



stichting pensioenfonds
Provisum

Quarterly Engagement Report

Q3 2022

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This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Stichting Pensioenfonds Provisum during June to August 2022. 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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Global Standards Engagement

Executive Summary

The negative trends emerging at the end of 2021 such as raising energy and commodity prices, high inflation as well as rising interest rates continued in the first half of 2022. These trends have been amplified by the war in Ukraine. In response to Western sanctions against Russia, high energy prices and threats of natural gas supply reduction to Europe have materialized through the summer months. In such an environment, companies are facing acute challenges, still recovering from pandemic impacts, and at the same time managing inflated prices, market volatility, and more.

With regard to Global Standards Engagement case developments, between June and August 2022, we initiated six new engage cases and concluded one long-standing engagement. We also disengaged from three cases due to a lack of progress and poor or no response over a two-year period. In addition, as a result of the situation in Ukraine, we have decided to issue 'Disengage' statuses for an already paused engagement case with a Russian company linked to environmental pollution, as well as a newly opened case regarding consumer interest breaches.

New engage cases

- **Bank of Baroda**, an Indian bank, which in the last few years was fined several times for deficiencies in its anti-money laundering systems in South Africa, India and United Arab Emirates. According to a research centre specialized in organized crime, the bank's South African operations were used, between 2007 and 2017, to facilitate fraudulent transactions in order to benefit politicians and members of an influential business family.
- **Glencore PLC**, a Swiss-based company, whose subsidiaries pleaded guilty in May 2022 in a settlement with the US, UK and Brazilian authorities to corrupt practices between 2007 and 2018, in multiple countries. The company is still under investigation by the authorities in Switzerland and the Netherlands.
- **Hino Motors, Ltd.**, a Japanese automobile manufacturer and subsidiary of **Toyota Motor Corp.**, admitted in March 2022 that it had falsified emissions and fuel performance data for some of its vehicles manufactured in Japan. The company reported that it had been using fraudulent data since at least 2016.
- **PTT Oil & Retail Business Public Co. Ltd.**, a Thai company, operating in the oil and gas refining and marketing sector. The company, by entering into two joint ventures in Myanmar, is linked to Myanmar's military, which was responsible for violations of international human rights law and international humanitarian law against ethnic minorities in Myanmar between 2011 and 2018, as well as a coup d'état in 2021.
- **Xinjiang Zhongtai Chemical Co., Ltd.**, a Chinese state-owned enterprise based in the Xinjiang region, and the largest producer of polyvinyl chloride plastic (PVC) in the country. The company is involved in China's state-sponsored labour transfer programme, which, according to various human rights organizations, contains multiple elements of coercion and exposes minority populations in Xinjiang to forced labour.

Disengaged cases

- **China National Petroleum Corporation**, a Chinese company that operates in a number of high-risk, conflict-affected countries including Sudan, South Sudan, Syria and Myanmar. The company is considered complicit in human rights violations through its generation of substantial revenue for the governments of these countries, which use it to fund the purchase of weapons that undermine peace and security. Sustainalytics has made numerous attempts to establish a dialogue with the company since 2020, by email and telephone. We also sent an investor letter to the company. Despite our efforts, the company has remained unresponsive.
- **Punjab National Bank's** Mumbai Brady House branch was accused of colluding with the managing director of Gitanjali Gems and his relative in a fraud scheme that involved USD 2.1 billion in suspicious transactions between 2011 and 2017. Sustainalytics has made numerous attempts to establish a dialogue with the company since 2020, by email and telephone. The bank has displayed a persistent unwillingness over the last two years to enter into a dialogue with Sustainalytics or investors.
- **Unitech Ltd.**, an Indian construction and development company that engages in sales of residential and commercial real estate properties is involved business ethics and human rights issues. Its managing directors were arrested over allegations of non-delivery of housing projects and an illegal fixed deposit scheme. Sustainalytics has made numerous attempts to establish dialogue with the company since 2020 by email and telephone but has not received a response to any of these communications.

