutch court ordered Shell Group to reduce emissions from its suppliers and customers by 45%, compared with 2019 levels, by the end of the decade, a result of a lawsuit from a coalition of campaign groups, which means that Shell will have to overhaul its corporate policy to decarbonize faster than originally set out in its plans.

The International Energy Agency's (IEA) report stated that investments in new fossil fuel projects will need to stop immediately if the world is to limit global warming to 1.5 °C, described by commentators as a "stunning challenge" by the historically pro-fossil fuel body.

In terms of the impact of recent geo-political developments, in Myanmar as well as in relation to the human rights situation in China, particularly on ethnic minorities in the Xinjiang region such as Uyghurs, Tibetans and Mongolians, the Global Standards Screening team is carefully monitoring the situation and are assessing allegations made in reports against several companies in our research and engagement universe.

Between March 2021 to May 2021, we initiated eleven new Engage cases and resolved two cases including:

### New engagements include:

- **Adani Ports & Special Economic Zone LTD (APSEZ).** Adani Yangon International Terminal Company, a wholly owned subsidiary of APSEZ, signed a build-operate-transfer (BOT) agreement for 50 years with Myanmar Economic Corporation (MEC) to develop a container terminal in Yangon called Ahlone International Port Terminal 2. APSEZ, by doing business with MEC in Myanmar, could be complicit in gross human rights abuses and violations of international humanitarian law.
- Three separate cases on **Baidu, Inc., Tencent Holdings Ltd., Weibo Corp.** The cases all relate to allegations of surveillance and user content censorship. The Chinese government requires the monitoring, filtering, and censorship of internet traffic by internet service providers operating in the country, like Baidu, Inc., Tencent Holdings Ltd. operates social media, messaging, gaming, music, and cloud services. Weibo operates Sina Weibo, China's largest and most influential microblogging platform – sometimes referred to as the "Chinese Twitter".
- **Glencore PLC,** linked to alleged child labour and health and safety violations in mining cooperatives working in close proximity to Glencore's Sinchi Wayra operations.
- **SLC Agricola SA,** the largest listed soyabean producer in Brazil, faces allegations of conducting extensive illegal deforestation for allegedly growing soya in embargoed areas without proper permits between 2007 and 2019.

### Resolved engagements

- The past quarter's concluded cases include **Bayer AG,** who has addressed a number of product-related litigations and processes. Based on the company's systems and

structures in place and a lack of any recent new litigation regarding its pharmaceutical products, Sustainalytics considers the case Resolved.

- **MMC Norilsk Nickel PJSC** has in the last few years made significant progress on its sulphur emissions reductions. This began in 2014 with an initial upgrade of the Talnakh Concentrator, and the refurbishment of one plant and the decommission of another as part of the first phase of the project. The company continues to move ahead on target with its plans and has USD 3.6 billion earmarked to target a 95% reduction in sulphur dioxide emissions by 2030. Due to these improvements, Sustainalytics considers the case Resolved.

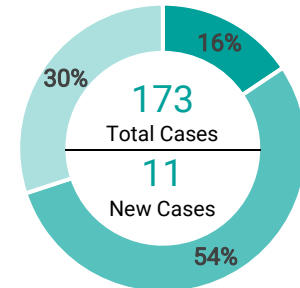
## Quarterly Statistics March 2021 – May 2021

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

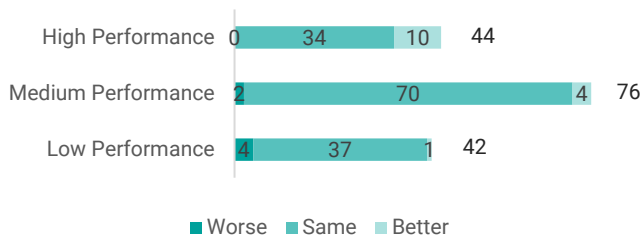


### Cases by Theme

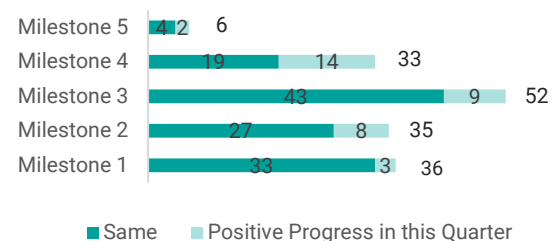
Environmental	27
Social	94
Governance	52



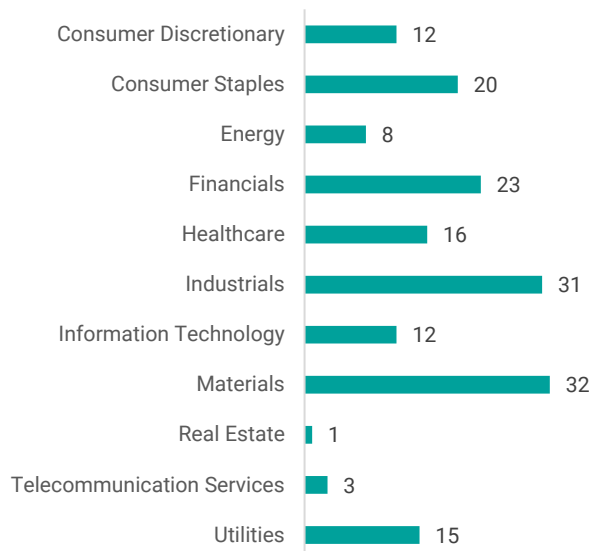
### Engagement Performance Overview\*



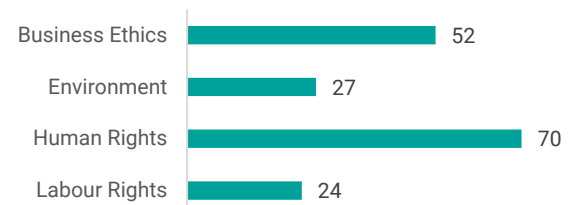
### Milestone Overview\*



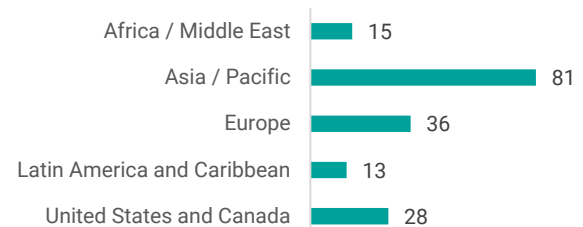
### Cases by Sector



### Cases by Norm



### Cases by Headquarter

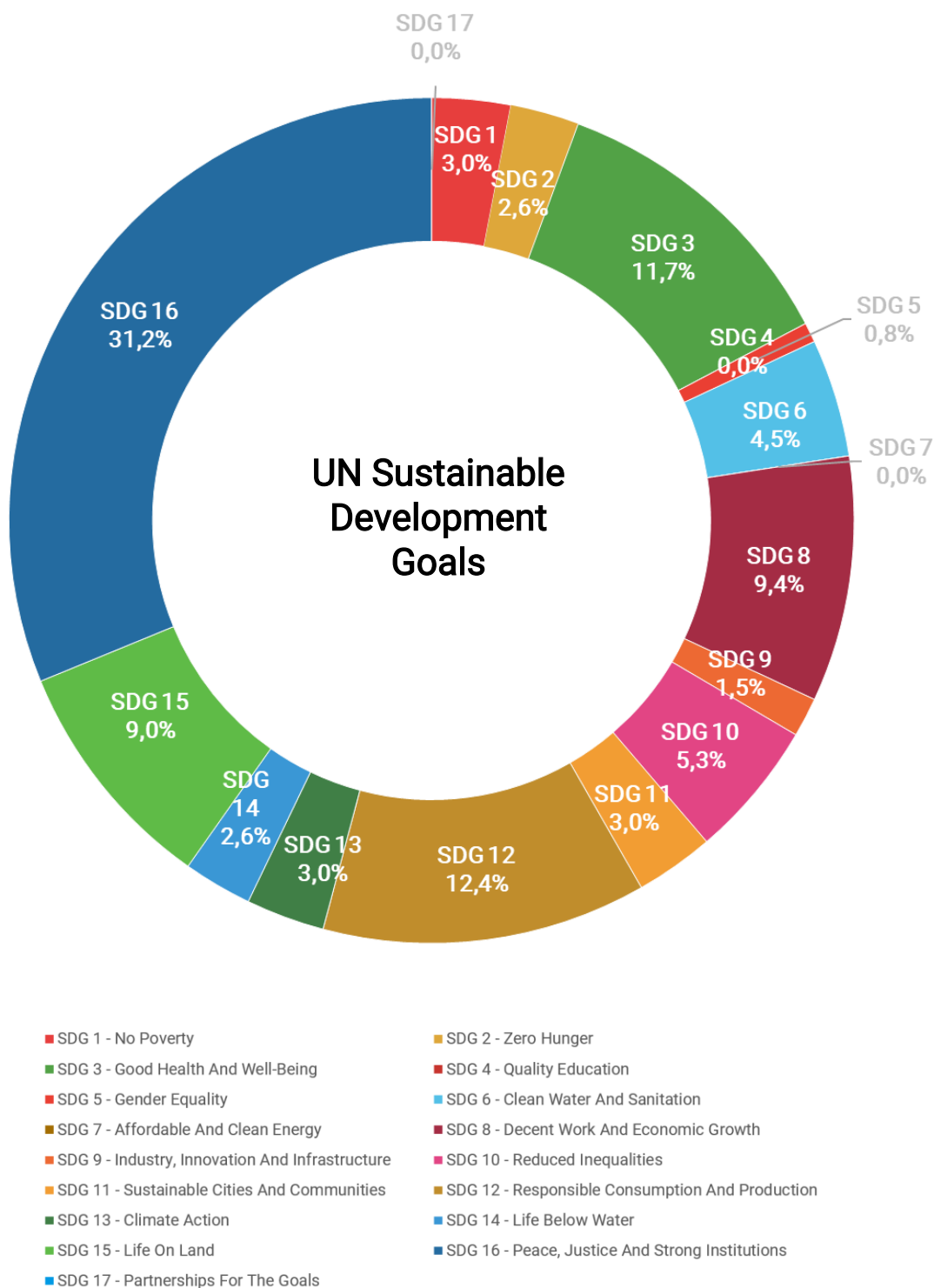


\* Eleven new cases were opened at the end of Q2, 2021. Within the next quarter, performance and milestone assessments will be available and included in the statistics.