Resolved engagements

- **Walmart Inc.**, for more than two decades, has been at the centre of controversies over low wages, overtime pay abuses and discrimination. Engagement with Walmart has been longstanding and included conference calls at regular intervals in recent years, as well as email communication. Though the engagement process was challenging at first, Walmart has become more open to engaging in dialogue with stakeholders. Most importantly, it has improved its preparedness to mitigate impacts and manage risks with regard to labour and working conditions.

We trust you will find the summaries shared in this Quarterly Engagement report insightful and look forward to continuing our work together in autumn.

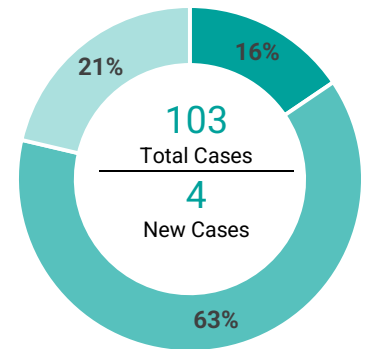
Quarterly Statistics June – August 2022

During June – August 2022, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to 103 Engage and Resolved cases.

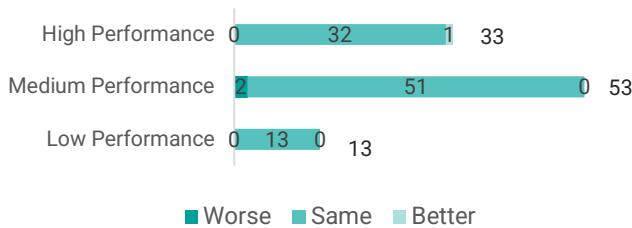


Cases by Theme

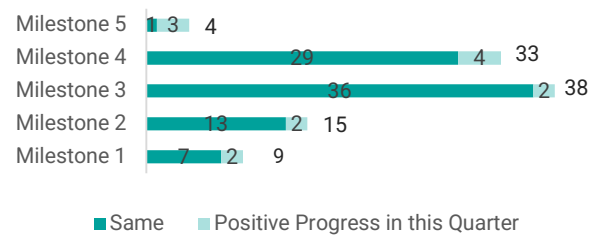
Environmental	16
Social	65
Governance	22



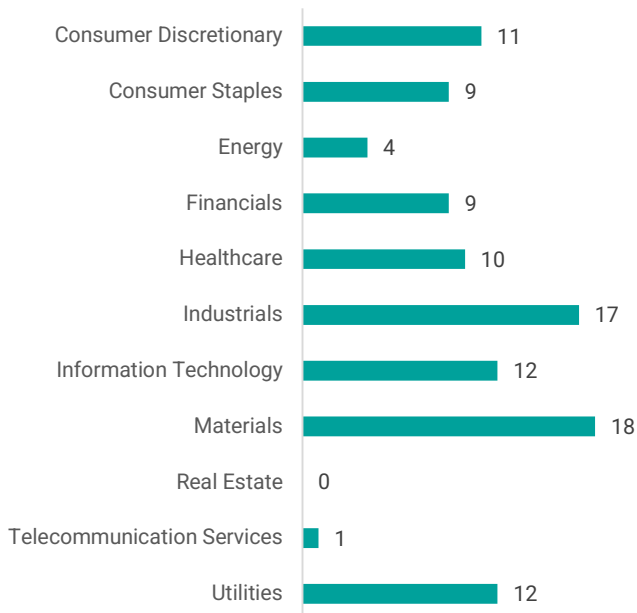
Engagement Performance Overview



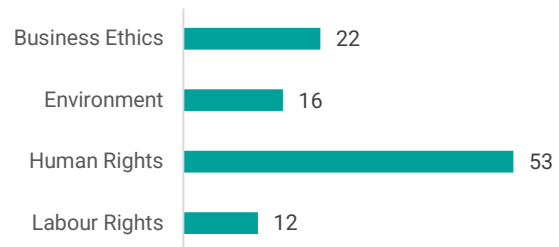
Milestone Overview



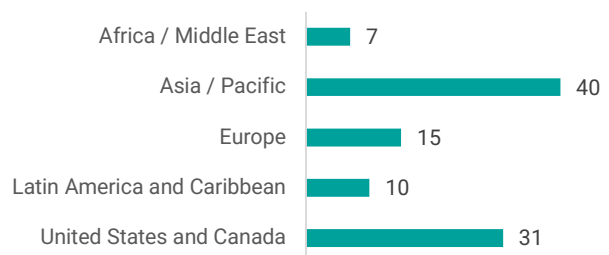
Cases by Sector



Cases by Norm



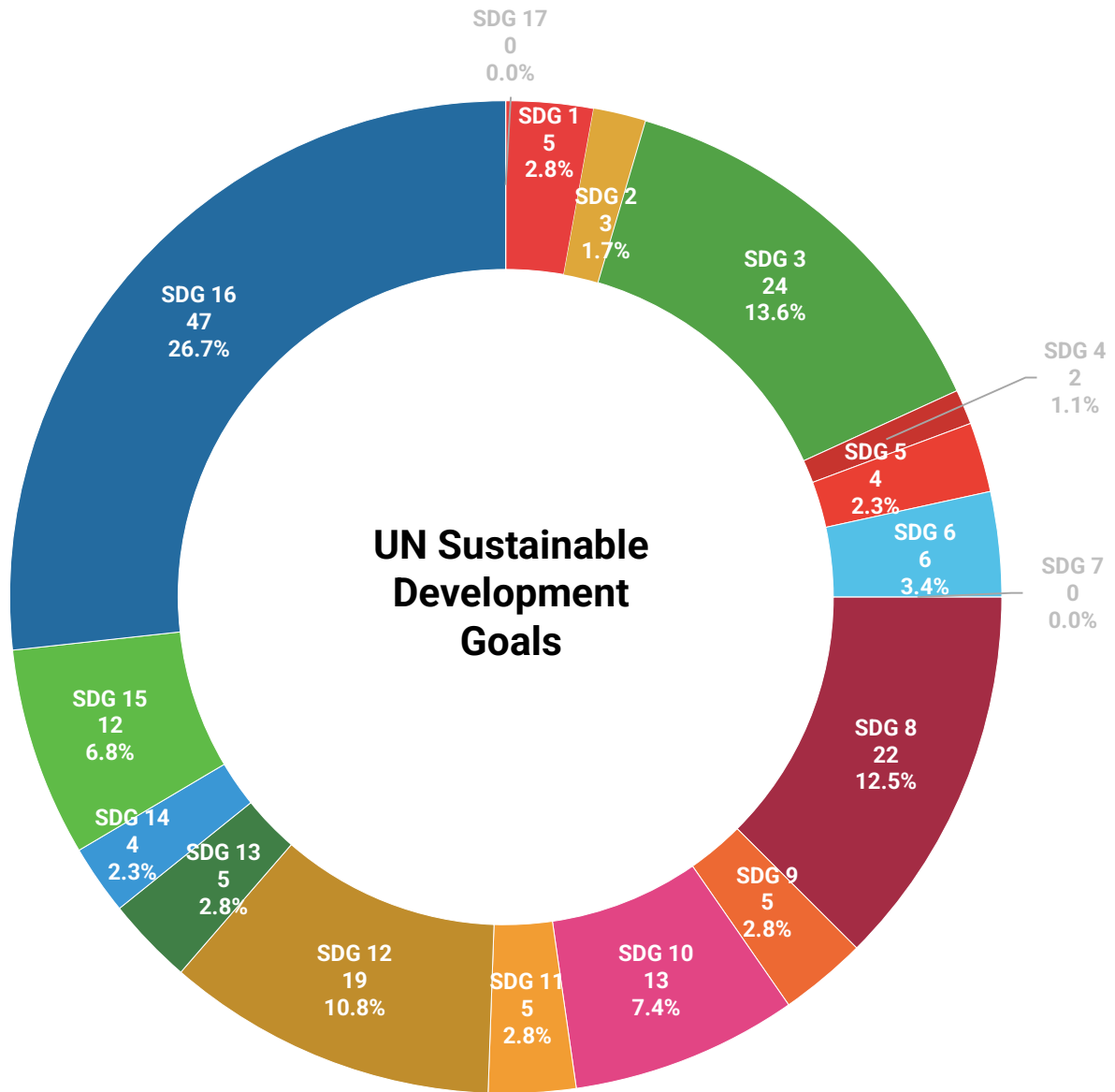
Cases by Headquarter



¹ Four new cases were opened at the end of Q3, 2022. Within the next quarter, their performance and milestone assessments will be available and included in the statistics.