## UN Sustainable Development Goals Attribution

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





## Companies Mentioned in this Engagement Brief

● Engage   
 ● Associated   
 ● Disengage   
 ● Resolved   
 ● Archived

<span style="color: #008080;">●</span> ADANI PORTS & SPECIAL ECONOMIC ZONE LTD	8
<span style="color: #008080;">●</span> BAIDU, INC.	8
<span style="color: #D3D3D3;">●</span> BAYER AG	14
<span style="color: #008080;">●</span> CROWN RESORTS LTD	9
<span style="color: #008080;">●</span> GLENCORE PLC	9
<span style="color: #008080;">●</span> IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LTD	10
<span style="color: #D3D3D3;">●</span> MMC NORILSK NICKEL PJSC	15
<span style="color: #008080;">●</span> PT INDAH KIAT PULP & PAPER TBK	10
<span style="color: #008080;">●</span> PT PABRIK KERTAS TJIWI KIMIA TBK	10
<span style="color: #008080;">●</span> SLC AGRICOLA SA	11
<span style="color: #006400;">●</span> STEEL AUTHORITY OF INDIA LIMITED	13
<span style="color: #008080;">●</span> TENCENT HOLDINGS LTD	11
<span style="color: #008080;">●</span> TURKIYE HALK BANKASI AS	12
<span style="color: #008080;">●</span> WEIBO CORP	12

## Engage Cases

### Adani Ports & Special Economic Zone Ltd.

#### Background

In May 2019, Adani Yangon International Terminal Company, a wholly owned subsidiary of ADANI PORTS & SPECIAL ECONOMIC ZONE LTD (APSEZ), signed a build-operate-transfer (BOT) agreement for 50 years with Myanmar Economic Corporation (MEC) to develop a container terminal in Yangon called Ahlone International Port Terminal 2. According to a report by the UN and Amnesty International, MEC is a conglomerate controlled by the Myanmar military and provides substantial off-budget funding to the military. Meanwhile, in March 2021, Justice for Myanmar (JFM) and the Australian Centre for International Justice released a report about APSEZ's involvement in Myanmar, highlighting the economic interests of the Myanmar military. APSEZ, by doing business with MEC in Myanmar, could be complicit in gross human rights abuses and violations of international humanitarian law.

#### Engagement Objective and Activity

APSEZ should ensure it undertakes human rights due diligence of its businesses in Myanmar, adapted to the specific situation of the region. Furthermore, it should engage with the relevant stakeholders and take any necessary actions to ensure that its business relationship with MEC does not make it complicit in any human rights violations. Should that not be possible, it should withdraw from the partnership.

#### Next Step

After an initial positive dialogue with the company in April 2021 in relation to the issue, Sustainalytics is awaiting further information relating to its due diligence process for the project.

#### STATUS

Engage

#### ISSUE(S)

► Operations in Territories with Elevated Human Rights Risks

#### ENGAGEMENT MANAGER



**Henry Pallister-Dixon**  
Manager  
Copenhagen

#### CONTRIBUTION TO SDGs



### Baidu, Inc.

#### Background

China was flagged by Freedom House in its 2020 report, as well as by other civil society organizations, as the "worst abuser" of Internet freedoms, globally. The Chinese government requires the monitoring, filtering, and censorship of Internet traffic by Internet service providers, like BAIDU, INC., that operate in the country. Baidu operates the dominant Internet search engine in China. Of the 750 million internet users in China, approximately 72% use Baidu. The company reportedly complies fully with the government's Internet restrictions by blocking Internet searches. While compliance is not unexpected, the absence of human rights due diligence processes and practices presents a gap in Baidu's preparedness.

#### Engagement Objective and Activity

Companies operating in China are in a challenging position with respect to managing human rights risk exposure to users. Nonetheless, practices focused on human rights due diligence, transparent policy positions, and transparent reporting on external data requests and content moderation requirements are important in managing risk exposure to the extent possible and ensuring that users are able to make informed decisions about platform usage.

#### Next Step

Sustainalytics will reach out to Baidu to establish a dialogue about the allegations of surveillance and censorship of user content. Through the engagement, Sustainalytics will initiate dialogue with the company to understand the steps it is taking to protect the relevant human rights of its users, especially privacy and freedom of expression.

#### STATUS

Engage

#### ISSUE(S)

► Human Rights Impacts of Surveillance Systems

#### ENGAGEMENT MANAGER



**Matthew Barg**  
Associate Director  
Toronto

#### CONTRIBUTION TO SDGs



## Crown Resorts Ltd.

### Background

In July 2019, an Australian media investigation revealed that CROWN RESORTS LTD. had partnered with junket operators who were associated with an Asian organized crime syndicate, linked to money laundering and drug and human trafficking, in an effort to attract Chinese high-roller customers. The syndicate allegedly used Crown-linked accounts and gaming rooms to launder hundreds of millions of dollars in illegally obtained funds. Crown Resorts admitted to “unwittingly facilitating money laundering at its casinos”. On February 9, 2021, commissioner Patricia Bergin issued a report delving into how Crown had facilitated money laundering through its bank accounts, disregarded the welfare of its China-based staff and had partnered with junket operators linked to organized crime, while pointing at systemic issues with the company’s governance, risk management and compliance processes across its entire casino business.

### Engagement Objective and Activity

The company should ensure the violations have ceased and implement robust anti-money laundering (AML) programmes, including companywide AML training, reporting frameworks and monitoring mechanisms. The company should disclose, to the extent possible, all of its AML related activities and progress on AML related initiatives. The company should demonstrate strong leadership (institutional and personnel wise) on financial crime issues.

### Next Step

Sustainalytics will send an initial email to the company and request a call to learn more about the company’s AML practices and procedures.

### STATUS

Engage

### ISSUE(S)

► Money Laundering

### ENGAGEMENT MANAGER



**David Frazer**  
Manager  
Toronto

### CONTRIBUTION TO SDGs



## Glencore PLC

### Background

GLENCORE PLC is a Swiss-based, multinational, mining and commodities trading company. In November 2020, Public Eye, an NGO, alleged that Glencore, through Illapa SA, its wholly owned Bolivian subsidiary, was linked to alleged child labour and health and safety violations in mining cooperatives that work in close proximity to Glencore’s Sinchi Wayra operations, the holding company of Illapa. San Lucas, another subsidiary of Sinchi Wayra, has been buying ore from the mining cooperatives since 2017. The NGO reported that one doctor alleged the Illapa mine had 20 fatalities a year, on average, and that many of the injured were aged 15 and 16, with some even younger. Although Bolivian law permits children over 14 to enter paid employment, it specifically excludes them from heavy industries, such as mining.

### Engagement Objective and Activity

Glencore and its subsidiaries should cease purchasing ore from cooperatives that practice child labour. It should work with the Bolivian authorities to assist in fulfilling the government’s pledge to eradicate child labour by 2025; and should have programmes to improve health and safety in the mines that extend to the cooperatives.

### Next Step

Sustainalytics shall seek to organize a conference call with Glencore to understand what measures the company currently has in place in Bolivia and the level of control it has over its Bolivian subsidiaries. We would also like to know whether Glencore has undertaken any audits of its Bolivian operations since the allegations were made and whether ore is still being purchased from the cooperatives.

### STATUS

Engage

### ISSUE(S)

► Child Labour

### ENGAGEMENT MANAGER



**Anita Nagarajan**  
Manager  
London

### CONTRIBUTION TO SDGs



## Imperial Pacific International Holdings Ltd.

### Background

IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LTD. (IPI) is a Chinese investment holding company with operations in the Northern Mariana Islands (NMI), which are part of the commonwealth of the United States. Since 2017, IPI has been the subject of multiple investigations, protests and lawsuits due to labour rights and human rights issues related to its construction projects in Saipan. In December 2020, the US Department of Labor (DOL) filed a notice against IPI in an NMI district court, alleging that the company had created a local humanitarian crisis in 2016 and 2017 and that it had failed to pay the DOL the USD 3.36 mn it had been ordered to pay in 2019 for labour violations related to its contractors. In January and February 2021, the NMI district court ordered construction to be halted and gave IPI a deadline to comply with the DOL judgement or otherwise face receivership, through which the court would sell off company assets. Following this, IPI paid its first settlement payment.

### Engagement Objective and Activity

IPI should ensure its contractors respect workers' labour rights, in line with international norms. It should also ensure all compensation, including wages owed to workers, are paid on time and that it fully pays the DOL. Lastly, IPI should ensure that, going forward, it has policies and processes in place to ensure that its contractors uphold workers' rights (including the use of legally employed labour, on-time payment of full legal wages, and that living and working conditions are safe).

### Next Step

Our next step is to establish contact with the company via email or a phone call, initiate our engagement and begin discussing the measures the company is taking to reform its approach to human rights and due diligence of its contractors.

### STATUS

Engage

### ISSUE(S)

► Labour Rights Violations in Supply Chains

### ENGAGEMENT MANAGER



**Anita Nagarajan**  
Manager  
London

### CONTRIBUTION TO SDGs



## PT Indah Kiat Pulp & Paper Tbk PT Pabrik Kertas Tjiwi Kimia Tbk

### Background

PT INDAH KIAT PULP & PAPER TBK and PT PABRIK KERTAS TJIWI KIMIA TBK are publicly listed companies that operate the brand Asia Pulp & Paper (APP) Sinar Mas, one of the largest pulp and paper producers in the world. In July 2020, Greenpeace accused APP of deforesting 3,500 ha of peatland between 2018 and 2020, both directly and through its suppliers. Peatland drainage for conversion to plantations significantly increases the risk of fires. A previous report found that APP and its suppliers were responsible for destroying 257,900 hectares of land between 2015 and 2018. Deforestation allegations against APP date back to at least 1995. Several companies have stopped sourcing from APP, and the company lost FSC certification in 2007 as a result of the allegations. In 2013, APP committed itself to zero deforestation and to protecting peatland in its own operations and that of its suppliers, but numerous allegations indicate that it has not lived up to these commitments.

### Engagement Objective and Activity

APP should stop contributing to peatland destruction directly and through its suppliers. The company should ensure a responsible and consistent execution of its deforestation and biodiversity programmes across its own operations and those of its suppliers. In particular, APP should implement an effective fire management programme in the company's concessions.

### Next Step

Sustainalytics runs a separate engagement on deforestation with Golden Agri-Resources Ltd (GAR), which also belongs to the Sinar Mas Group. It has been established that APP is managed separately from GAR and Sustainalytics will engage with APP independently. Sustainalytics will reach out to APP to discuss the company's approach to deforestation and biodiversity management.

### STATUS

Engage

### ISSUE(S)

► Deforestation

### ENGAGEMENT MANAGER



**Olga Kostyurina**  
Manager  
Amsterdam

### CONTRIBUTION TO SDGs



## SLC Agricola SA

### Background

SLC AGRICOLA SA is the largest listed soyabean producer in Brazil, and in 2020 it was one of the top deforesters in Brazil. In September 2020, it pledged to halt deforestation at the end of 2020 (citing plans to clear a final 5,000 hectares in 2020) and only produce soya from already cleared land going forward. However, the company faces allegations of conducting extensive illegal deforestation in 2020 and was fined USD 2.6 mn by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA) in May 2020 for allegedly growing soya in embargoed areas without proper permits between 2007 and 2019.

### Engagement Objective and Activity

The company should investigate the allegations thoroughly and retain an independent third party to verify whether it had illegally deforested land. SLC Agricola should put in place policies and programmes related to the environment and emphasize a commitment to stop deforestation.

### Next Step

Sustainalytics will send an initial email to the company and request a call to verify facts, gather information from the company's perspective and determine what policies and processes it has in place.