 **UN Sustainable Development Goals Attribution**

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



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

Companies Mentioned in this Engagement Brief

● Engage ● Associated ● Disengage ● Resolved ● Archived

●	BANK OF BARODA	8
●	CHINA NATIONAL PETROLEUM CORPORATION	11
●	GLENCORE PLC	8
●	HINO MOTORS, LTD.	9
●	PETROCHINA CO., LTD.	11
●	PTT OIL & RETAIL BUSINESS PUBLIC CO. LTD.	9
●	PUNJAB NATIONAL BANK	12
●	TOYOTA MOTOR CORP.	9
●	UNITECH LTD.	13
●	WALMART INC.	14
●	XINJIANG ZHONGTAI CHEMICAL CO., LTD.	10

Engage Cases

Bank of Baroda

Background

Between 2019 and 2021, BANK OF BARODA (BoB) was fined several times for deficiencies in its anti-money laundering (AML) systems in South Africa, India and United Arab Emirates. According to research by the Organized Crime and Corruption Reporting Project (OCCRP), the bank facilitated suspicious transactions between members of the influential Gupta family and politicians in South Africa from 2007 to 2017. A 2017 audit of the transactions by South Africa's Prudential Authority led to the authority imposing a fine of USD 761,000 on BoB for failing to comply with AML rules. The situation led BoB to close its South African branch in March 2018. In 2019, BoB was fined by South Africa's Prudential Authority for failing to comply with regulations regarding internal controls on money laundering and terrorist financing between 2014 and 2016, and by the Reserve Bank of India (RBI) for failing to properly monitor the end use of funds. In September 2020, BoB was named by the International Consortium of Investigative Journalists (ICIJ) in the Financial Crimes Enforcement Network (FinCEN) Files, which revealed that Indian banks had allegedly been processing transactions involving funds that originated from drug cartels, corrupt regimes and arms trafficking between 2000 and 2017. In July 2021, the RBI imposed monetary penalties on Bank of Baroda and 12 other banks for non-compliance with various directives issued by the central bank and contraventions of certain provisions of the Indian Banking Regulation Act.

Engagement Objective and Activity

The engagement objective is to ensure that Bank of Baroda implements effective AML governance, including establishing policies, procedures and controls. The company should improve its compliance management system to positively influence the corporate culture into one that results in fewer regulatory challenges and accusations.

Next Step

The initial focus of this case will be to identify gaps in the company's compliance management system by checking its current AML programmes, procedures and governance.

Glencore PLC

Background

According to the US Department of Justice (DOJ), GLENCORE PLC (Glencore) and its subsidiaries made and concealed corrupt payments and bribes through intermediaries for the benefit of foreign officials across multiple countries, including the US, Nigeria, Cameroon, Ivory Coast, Equatorial Guinea, Brazil, Venezuela and the Democratic Republic of the Congo. In May 2022, the company pleaded guilty and agreed to pay more than USD 1.1 billion to resolve the US government's investigations into violations of the US Foreign Corrupt Practices Act and a commodity price manipulation scheme. The guilty plea is part of co-ordinated resolutions with criminal and civil authorities in the US, the UK and Brazil. Glencore Ltd, a wholly owned subsidiary of Glencore, admitted that between 2011 and 2019, employees engaged in price manipulation of fuel commodities at the Port of Los Angeles and the Port of Houston. The company, acting through its employees and agents, engaged in a scheme for over a decade to pay more than USD 100 million to third-party intermediaries, with the intention that a significant portion of these payments would be used to pay bribes. Between 2007 and 2018, Glencore and its subsidiaries paid approximately USD 79.6 million to intermediary companies in order to secure improper advantages to obtain and retain business with state-owned and state-controlled entities in Africa. Glencore also admitted to bribing officials in Brazil and Venezuela. Sentencing in the US for the bribery and corruption case has been set for the beginning of October 2022. As part of the plea agreement, Glencore has agreed to retain an independent compliance monitor for three years.