### STATUS

Engage

### ISSUE(S)

► Deforestation

### ENGAGEMENT MANAGER



**Angela Flaemrich**  
Associate Director  
Toronto

### CONTRIBUTION TO SDGs



## Tencent Holdings Ltd.

### Background

China was flagged by Freedom House in its 2020 report as the “worst abuser” of Internet freedoms, globally. The government requires the monitoring, filtering, and censorship of Internet traffic by Internet service providers operating in the country. TENCENT HOLDINGS LTD. (Tencent) operates social media, messaging, gaming, music, and cloud services. Its multi-purpose messaging platform, WeChat, is considered a “super app” and dominates the Chinese market with approximately 1.2 billion monthly active accounts. Tencent reportedly complies with the government's restrictions by censoring private chats, including those of users outside China. Purportedly, authorities have unrestricted access to user communications. While compliance is not unexpected, the absence of human rights due diligence presents a preparedness gap.

### Engagement Objective and Activity

Companies operating in China are in a challenging position with respect to managing human rights risk exposure to users. Nonetheless, practices focused on human rights due diligence, transparent policy positions, and transparent reporting on external data requests and content moderation requirements are important in managing risk exposure to the extent possible and ensuring that users are able to make informed decisions about platform usage.

### Next Step

Sustainalytics will reach out to Tencent to establish a dialogue about the allegations of surveillance and censorship of user content. Through the engagement, Sustainalytics will initiate dialogue with the company to understand the steps it is taking to protect the relevant human rights of its users, especially privacy and freedom of expression.

### STATUS

Engage

### ISSUE(S)

► Human Rights Impacts of Surveillance Systems

### ENGAGEMENT MANAGER



**Matthew Barg**  
Associate Director  
Toronto

### CONTRIBUTION TO SDGs



## Turkiye Halk Bankasi AS

### Background

In 2016, Reza Zarrab, a Turkish-Iranian gold trader with access to top Turkish and Iranian government officials, was arrested for leading a gold-for-oil scheme that violated US sanctions on Iran. In October 2019, the US Department of Justice filed a fraud, conspiracy and money laundering lawsuit against TURKIYE HALK BANKASI AS (Halkbank). The bank was charged with 1) conspiracy to defraud the United States, 2) conspiracy to violate the International Emergency Economic Powers Act (IEEPA), 3) bank fraud, 4) conspiracy to commit bank fraud, 5) money laundering, and 6) conspiracy to commit money laundering. The DOJ stated that Halkbank's systemic participation in the illicit movement of billions of dollars' worth of Iranian oil revenue was designed and executed by senior bank officials.

### Engagement Objective and Activity

The company should ensure all relevant violations have ceased, investigate allegations thoroughly and retain an independent third party to verify whether it has made the required changes in a way that can be sustained. Halkbank should put in place policies and programmes related to bank fraud, money laundering and executive conduct.

### Next Step

Sustainalytics will send an initial email to the company and request a call to verify facts, gather information from the company's perspective, and determine what policies and processes it has in place.

### STATUS

Engage

### ISSUE(S)

► Money Laundering

### ENGAGEMENT MANAGER



**David Frazer**  
Manager  
Toronto

### CONTRIBUTION TO SDGs



## Weibo Corp

### Background

China was flagged by Freedom House in its 2020 report as the "worst abuser" of Internet freedoms, globally. The government requires the monitoring, filtering, and censorship of Internet traffic by Internet service providers, like WEIBO CORP, operating in the country. Weibo operates Sina Weibo, China's largest and most influential microblogging platform – sometimes referred to as the "Chinese Twitter" – with 521 million monthly active users, approximately 37% of the Chinese population. The company is reportedly complying fully with the government's internet restrictions by monitoring for sensitive words and removing or limiting posts or user accounts. While compliance is not unexpected, the absence of human rights due diligence processes and practices presents a gap in Weibo's preparedness.

### Engagement Objective and Activity

Companies operating in China are in a challenging position with respect to managing human rights risk exposure to users. Nonetheless, practices focused on human rights due diligence, transparent policy positions, and transparent reporting on external data requests and content moderation requirements are important in managing risk exposure to the extent possible and ensuring that users are able to make informed decisions about platform usage.

### Next Step

Sustainalytics will reach out to Weibo to establish a dialogue about the allegations of surveillance and censorship of user content. Through the engagement, Sustainalytics will initiate dialogue with the company to understand the steps it is taking to protect the relevant human rights of its users, especially privacy and freedom of expression.

### STATUS

Engage

### ISSUE(S)

► Human Rights Impacts of Surveillance Systems

### ENGAGEMENT MANAGER



**Matthew Barg**  
Associate Director  
Toronto

### CONTRIBUTION TO SDGs





## Disengage Cases

### Steel Authority of India Limited

#### Background

As reported by the media, in October 2018, 13 workers died and 10 were injured in a gas explosion and a subsequent fire at the Bhilai Steel Plant (BSP), a unit of STEEL AUTHORITY OF INDIA LIMITED (SAIL) in Chhattisgarh state, India. The blast occurred in a gas pipeline connected to the coke oven section of the plant during scheduled maintenance work. Following a preliminary inquiry, the local government's industrial health and safety department said that proper maintenance procedures had not been executed at the time of the accident. Since then, there have been regular media reports on accidents involving SAIL's employees and contractors. SAIL has been criticized by the unions that alleged the company has poor safety measures in place and uses untrained contract workers. Local media also suggested the company implemented insufficient protection against COVID-19 at its plants.

#### Engagement Objective

The objective of the engagement was for the Bhilai Steel Plant to establish a safety committee, which would be responsible for the implementation of robust occupational safety norms.

#### Engagement Activities

In the two-year engagement period, the company remained unresponsive to Sustainalytics' invitations to dialogue. It did not respond to multiple phone calls or emails. Also, a letter from the engagement director to SAIL's board was sent and left with no response. The company was informed about the disengagement process and likely implications via email.

#### Outcome

Sustainalytics has decided to disengage due to a lack of engagement dialogue and insufficient data from the company that could indicate an improvement. SAIL's reporting is robust but lacks external assurance and is incomplete when it comes to the key aspects of this engagement. For example, it does not disclose the number of fatalities per year or perform a root cause analysis of the most severe accidents. The number of man-days lost, according to the company, doubled in 2019 but no explanation has been provided. Additionally, frequent media reports alleging safety issues at SAIL indicate that the company has not made sufficient efforts to guarantee safe working conditions for its employees.

#### STATUS

Disengage

#### ISSUE(S)

- Fatal Workplace Accident(s)

#### ENGAGEMENT MANAGER



**Ewa Klewar**  
 Manager  
 Zielona Góra

#### CONTRIBUTION TO SDGs



#### DIALOGUE STATISTICS

	18	Number of Contacts
	0	Conference Calls
	7	Correspondence
	0	Meetings in Person

#### CASE TIMELINE

	Engagement Since	Jan 2019
	Milestone 1	May 2019
	Investor Letter	June 2019
	Case Disengage	May 2021

## Resolved Cases

### Bayer AG

#### Background

BAYER AG is a multinational pharmaceutical/agriculture company, which has faced multiple litigation related to alleged detrimental health impacts connected to three of its pharmaceutical products: Essure, a contraceptive device; Yasmin/Yaz, a contraceptive pill; and Xarelto, a blood thinner. Bayer settled the Yaz/Yasmin litigation in 2016 for USD 2.04 bn. The company withdrew the Essure device from all markets in 2018 and in August 2020 announced a USD 1.6 bn settlement of around 90% of approximately 39,000 cases. In March 2021, Bayer, and its co-defendant Janssen Pharmaceutical, reached an agreement in principle with 99% of its over 40,000 plaintiffs regarding Xarelto for about USD 775 mn, despite having won all of the six trials that had been held up to that date.

#### Engagement Objective

The engagement objective was to ensure that Bayer 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.

#### Engagement Activities

Sustainalytics initiated dialogue in January 2019, with the first call held later the same year. Bayer was open and constructive throughout the engagement, both in conference calls and in the provision of information by email. Four calls were held with Bayer in relation to these and other issues, many with investor participation. During the calls, Bayer explained its processes for addressing the research and development of new products. It detailed its phase I, II, III and IV clinical trials. Prior to the launch of a new product, the company uses safety management teams, comprising specialists outside of the research and development group, to review all clinical data available. If concerns are raised and cannot be adequately addressed, the launch may be suspended or even cancelled.

#### Outcome

In early 2021, Bayer announced an agreement in principle with 99% of the approximately 40,000 plaintiffs in the Xarelto litigation. This settlement indicates the end of the litigation regarding Xarelto, Essure and Yaz/Yasmin. Essure was settled in 2019 and Yaz/Yasmin earlier in 2016.

Over the course of the engagement, Bayer increased its level of disclosure and made its clinical trial data available to healthcare professionals and the public, in addition to the regulatory requirements. Bayer also set up an independent Sustainability Advisory Council (SAC) of external experts to further develop the company's sustainability.

The company also has a global pharmacovigilance department, which works with regulators around the world after a product is launched. Ongoing safety information is compiled using Post Authorisation Safety Studies (PASS), which is entered in the European Union's PASS Registry.

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

#### STATUS

**Resolved**

#### ISSUE(S)

► Quality and Safety Breaches

#### ENGAGEMENT MANAGER







**K Bruce Jackson**  
Associate Director  
London












#### CONTRIBUTION TO SDGs



#### DIALOGUE STATISTICS

	<b>36</b>	Number of Contacts
	<b>4</b>	Conference Calls
	<b>4</b>	Correspondence
	<b>0</b>	Meetings in Person

#### CASE TIMELINE

	Engagement Since	Jan 2019
	Milestone 1	Jan 2019
	Milestone 2	Feb 2019
	Conference Call	Dec 2019
	Milestone 3	Dec 2019
	Conference Call	Aug 2020
	Milestone 4	Aug 2020
	Conference Call	Mar 2021
	Conference Call	Mar 2021
	Milestone 5	Mar 2021
	Case Resolved	May 2021

## MMC Norilsk Nickel PJSC

### Background

The mining and metal production operations of MMC NORILSK NICKEL PJSC (Nornickel) in northern Siberia have been associated with serious heavy metal and sulphur dioxide contamination in the city of Norilsk and the surrounding countryside. Several negative health impacts have been attributed to the pollution, including respiratory problems, higher incidences of cancers and low birth weight babies. Some of the contaminants were transported further around the Arctic region due to the far northerly location of the facilities. The company's plans to reduce emissions were also repeatedly set back by significant delays.

### Engagement Objective

Nornickel was expected to ensure its Polar Division's operation-related health impacts were properly managed and that emissions do not cause excessive harm to the environment, with historical impacts properly remediated. While the operations should also align with Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.

### Engagement Activities

Sustainalytics began engaging with the company in 2010 regarding the ongoing impact of its operations and its sulphur emissions, holding many calls with the company. As part of Nornickel's remediation of the issue, it has put in place an expansive plan to reduce sulphur emissions across its operations. This began in 2014 with an initial upgrade of the Talnakh Concentrator, and the refurbishment of one plant and the decommissioning of another as part of the first phase of the project. This programme, while initially beset with some delays as the company grappled with the scope of the project, has now shifted to the larger second phase, which is well underway, and the company continues to move ahead on target with its plans. It has USD 3.6 bn earmarked to target a 95% reduction in sulphur dioxide emissions by 2030.

### Outcome

In a recent call with the company, Nornickel reiterated that it is committed to maintaining its desulphurisation project and related deadlines. Progress is linked to key performance indicators for the chief operating officer and management, and the company has made a strong commitment to the Russian government to complete the project. Meanwhile, concerning the project, construction companies have been contracted for the decommissioning of the Kola site, while for phase two of the project, all internal decisions have been made and the company is moving forward with dates set for key future steps. A large percentage of the reductions is expected to be met by 2025. Sustainalytics, therefore, regards the engagement as resolved.

### STATUS

Resolved

### ISSUE(S)

► Activities Resulting in Negative Environmental and Human Rights Impacts

### ENGAGEMENT MANAGER







**Henry Pallister-Dixon**  
Manager  
Copenhagen



















### CONTRIBUTION TO SDGs



### DIALOGUE STATISTICS



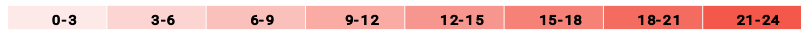

	128	Number of Contacts
	5	Conference Calls
	55	Correspondence
	6	Meetings in Person

### CASE TIMELINE

	Engagement Since	May 2010
	Milestone 1	Apr 2013
	Meeting in Person	Oct 2013
	Conference Call	Jun 2014
	Meeting in Person	Oct 2014
	Milestone 2	Feb 2015
	Meeting in Person	Oct 2015
	Milestone 3	Oct 2015
	Conference Call	Aug 2016
	Meeting in Person	Apr 2017
	Milestone 4	Apr 2017
	Meeting in Person	Sep 2017
	Meeting in Person	Apr 2018
	Milestone 5	May 2019
	Conference Call	Mar 2020
	Conference Call	Jun 2020
	Conference Call	Sep 2020
	Case Resolved	May 2021

## 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

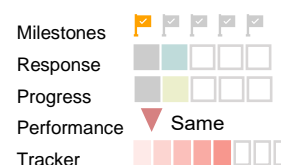
# Engage

## AFRICA / MIDDLE EAST

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

#### ► Corrupt Practices

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



### El Sewedy Electric Co (Tanzania, 2020)

#### ► Power Project(s) Resulting in Negative Environmental Impacts

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



### Eskom Holdings SOC Limited (South Africa, 2019)

#### ► Air Pollution

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



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

#### ► Fatal Accident(s)

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



### MTN Group Limited (South Africa, 2019)

#### ► Operations in Territories with Elevated Human Rights Risks

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

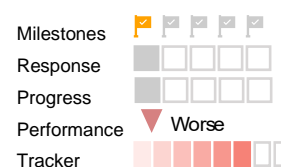


\*Associated company: **MTN Nigeria Communications Ltd.**

### Mumias Sugar Company Limited (Kenya, 2019)

#### ► Accounting Fraud

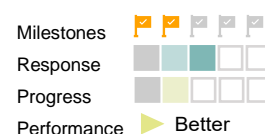
**Change Objective:** Mumias Sugar should reinforce board oversight and compliance measures, such as a more effective code of conduct, whistleblower mechanism, and structural compliance awareness training. Furthermore, the company should take measures to compensate the dismissed staff.



### OCP S.A. (Western Sahara, 2016)

#### ► Operations in Occupied Territories

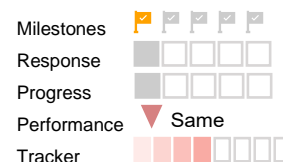
**Change Objective:** OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and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



**Orascom Investment Holding SAE** (North Korea, 2020)

## ► Operations in Territories with Elevated Human Rights Risks

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

**Sibanye Stillwater Ltd.** (South Africa, 2018)

## ► Recurring Workplace Accidents

**Change Objective:** Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye's safety performance will be monitored by Sustainalytics for at least two years and is expected to show decreasing figures during the time.

**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.

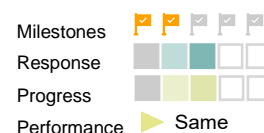


\*Associated company: **Pepkor Holdings Ltd.**

**Teva Pharmaceutical Industries Limited** (United States, 2019)

## ► Price-Fixing Violations

**Change Objective:** Teva should take appropriate actions by investigating the alleged misconduct internally and cooperate with authorities to address the issue. The company should also develop and implement a drug pricing model that ensures equitable access to medicine and implement competition guidelines.

**The Okomu Oil Palm Co PLC** (Nigeria, 2019)

## ► Activities Resulting in Adverse Human Rights Impacts

**Change Objective:** Okomu should ensure that affected communities are consulted in a meaningful manner, according to the principles of Free, Prior and Informed consent. It should also implement its human rights policy and demonstrate human rights due diligence in its operations to prevent adverse human rights impacts.

**Tiger Brands Limited** (South Africa, 2019)

## ► Product-Related Fatalities

**Change Objective:** Tiger Brands should ensure that it has taken appropriate actions to responsibly address the impacts of the incident. Tiger Brands should also demonstrate that it has taken adequate measures to improve consistency of operational practices and procedures for product safety across the group.

**Tongaat Hulett Limited** (South Africa, 2020)

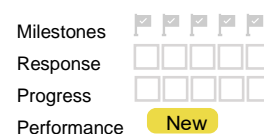
## ► Accounting Fraud

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

**Turkiye Halk Bankasi AS** (Turkey, 2021)

## ► Money Laundering

**Change Objective:** Halkbank should implement robust anti-financial-crime programs including companywide Anti-Money Laundering (AML), Know Your Customer (KYC) and business ethics training, reporting frameworks and monitoring mechanisms. The company should disclose, to the extent possible, all of its AML, KYC and business ethics related activities and progress on AML related initiatives. The company should demonstrate strong leadership (institutional and personnel wise) on financial crime issues.

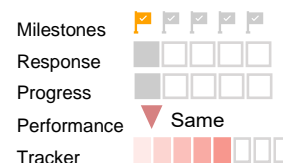


## ASIA / PACIFIC

### 63 Moons Technologies Ltd (India, 2020)

#### ► Fraud

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



### Adani Enterprises Limited (Australia, 2016)

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

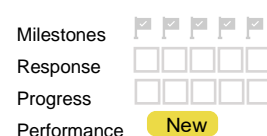
**Change Objective:** Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the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



### Adani Ports & Special Economic Zone Ltd (Myanmar, 2021)

#### ► Operations in Territories with Elevated Human Rights Risks

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



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

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

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

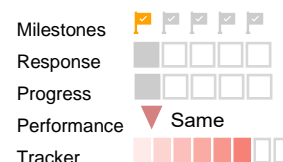


\*Associated company: **North Queensland Export Terminal Pty Ltd.** (New)

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

#### ► Quality and Safety Violations

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



### AMP Limited (Australia, 2019)

#### ► Consumer Fraud

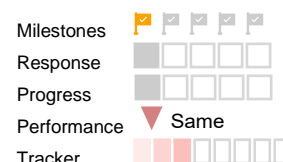
**Change Objective:** AMP should ensure that robust policies and internal controls addressing product governance and business ethics are implemented, universally applied and where appropriate, disclosed.



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

#### ► Operations in Territories with Elevated Human Rights Risks

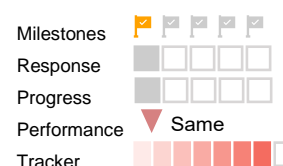
**Change Objective:** AVIC should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures to be applied to military equipment sales deals.



### AviChina Industry & Technology Company Limited (China, 2019)

#### ► Operations in Territories with Elevated Human Rights Risks

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



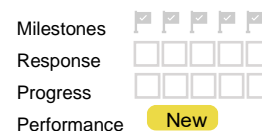


**Baidu, Inc.** (China, 2021)

## ► Human Rights Impacts of Surveillance Systems

**Change Objective:** Baidu should show efforts to establish human rights due diligence practices, transparent policies relevant to digital rights, and transparently report on external data requests and content moderation requirements that indicate management of related risk exposure and facilitation of informed decision-making by users about platform usage.

\*Associated company: **iQiyi, Inc.** (New)

**Bharat Heavy Electricals Limited** (Bangladesh, 2017)

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

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

**China Energy Engineering Corporation Ltd** (China, 2019)

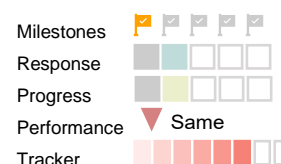
## ► Fatal Workplace Accident(s)

**Change Objective:** China Energy Engineering Corporation (CEEC) should carry out an internal investigation into the causes of the accident and accordingly strengthen its control risk management process of construction sites. CEEC should also disclose how it has improved its safety management system across its operations and subsidiaries.

**China Huarong Asset Management Co Ltd** (China, 2019)

## ► Corrupt Practices

**Change Objective:** Huarong should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should disclose the respective policies publicly and provide details on their implementation.

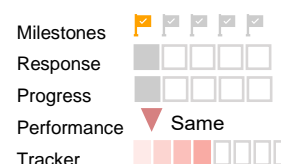


\*Associated companies: **Huarong International Financial Holdings Ltd., Huarong Investment Stock Corp Ltd and Huarong Real Estate Co., Ltd.**

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

## ► Operations in Territories with Elevated Human Rights Risks

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

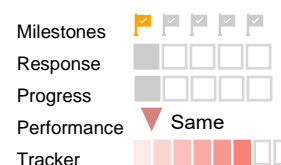


\*Associated company: **CNPC Global Capital Ltd.**

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

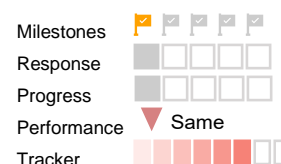
## ► Operations in Territories with Elevated Human Rights Risks

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

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

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

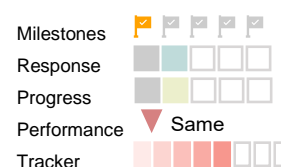
**Change Objective:** China Northern Rare Earth (Group) High-Tech Co should publish a robust and comprehensive tailings management policy and a satisfactory strategy to minimize further environmental contamination. It should display a comprehensive program to address the health, community and environmental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



**China Petroleum & Chemical Corp.** (China, 2019)

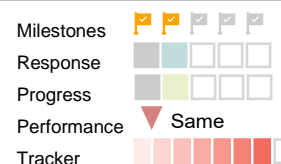
## ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** China Petroleum & Chemical Corp. should ensure its practices are generally aligned with international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond appropriately to human rights due diligence. It should also engage with governments and other stakeholders to encourage open and accountable management of production revenues and contribute to local peace efforts. The company should report clearly on these efforts.