Engagement Objective and Activity

The engagement objective is to ensure that Glencore implements ongoing systematic controls related to business ethics, corruption and bribery, and that it discloses these controls whenever appropriate.

Next Step

The initial focus of this case will be to develop a detailed understanding of Glencore's approach to delivering an effective anti-corruption and bribery compliance system. We will also send emails to request engagement dialogues on this issue.

STATUS

Engage

ISSUE(S)

► Money Laundering

ENGAGEMENT MANAGER



Nigel Rossouw
Associate Director
Amsterdam

CONTRIBUTION TO SDGs



STATUS

Engage

ISSUE(S)

► Consumer Interests - Business Ethics

ENGAGEMENT MANAGER



Nigel Rossouw
Associate Director
Amsterdam

CONTRIBUTION TO SDGs



Hino Motors, Ltd. Toyota Motor Corp.

Background

In March 2022, HINO MOTORS, LTD. (Hino), a truck-making subsidiary of TOYOTA MOTOR CORP. (Toyota Motor), admitted that it had falsified emissions and fuel performance data for some of its vehicles manufactured in Japan. Hino initially reported that the use of fraudulent data had been ongoing since at least 2016, with the company having sold at least 115,526 vehicles (trucks and buses) with engines certified by the government based on rigged data. At the end of March, the Japanese transport ministry revoked Hino's "type" certification for eight vehicle models equipped with deficient engines manufactured by Hino. As a result, Hino can no longer manufacture any vehicles with those engines. Investigations have been launched in Japan and the US. In August 2022, Hino published a report from its Special Investigation Committee investigating the issue, which concluded that the company had falsified emissions data on some engines going back to at least 2003, more than a decade earlier than previously indicated. News media reported that the list of affected models may total nearly 300,000 vehicles. The report additionally recommended that the parent company, Toyota Motor, undertake a review of its subsidiary corporate governance framework.

Engagement Objective and Activity

The engagement objective is to ensure that Hino and its parent company Toyota Motor, improve their compliance management and operations integrity management systems. The companies should have adequate internal controls, training and communication focused on compliance, ethics, integrity and culture. The boards and executive teams should define expectations and set the tone for compliance, integrity and ethics standards to prevent future violations. Furthermore, the companies should transform their risk and integrity cultures.

Next Step

The initial focus of this new case will be to identify gaps in the companies' compliance management systems and their code of conduct programmes. We will also send an initial communication to request engagement dialogues with the two companies.

PTT Oil & Retail Business Public Co., Ltd.

*Associated Company: *PTT Public Company Limited*

Background

In June 2019, PTT OIL & RETAIL BUSINESS PUBLIC CO. LTD. (PTTOR) entered into two joint ventures with Kanbawza Group (KBZ) in Myanmar. The first joint venture, in which PTTOR has a 65% stake, operates service stations and café outlets in the country. The second joint venture, in which PTTOR owns a 35% stake, signed a build, operate and transfer (BOT) agreement for 50 years with Myanmar Economic Corporation (MEC) to develop an oil terminal. In May 2021, Human Rights Watch (HRW) raised concerns over PTTOR's commercial ties with Myanmar's military (the Tatmadaw). The company's total investment amounted to USD 200 million and included USD 2 million for the upfront payment for land lease. In August 2019, the UN Independent Fact-Finding Mission on Myanmar (FFMM) described in detail the management links between MEC and the military, as well as how MEC has been a source of significant off-budget revenue for the Tatmadaw. The UN FFMM also reported that KBZ, a former partner of PTTOR which exited the investment in February 2022, provided about USD 4.5 million in donations to the Tatmadaw, which was used in military operations against the Rohingya minority.

Engagement Objective and Activity

The engagement will focus on ensuring that PTTOR exhibits an appropriate understanding of the risks to human rights from its business dealings in Myanmar. It will be expected to respond to good practice requirements and enhance its human rights due diligence, ensuring appropriate remediation where negative impacts are identified. The engagement will also focus on improving the company's disclosure of its approach to human rights issues.