\*Associated company: *Sinopec Kantons Holdings Ltd***China Railway Group Ltd** (Democratic Republic of the Congo, 2019)

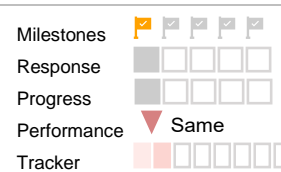
## ► Forced Evictions

**Change Objective:** CREC should compensate the affected communities and create an anti-harassment and discrimination policy adapted to its risk exposure. The company should also ensure that its corporate culture supports the policy and has mechanisms in place to monitor the related compliance.

\*Associated company: *China Railway Engineering Corp.***Chongqing Energy Investment Group Co. Ltd.** (China, 2020)

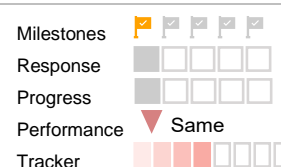
## ► Recurring Workplace Accidents

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

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

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

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

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

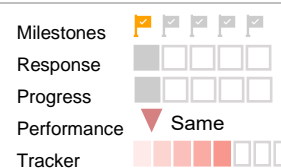
## ► Money Laundering

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

**Convoy Global Holdings Ltd** (Hong Kong, 2019)

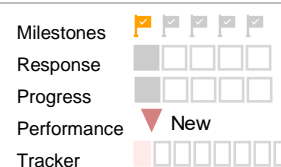
## ► Fraud

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

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

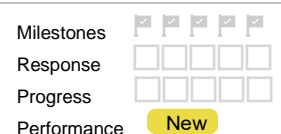
## ► Fraud

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

**Crown Resorts Ltd** (China, 2021)

## ► Money Laundering

**Change Objective:** Crown Resorts should implement robust anti money laundering programs including companywide AML training, reporting frameworks and monitoring mechanisms. The company should disclose, to the extent possible, all of its AML related activities and progress on AML related initiatives. The company should demonstrate strong leadership (institutional and personnel wise) on financial crime issues.



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

## ► Fraud

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

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

**FGV Holdings Bhd.** (Malaysia, 2017)

## ► Labour Rights Violations at Company Operations

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

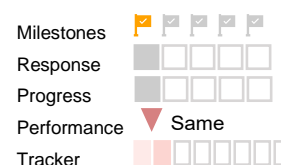
\*Associated company: **MSM Malaysia Holdings Bhd**

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

## ► Labour Rights Violations at Company Operations

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

\*Associated company: **Formosa Chemicals & Fibre Corp**

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

## ► Deforestation

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

\*Associated company: **PT Sinar Mas Agro Resources & Technology Tbk and PT Sinar Mas Group (New)**

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

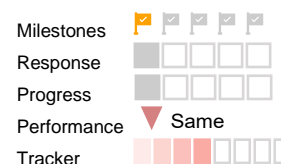
## ► Money Laundering

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

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

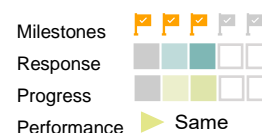
## ► Accounting Fraud

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

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

## ► Human Rights Impacts of Surveillance Systems

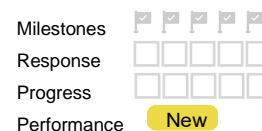
**Change Objective:** Hikvision should take steps towards ensuring its surveillance products and services are not contributing to human rights abuses. The company should implement a robust human rights due diligence program to bring its business policies and practices in line with internationally accepted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



**Imperial Pacific International Holdings Ltd.** (China, 2021)

## ► Labour Rights Violations in Supply Chains

**Change Objective:** IPI should ensure its contractors respect workers' labour rights, in line with international norms. It should also ensure all compensation, including wages owed to workers, are paid on time and that it fully pays all monies owed to the US Department of Labor. Lastly, IPI should ensure that going forward, it has policies and processes in place to ensure that its contractors uphold workers' rights (including use of legally employed labour, payment of on-time, full legal wages and that living and working conditions are safe).

**Indofood Agri Resources Ltd** (Indonesia, 2018)

## ► Labour Rights Violations at Plantations

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

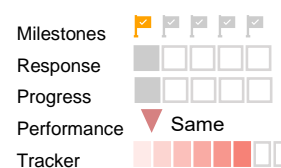


*\*Associated companies: PT Indofood Sukses Makmur Tbk, PT Perusahaan Perkebunan London Sumatra Indonesia Tbk, PT Salim Ivomas Pratama Tbk and First Pacific Company Limited (New)*

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

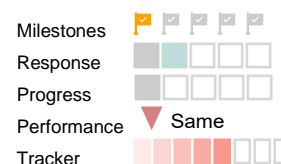
## ► Environmental Pollution

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

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

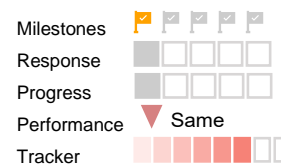
## ► Accounting Irregularities

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

**Kangmei Pharmaceutical Co Ltd** (China, 2019)

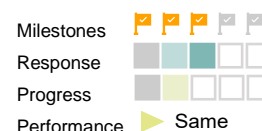
## ► Accounting Fraud

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

**Korea Electric Power Corporation** (Laos, 2019)

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

**Change Objective:** KEPCO's subsidiary should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the continuance of the mitigation measures established for the communities. The company should commit to improving its preparedness to manage human rights-related risks in the future.

**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. The company should commit to improving its preparedness to manage human rights-related risks in the future.

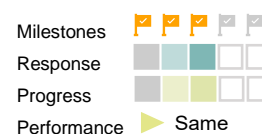


**Lotte Corp** (South Korea, 2019)

## ► Embezzlement

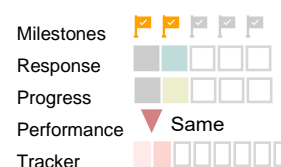
**Change Objective:** Lotte should adopt an anti-corruption policy and implement a programme to ensure monitoring and compliance, including detailed guidelines for facilitation payments, political and charitable contributions, and gifts. Further, Lotte should also ensure that the internal audit committees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

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

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

## ► Poor Working Conditions

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

**Luckin Coffee, Inc.** (China, 2020)

## ► Accounting Fraud

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

**Mitsubishi Materials Corporation** (Japan, 2019)

## ► Quality and Safety Violations

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

**NLC India Ltd.** (India, 2021)

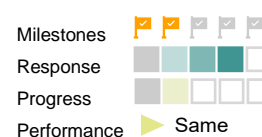
## ► Recurring Workplace Accidents

**Change Objective:** NLC should also ensure that all recommendations from the investigations are acted upon and improve disclosure of health and safety metrics and training programmes. NLC India should ensure that compensation has been paid to the victims/victims' dependents. The company should investigate the accidents and should be transparent on the lessons learnt. NLC should identify and report progress on the actions to be undertaken to prevent recurrences.

**NTPC Limited** (Bangladesh, 2017)

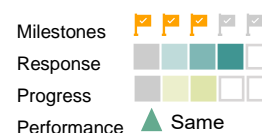
## ► Project(s) with Environmental and Human Rights Risks

**Change Objective:** NTPC should align its operations in general accordance 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.

**NTPC Limited** (India, 2018)

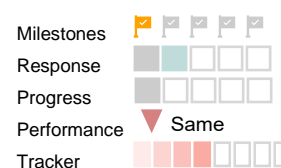
## ► Recurring Workplace Accidents

**Change Objective:** NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.

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

## ► Forced Labour

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



**Oil and Natural Gas Corporation Limited** (India, 2019)

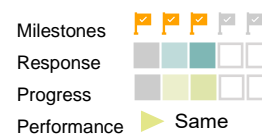
► Operations in Territories with Elevated Human Rights Risks

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

\*Associated company: **ONGC Videsh Ltd.****Olympus Corporation** (United States, 2019)

► Product-Related Fatalities

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

**Page Industries Ltd.** (India, 2020)

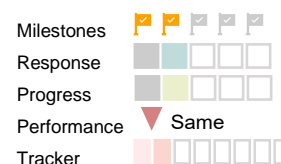
► Systemic Labour Rights Violations

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

**PetroChina Co Ltd** (China, 2019)

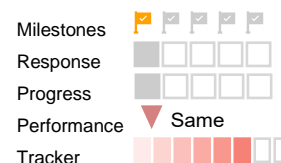
► Operations in Territories with Elevated Human Rights Risks

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

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

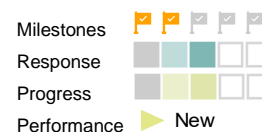
► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Petroleum 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 companies: **Petronas Global Sukuk Ltd.** and **PETRONAS Energy Canada Ltd.** (New)**POSCO Coated & Color Steel Co., Ltd.** (Myanmar, 2021)

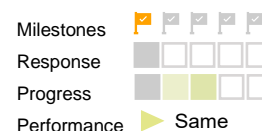
► Operations in Territories with Elevated Human Rights Risks

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

\*Associated company: **POSCO****PT FKS Food Sejahtera Tbk** (Indonesia, 2019)

► Consumer Fraud

**Change Objective:** PT Tiga Pilar Sejahtera Food Tbk should ensure that it implements adequate risk management processes and internal controls meant to reduce compliance breaches, and regulatory action, and disclose the results where appropriate. The anti-corruption programme should be reported on and transparent in terms of implementation, follow-up mechanisms, corrective actions and external verification.

\* Previously as: **PT Tiga Pilar Sejahtera Food Tbk**

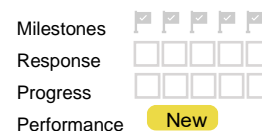


**PT Indah Kiat Pulp & Paper Tbk** (Malaysia, 2021)

## ► Deforestation

**Change Objective:** PT Indah Kiat Pulp & Paper Tbk should stop contributing to peatland destruction directly and through its suppliers. The company should ensure responsible and consistent execution of its deforestation and biodiversity programmes across its own and supplier operations.

\*Associated company: **PT Sinar Mas Group** (New)

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

## ► Environmental Impacts from Waste Practices

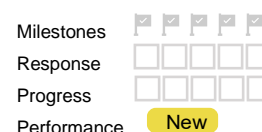
**Change Objective:** PT Indonesia Asahan Aluminium (Inalum) should introduce a policy prohibiting riverine tailings disposal in future projects, where there is a viable and more environmentally sustainable alternative. Inalum should ensure that the existing monitoring and reporting of the tailings management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

**PT Pabrik Kertas Tjiwi Kimia Tbk** (Malaysia, 2021)

## ► Deforestation

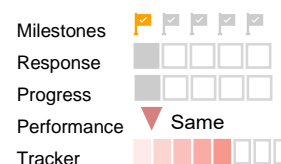
**Change Objective:** PT Pabrik Kertas Tjiwi Kimia Tbk should stop contributing to peatland destruction directly and through its suppliers. The company should ensure responsible and consistent execution of its deforestation and biodiversity programmes across its own and supplier operations.

\*Associated company: **PT Sinar Mas Group** (New)

**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)

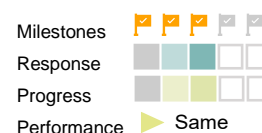
## ► Incident(s) Resulting in Negative Human Rights Impacts

**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. The company should commit to improving its preparedness to manage human rights-related risks in the future.

**Rio Tinto Ltd.** (Australia, 2020)

## ► Violations of the Rights of Indigenous Peoples

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



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

**Samling Global Limited** (Malaysia, 2019)

## ► Deforestation

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





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

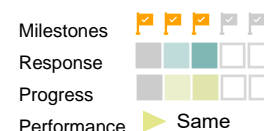
## ► Accounting Fraud

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

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

## ► Accounting Fraud

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

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

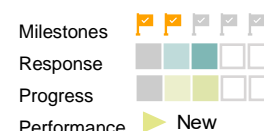
## ► Corrupt Practices

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

**Sime Darby Plantation Sdn Bhd** (Malaysia, 2021)

## ► Labour Rights Violations at Company Operations

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

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

## ► Quality and Safety Violations

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



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

**SK Holdings Co Ltd** (Laos, 2019)

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

**Change Objective:** SK Holdings' subsidiary should conduct a comprehensive assessment of the safety and stability of the project, together with independent experts and take appropriate mitigation measures. It should use its leverage to ensure adequate consultations with, and compensations to, project-affected communities and a transparent process for grievance and compensation. The company should commit to improving its preparedness to manage human rights-related risks in the future.

**Suruga Bank Ltd.** (Japan, 2019)

## ► Fraud

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

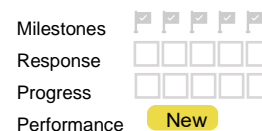


**Tencent Holdings Ltd.** (China, 2021)

## ► Human Rights Impacts of Surveillance Systems

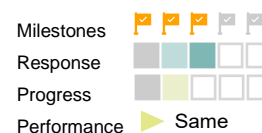
**Change Objective:** Tencent should show efforts to establish human rights due diligence practices, transparent policies relevant to digital rights, and transparently report on external data requests and content moderation requirements that indicate management of related risk exposure and facilitation of informed decision-making by users about platform usage.

\*Associated company: **Tencent Music Entertainment Group** (New)

**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. In addition, TEPCO should report on the security measures taken at all its facilities following reports of inadequate security at its Kashiwazaki-Kariwa nuclear plant.

**Top Glove Corp Bhd** (Malaysia, 2021)

## ► Labour Rights Violations at Company Operations

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

\*Associated company: **Top Glove Labuan Ltd.**

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

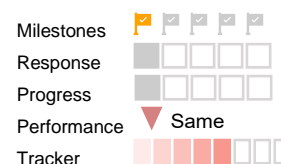
## ► Accounting Fraud

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

**Unitech Limited** (India, 2019)

## ► Consumer Fraud

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

**Vedanta Limited** (India, 2019)

## ► Community Protests

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

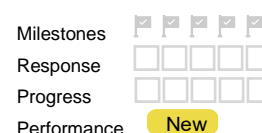
\*Associated company: **Hindustan Zinc Limited**

**Weibo Corp** (China, 2021)

## ► Human Rights Impacts of Surveillance Systems

**Change Objective:** Weibo should show efforts to establish human rights due diligence practices, transparent policies relevant to digital rights, and transparently report on external data requests and content moderation requirements that indicate management of related risk exposure and facilitation of informed decision-making by users about platform usage.

\*Associated company: **SINA Corp.** (New)



**Westpac Banking Corporation** (Australia, 2020)

## ► Money Laundering

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

**Wilmar International Limited** (Indonesia, 2019)

## ► Violations of the Rights of Indigenous Peoples

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



*\*Associated company: Shree Renuka Sugars Ltd*

**Wockhardt Limited** (India, 2019)

## ► Quality and Safety Breaches

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

**Yes Bank Ltd** (India, 2020)

## ► Fraud

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

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

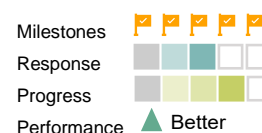
## ► Consumer Fraud

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

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

## ► Activities Resulting in Adverse Human Rights Impacts

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

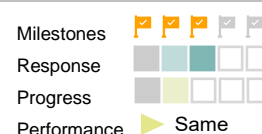


*\*Associated company: Guyana Goldfields Inc*

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

## ► Activities Resulting in Negative Environmental Impacts

**Change Objective:** Zijin Mining should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera and ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.



*\*Associated company: Guyana Goldfields Inc*

**ZTE Corporation** (Iran, 2019)

## ► Human Rights Impacts of Surveillance Systems

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



## EUROPE

### Andritz AG (Turkey, 2010)

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

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



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

► Quality and Safety Violations

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



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

### Barclays PLC (United Kingdom, 2019)

► Corrupt Practices

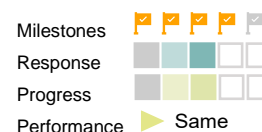
**Change Objective:** Barclays should ensure on-going implementation of whistle-blower policies as mandated by regulators, as well as relevant international organizations and global banking industry best-practices. The company should also implement best practices regarding whistle-blower protections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



### Bayer AG (United States, 2018)

► Concealing Data on Product-Related Toxicity

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



\* Associated companies: **Bayer CropScience Limited** and **Monsanto Finance Canada Co (New)**

### BMW Group (Germany, 2019)

► Antitrust Violations

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



### Bolloré SA (Cameroon, 2019)

► Activities Resulting in Adverse Human Rights Impacts

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

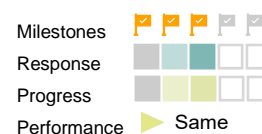


\* Associated companies: **La Forestière Équatoriale SA (New)**, **Financière de l'Odé (New)** and **Compagnie du Cambodge (New)**

### 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 AG** (Switzerland, 2019)

## ► Fraud

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

**Daimler AG** (Germany, 2019)

## ► Antitrust Violations

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

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

## ► Money Laundering

**Change Objective:** Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business. To the extent possible, Danske Bank should disclose all changes related to its AML program.

**Deutsche Bank AG** (Russia, 2019)

## ► Money Laundering

**Change Objective:** Deutsche Bank should ensure that robust policies, programmes, compliance processes and risk management systems addressing anti-money laundering (AML), Know-Your-Customer (KYC), and sanctions issues are in place. The bank should publish comprehensive disclosures on how it is managing AML risks, how it trains employees in different ways, and how the board is set up to prevent financial crime.

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

## ► Corrupt Practices

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



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

**G4S PLC** (Qatar, 2020)

## ► Forced Labour

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

**GCM Resources Plc** (Bangladesh, 2021)

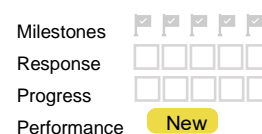
## ► Mining Project(s) Resulting in Adverse Human Rights Impacts

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

**Glencore PLC** (Bolivia, 2021)

## ► Child Labour

**Change Objective:** Glencore and its subsidiaries should cease purchasing ore from cooperatives which practice child labour. It should work with the authorities to assist in fulfilling the government's pledge to eradicate child labour by 2025; and should have programmes to improve health and safety in the mines that extend to co-operatives.

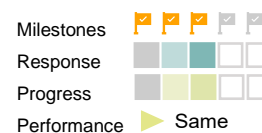


*\*Associated company: Polymet Mining Corp (New)*

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

## ► Consumer Fraud

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

**ING Groep N.V.** (Russia, 2019)

## ► Money Laundering

**Change Objective:** ING should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. ING should ensure that it properly addresses corporate culture in order to prevent ethical breaches. The company's risk management framework related to AML should be publicly disclosed as is appropriate.

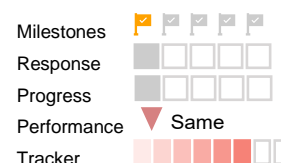


\*Associated company: **ING Bank Śląski SA**

**Irkut Corporation** (Russia, 2019)

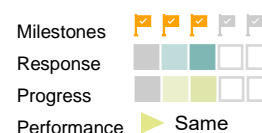
## ► Operations in Territories with Elevated Human Rights Risks

**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, 2020)

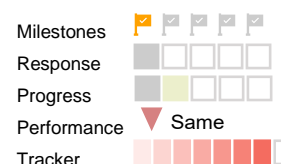
## ► Spill(s) Resulting in Environmental and Human Rights Impacts

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

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

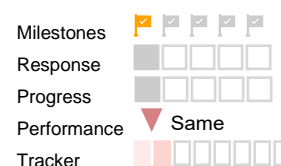
## ► Asset Misappropriation

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

**NMC Health PLC** (United Arab Emirates, 2020)

## ► Accounting Fraud

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

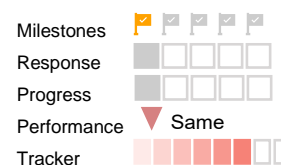


\*Associated company: **NMC Health (Jersey) Ltd.**

**Rostec Corporation** (Russia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

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





**Sanofi** (Philippines, 2020)

## ► Product-Related Fatalities

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

\*Associated company: **Sanofi India Ltd.**

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

## ► Operations in Occupied Territories

**Change Objective:** Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.

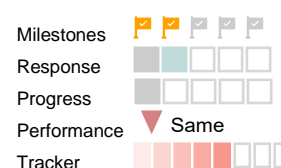
\*Associated company: **Siemens Energy AG**

**Société Financière des Caoutchoucs SA** (Cameroon, 2019)

## ► Activities Resulting in Adverse Human Rights Impacts

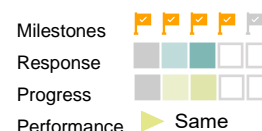
**Change Objective:** Socfin should ensure that affected communities are consulted according to the principle of free, prior and informed consent. The company should also implement its human rights policy and demonstrate due diligence in its different business relationships to prevent adverse human rights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

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

**Swedbank AB** (Sweden, 2019)

## ► Money Laundering

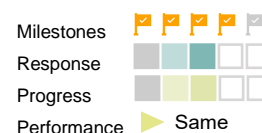
**Change Objective:** Swedbank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. It should also ensure that the board has sufficient and effective oversight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

**Syngenta AG** (Thailand, 2019)

## ► Quality and Safety Breaches

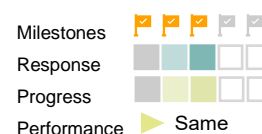
**Change Objective:** Syngenta should address the environmental and/or health impacts of its products. We are seeking Syngenta to fully disclose all research material on these chemicals and their impacts and to have a process of seeking independent product reviews before the market release of any new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

\*Associated companies: **China National Chemical Corp. and Sinochem Group Co., Ltd.**

**Telefonaktiebolaget LM Ericsson** (Sweden, 2020)

## ► Corrupt Practices

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

**United Aircraft Corp. PJSC** (Russia, 2019)

## ► Operations in Territories with Elevated Human Rights Risks

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





**Vedanta Resources Ltd.** (India, 2019)

## ► Community Protests

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

**Volkswagen AG** (United States, 2016)

## ► Activities Resulting in Negative Environmental and Human Rights Impacts

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



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

**Volvo AB** (Israel, 2019)

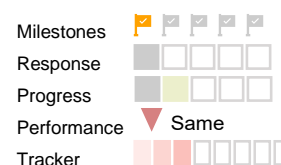
## ► Operations in Territories with Elevated Human Rights Risks

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

**Wirecard AG** (Germany, 2020)

## ► Fraud

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



## LATIN AMERICA AND CARRIBEAN

### Andrade Gutierrez SA (Brazil, 2019)

#### ► Corrupt Practices

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



### BRF S.A. (Brazil, 2019)

#### ► Consumer Fraud

**Change Objective:** BRF should ensure that the failure to meet food safety standards due to a bribery scheme has been investigated thoroughly and that its food quality and safety policies and management systems are properly implemented, monitored and reported.



*\*Associated company: BFF International Ltd.*

### Centrais Elétricas Brasileiras SA (Brazil, 2020)

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

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



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

#### ► Corrupt Practices

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



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

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

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



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

#### ► Labour Rights Violations at Company Operations

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



*\*Associated companies: GMéxico Transportes SAB de CV and Mexico Generadora de Energía S de RL*

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

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

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



*\*Associated companies: GMéxico Transportes SAB de CV and Mexico Generadora de Energía S de RL*

**JBS S.A.** (United States, 2020)

## ► Antitrust Violations

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



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

**JBS S.A.** (Brazil, 2017)

## ► Corrupt Practices

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

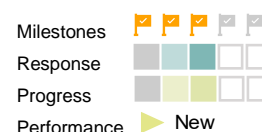


\*Associated company: *Independencia International*

**JBS S.A.** (Brazil, 2021)

## ► Deforestation

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



\*Associated companies: *JBS USA Food Co and Independencia International*

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

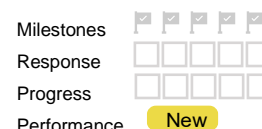
## ► Spill(s) Resulting in Environmental and Human Rights Impacts

**Change Objective:** PEMEX should mitigate environmental and health impacts from the spills. The company should trace the causes of spills and strengthen its internal programmes, leak control and monitoring systems to minimize likelihood of new spills. The company should also exert its influence on all stakeholders to counter oil theft activity and its related impacts.

**SLC Agricola SA** (Brazil, 2021)

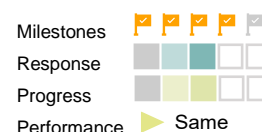
## ► Deforestation

**Change Objective:** SLC Agricola should investigate allegations thoroughly and retain an independent third party to verify whether it has illegally deforested land. The company should investigate allegations thoroughly and retain an independent third party to verify whether it has illegally deforested land. SLC Agricola should put in place policies and programmes related to the environment and emphasize a commitment to stop deforestation.

**Vale S.A.** (Brazil, 2019)

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

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



\*Associated company: *PT Vale Indonesia Tbk*

## UNITED STATES AND CANADA

### 3M Co (United States, 2019)

#### ► Activities Resulting in Negative Environmental and Human Rights Impacts

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

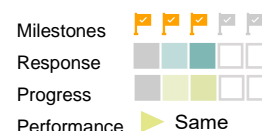
*\*Associated Company: 3M India Ltd.*



### Amazon.com Inc (United States, 2020)

#### ► Workplace Accident(s)

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



### Cargill, Inc. (Brazil, 2020)

#### ► Deforestation

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



### Caterpillar Inc (Myanmar, 2020)

#### ► Operations in Territories with Elevated Human Rights Risks

**Change Objective:** Caterpillar should use its leverage with importers and distributors in high-risk locations to reduce the risk of its products getting implicated in human rights violations. It should establish clear criteria to identify high-risk countries and collaborate with local business partners to conduct human rights due diligence and report transparently on these processes.



### Citigroup, Inc. (United States, 2019)

#### ► Money Laundering

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



*\*Associated company: Associates First Capital Corporation*

### CoreCivic Inc (United States, 2019)

#### ► Forced Labour

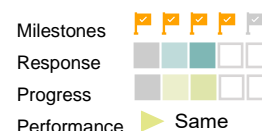
**Change Objective:** CoreCivic should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.



### Dow, Inc. (United States, 2019)

#### ► Quality and Safety Violations

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



*\*Associated company: Union Carbide Corp.*

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

► Activities Resulting in Negative Environmental and Human Rights Impacts

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

**Edison International** (United States, 2019)

► Product-Related Fatalities

**Change Objective:** Edison should address the impacts of the incidents and ensure that remedial measures are in place. It should have comprehensive practices to mitigate wildfire and other physical risks, based on long-term scenario analysis and report transparently on the progress against clearly defined goals. It should also establish wide collaboration with communities, authorities and rescue forces to ensure integrated efforts to minimize the risks of future wildfires.

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

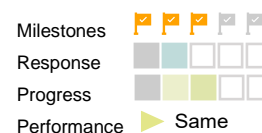
► Violations of the Rights of Indigenous Peoples

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

\* Associated company: **Penntex Midstream Partners LP** (New)**Facebook Inc** (United States, 2018)

► Privacy Breaches

**Change Objective:** Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.

**GEO Group, Inc.** (United States, 2019)

► Forced Labour

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

**Johnson & Johnson** (United States, 2018)

► Product-Related Incidents

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

\* Associated companies: **Actelion Ltd**, **Momenta Pharmaceuticals, Inc.** (New) and **Hansen Medical, Inc.** (New)**Lockheed Martin Corp** (Saudi Arabia, 2020)

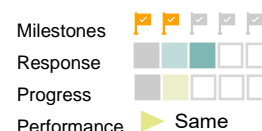
► Operations in Territories with Elevated Human Rights Risks

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

**McDonald's Corp** (United States, 2015)

► Labour Rights Violations at Contractors

**Change Objective:** McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.



**McKesson Corp** (United States, 2019)

## ► Consumer Fraud

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

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

**Pan American Silver Corp.** (Guatemala, 2019)

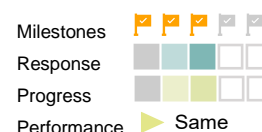
## ► Violations of the Rights of Indigenous Peoples

**Change Objective:** Pan American Silver should align policies and practices to international human rights norms, in particular with regards to security and human rights and community relation, and in particular with regards to the Escobal mine.

**PG&E Corp** (United States, 2019)

## ► Product-Related Fatalities

**Change Objective:** PG&E should address the impacts of the incident and ensure that suitable remedial measures have been put in place. The company should also develop a comprehensive, risk-based, safety strategy. The company-wide strategy should address the employee, contractor and public safety and consider future potential risks, including those related to changing climate conditions. The company should also establish a process for monitoring the execution of the strategy.

**Raytheon Technologies Corp.** (Saudi Arabia, 2020)

## ► Operations in Territories with Elevated Human Rights Risks

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

\*Associated company: **Raytheon Co**

**Southern Copper Corporation** (Mexico, 2015)

## ► Labour Rights Violations at Company Operations

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

\*Associated company: **Minera Mexico SA de CV**

**Southern Copper Corporation** (Mexico, 2020)

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

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

\*Associated company: **Minera Mexico SA de CV**

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

## ► Quality and Safety Breaches

**Change Objective:** Stryker should take appropriate actions to responsibly address the negative impacts of its products. The company should continue to improve quality and safety of its devices and improve the disclosure of all product-related data to ensure that relevant information is communicated to the public.

\*Associated companies: **Wright Medical Group N.V. and Invuity, Inc.**



**The Boeing Company** (United States, 2019)

## ▶ Quality and Safety Breaches

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


**The Chemours Co** (United States, 2018)

## ▶ Activities Resulting in Negative Environmental and Human Rights Impacts

**Change Objective:** Chemours has stated that it wishes to eradicate the discharge of persistent chemicals from its operations; however, there are a number of legacy issues in relation to pollution from its operations, therefore, wish to ensure that Chemours has a strategy in place for each legacy issue and to show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts. The company should also show that it is addressing PFAS contamination where it is applicable to its sites.


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

## ▶ Corrupt Practices

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



\*Associated company: **CMC Markets PLC**

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

## ▶ Privacy Breaches

**Change Objective:** Uber Technologies should improve its privacy programme in line with regulatory requirements and international norms including implementation of measures to ensure and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security of user data, and appropriate processing and use of data. Uber should also improve public disclosure to provide transparency on its progress toward improvement and preparedness to manage its related risk exposure.


**Walmart Inc.** (United States, 2006)

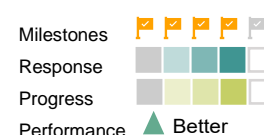
## ▶ Recurring Labour Rights Violations

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


**Wells Fargo & Company** (United States, 2019)

## ▶ Fraud

**Change Objective:** Wells Fargo should ensure that it implements adequate risk management processes and internal controls meant to reduce compliance breaches, and regulatory action, and disclose the results where appropriate.





# Disengage

## AFRICA / MIDDLE EAST

### Elbit Systems Ltd.

- Operations in Occupied Territories

Palestinian Authority

*\*Associated company: Ashot Ashkelon Industries Ltd.*

### Israel Aerospace Industries Ltd.

- Involvement in Cluster Munitions

Israel

### Makina Ve Kimya Endustrisi Kurumu

- Involvement in Cluster Munitions

Turkey

### Roketsan Roket Sanayii ve Ticaret AS

- Involvement in Cluster Munitions

Turkey

### Saudi Arabian Oil Co.

- Operations in Territories with Elevated Human Rights Risks

*\*Associated company: Saudi Basic Industries Corp*

Saudi Arabia

## ASIA / PACIFIC

### Abdul Qader Khan Research Laboratories (AQKRL)

- Nuclear Weapons Development

Pakistan

### Aerospace Long-March International Trade Co., Ltd.

- Involvement in Cluster Munitions

China

### Air Weapons Complex

- Involvement in Cluster Munitions

Pakistan

### Anhui GreatWall Military Industry Co., Ltd.

- Involvement in Cluster Munitions

China

### Bharat Dynamics Limited

- Nuclear Weapons Development

India

### CH. Karnchang Public Company Limited

- Project(s) with Environmental and Human Rights Risks

Laos

### China Aerospace Science & Technology Corp.

- Involvement in Cluster Munitions

China

### China North Industries Corp.

- Involvement in Cluster Munitions

China

### China Spacesat Co Ltd

- Involvement in Cluster Munitions

China

### Coal India Limited

- Recurring Workplace Accidents

India

### Defense Research & Development Organization

- Inhumane Weapons

India

- Involvement in Cluster Munitions

### Dewan Housing Finance Corp. Ltd. (New)

- Fraud

India

### Export-Import Bank of India

- Project(s) With Environmental and Human Rights Risks

Bangladesh

### Larsen & Toubro Limited

- Nuclear Weapons Development

India

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

### LIG Corp.

- Involvement in Cluster Munitions

South Korea

### LIG Nex1 Co Ltd

- Involvement in Cluster Munitions

South Korea

### Metallurgical Corporation of China Ltd.

- Environmental Impacts from Waste Practices

Papua New Guinea

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

### MindTree Limited

- Nuclear Weapons Development

India

**Narendra & Co.**

- Involvement in Land Mines India

**National Development Complex**

- Involvement in Cluster Munitions Pakistan

**National Engineering & Scientific Commission**

- Involvement in Cluster Munitions
- Nuclear Weapons Development Pakistan

**Nityanand Udyog Pvt Ltd.**

- Involvement in Land Mines India

**Pakistan Ordnance Factories**

- Involvement in Cluster Munitions Pakistan

**Poongsan Corporation**

- Involvement in Cluster Munitions South Korea

**Poongsan Holdings Corporation**

- Involvement in Cluster Munitions South Korea

**S&T Dynamics Co. Ltd.**

- Involvement in Land Mines South Korea

**S&T Holdings Co., Ltd.**

- Involvement in Land Mines South Korea

**Steel Authority of India Limited (New)**

- Fatal Workplace Accident(s) India

**Synthetic Moulders Ltd.**

- Involvement in Land Mines India

**TATA Advanced Systems Ltd.**

- Nuclear Weapons Development India

**Tata Sons Private Limited.**

- Nuclear Weapons Development

\*Associated companies: **Tata Consultancy Services Ltd. and Tata Investment Corp. Ltd.**

India

**Walchandnagar Industries Ltd.**

- Nuclear Weapons Development India

**EUROPE****Aeroteh SA**

- Involvement in Cluster Munitions Romania

**Cia Nationala ROMARM SA**

- Involvement in Cluster Munitions Romania

**Rostec Corporation**

- Involvement in Cluster Munitions Russia

**Splav State Research & Production Association Fsue**

- Involvement in Cluster Munitions Russia

**Tactical Missiles Corp. JSC**

- Involvement in Cluster Munitions Russia

**LATIN AMERICA AND CARIBBEAN****Avibras Industria Aeroespacial S/A.**

- Involvement in Cluster Munitions Brazil

**Petróleos de Venezuela S.A.**

- Corrupt Practices
- Oil Spill(s)
- Recurring Workplace Accidents
- Operations in Territories with Elevated Human Rights Risks Venezuela

**UNITED STATES AND CANADA****Mil-spec Industries Corp**

- Involvement in Cluster Munitions
- Involvement in Land Mines United States

**Motorola Solutions, Inc.**

- Operations in Occupied Territories Palestinian Authorities

**The Day & Zimmermann Group, Inc.**

- Involvement in Cluster Munitions United States

# Resolved

## EUROPE

### MMC Norilsk Nickel PJSC (Russia, 2010)

In the last few years, there has been significant progress on its sulphur emissions. As part of Nor Nickel's remediation of the issue, it has put in place an expansive plan to reduce sulphur emissions across its operations. This began in 2014 with an initial upgrade of the Talnakh Concentrator, and the refurbishment of one plant and the decommissioning of another as part of the first phase of the project. While initially beset with some delays, as the company grappled with its scope, the project has now shifted to the larger second phase, which is well underway. The company continues to move ahead on target with its plans and has USD 3.6 billion earmarked to target a 95% reduction in sulphur dioxide emissions by 2030. Given the strength of the strategy in place, we expect the company to meet its targets. With such improved measures, Sustainalytics considers the case resolved.

#### ISSUE

► Activities Resulting in Negative Environmental and Human Rights Impacts

#### MILESTONES

5/5 Achieved

## UNITED STATES AND CANADA

### Bayer AG (United States, 2019)

Bayer has addressed the vast majority of the litigation in regard to Essure, Xarelto and Yaz/Yasmin, and it withdrew its Essure contraceptive device in 2018. The company is a member of the EFPIA and PhRMA and complies with the joint principles on clinical trial data sharing. The company complies with the regulations from Phase I, II, III, and IV clinical trials and convenes safety management teams (SMT) to review all clinical data prior to product launch. The SMT has the authority to suspend or cancel a product launch if concerns are raised and cannot be adequately answered. There is also a global pharmacovigilance department, which is responsible for Post Authorisation Safety Studies. Based on the systems and structures the company has in place and the lack of any recent new litigation regarding its pharmaceutical products, we consider the case to be resolved.

\*Associated company: **Bayer CropScience Limited**

#### ISSUE

► Quality and Safety Breaches

#### MILESTONES

5/5 Achieved

## Archived

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### ASIA / PACIFIC

**POSCO** (South Korea, 2012)

**POSCO INTERNATIONAL Corp.** (South Korea, 2012)

The change objective for the two cases has partially been met. POSCO International engaged with the Uzbek government over the issue and participated in meetings, roundtables and conferences organized by the authorities on regular basis. It also sent regular letters to the government pushing for changes in the way that cotton supply chain is managed. Even though it is hard to objectively assess the effectiveness of those measures, it has been confirmed by independent sources that the situation in Uzbekistan continues to improve. According to ILO, no child labor or forced labor took place in Uzbekistan's cotton business. Still yet, the organization points out that compulsory labor exists partially at the regional level. Therefore, even though the situation continues to improve, the risk that the company uses cotton coming from forced labour persists. Sustainalytics acknowledges the ongoing progress of the forced labour elimination in Uzbekistan and the fact that withdrawing business from the country at this point would not be beneficial for the country, its community, nor POSCO International. Based on this, Sustainalytics decided to archive the case.

#### ISSUE

► Labour Rights Violations in Supply Chain

**State Oil Company of Azerbaijan Republic** (Azerbaijan, 2019)

SOCAR has slowly improved the level of its health and safety disclosure and its health and safety procedures and training. Although there is little indication of long-term improvement targets being publicly reported, it has recently signed a deal with Equinor to explore a new offshore and a prospect part of the deal is to share best practice in health and safety. Although dialogue has been minimal, reporting levels have slowly improved and a review of third-party data tends to confirm the data reported by the company. Based on this, Sustainalytics decided to archive the case.

#### ISSUE

► Recurring Workplace Accidents

### EUROPE

**Genel Energy plc** (Somalia, 2019)

Genel Energy has mitigation measures that are developed to reflect the requirements of the regions in which it works, although it does not publicly align these to international best practice for respecting human rights. It is disputable whether the two area Kurdistan and Somaliland should now be considered conflict-affected countries. Somaliland had peaceful government elections in 2019 which were considered free and fair by international observers and Somalia has not tried to extend its authority in any way over Somaliland. The company's operations in Kurdistan are not within any defined conflict zone. The company has also had continuous engagement with local stakeholders in both jurisdictions although it does not disclose all of these efforts. Genel Energy has utilized local resources and outreach programmes to mitigate the risk of tribal difficulties arising from their operations. Based on the above mentioned, Sustainalytics decided to archive the case.

#### ISSUE

► Operations in Territories with Elevated Human Rights Risks

**DNO ASA** (Norway, 2019)

DNO applies some international best practices such as the Voluntary Principles (VP) and Free, Prior and Informed Consent (FPIC), the latter being mandatory under Norwegian law. DNO states that although it does not have a specific human rights audit program, human rights are encapsulated in overall compliance risks associated with DNO's Code of Conduct. The company's annual reports also provide country-by-country reporting on revenues. It states it complies with the national laws of the countries in which it operates. Based on this, Sustainalytics decided to archive the case.

**ISSUE**

► Operations in Territories with Elevated Human Rights Risks

**Siemens AG** (Western Sahara, 2017)

Since the spin-off of Siemens Energy has become effective in September 2020, consisting of the Gas and Power (100%) business together with the 67% stake in Siemens Gamesa Renewable Energy, Siemens AG has no influence on the operating business activities of Siemens Gamesa anymore. Based on this, Sustainalytics decided to archive the case. Meanwhile, Sustainalytics will continue our engagement dialogue with Siemens Gamesa.

**ISSUE**

► Operations in Occupied Territories

\*Associated company: **Sivantos GmbH**

## Global Standards Engagement Overview

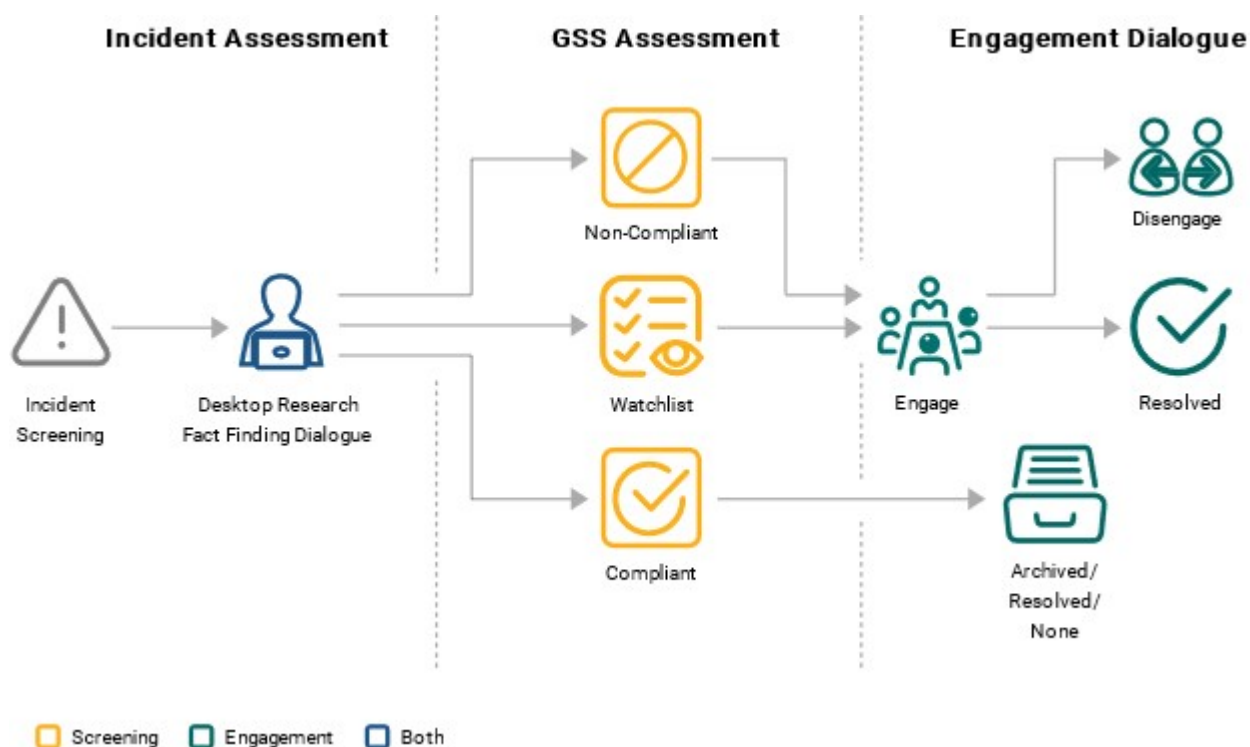
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment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

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

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

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

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





## Global Standards Engagement Status

### Evaluate

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

### Engage

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

### Associated

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

### Disengage

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

### Resolved

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

### Archived

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

## About Erste Asset Management

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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 800 staff members, including more than 300 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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