Next Step

The next steps are to commence our engagement with the company in order to encourage greater use of its due diligence approach and enhanced public disclosure in all the countries in which it operates.

STATUS

Engage

ISSUE(S)

► Consumer Interests - Business Ethics

ENGAGEMENT MANAGER



Nigel Rossouw
Associate Director
Amsterdam

CONTRIBUTION TO SDGs



STATUS

Engage

ISSUE(S)

► Human Rights - Involvement with Entities Violating Human Rights

ENGAGEMENT MANAGER



Joe Attwood
Associate Director
London

CONTRIBUTION TO SDGs



Xinjiang Zhongtai Chemical Co., Ltd.

Background

XINJIANG ZHONGTAI CHEMICAL CO., LTD. (Zhongtai) is a Chinese state-owned enterprise funded by the government of Xinjiang and is strategically important to the government. Zhongtai owns at least 43 subsidiaries and 38 joint-stock companies. Its main product is polyvinyl chloride (PVC), a form of plastic, and it is the largest producer of this substance in China, producing 2 million tonnes per year. It is also involved in various other products (including cotton) and its involvement in forced labour is allegedly spread over its operations. In June 2022, Sheffield Hallam University released a report on forced labour in the Xinjiang PVC industry, which noted that Zhongtai has transferred more “surplus labourers” (Uyghurs and other Muslim minorities) than any other company described in academic or journalistic accounts of labour transfers.

Engagement Objective and Activity

Zhongtai should adopt international human rights practices within its labour force, particularly the right to freedom from forced labour. The company should carry out appropriate due diligence and implement effective policies and practices.

Next Step

Sustainalytics will reach out to the company to establish a dialogue and ask how the company monitors human rights within its labour force. Multiple channels will be used and communications will be in both English and Chinese.

STATUS

Engage

ISSUE(S)

► Forced Labour

ENGAGEMENT MANAGER



Eliot Bianco
Manager
London

CONTRIBUTION TO SDGs



Disengage Cases

China National Petroleum Corp.

*Associated company: **PetroChina Co., Ltd.**

Background

CHINA NATIONAL PETROLEUM CORPORATION (CNPC) operates in several high-risk, conflict-affected countries including Sudan, South Sudan, Syria and Myanmar. The company is complicit in human rights violations through the generation of substantial revenue for the governments of these countries, which is used to fund the purchase of weapons that undermine peace and security. In Sudan and South Sudan, CNPC has held significant stakes in several oil-producing consortia since the mid-1990s. For decades, various regions of Sudan and South Sudan have been beset by significant conflicts, in which state authorities and various rebel groups have been accused of gross human rights violations against civilian populations. In Syria, CNPC has stakes in companies participating in the Al Furat Petroleum Company joint venture, which generates revenue for the Syrian government. Since 2011, the country has been in the midst of a multi-sided civil war, with disastrous consequences for civilians. In Myanmar, CNPC and its subsidiary PETROCHINA CO., LTD. (PetroChina) have extensive upstream and midstream projects. Although it seemed for a number of years that the country was transitioning towards democracy and peace, the situation has deteriorated since August 2017, with the country's armed forces committing human rights abuses against the Rohingya minority.

Engagement Objective

Engagement was to focus on the issue of the company's operations in conflict affected countries and how it assessed impacts to human rights, with encouragement that it should adopt the use of human rights due diligence approaches. Furthermore, engagement was to encourage the company to enter into constructive dialogue with governments and non-governmental agencies to better understand where revenues were being spent.

Engagement Activities

Sustainalytics and investors have made numerous attempts to establish a dialogue with the company since June 2020, by email, telephone, WeChat and letter, both in English and Mandarin. Attempts were also made to contact CNPC through the listed subsidiary company, PetroChina. A collaborative investor letter, which was signed by several institutions and addressed to the chairman and executive director of the board of directors, was co-ordinated in April 2022. This was also copied to PetroChina and was re-issued in July 2022.

Outcome

CNPC has not responded to any of the engagement activities presented by Sustainalytics. It is clear that the company does not wish to engage. We have therefore decided to curtail our efforts to engage with the company on this issue and assign the "Disengage" status to the case.

STATUS

Disengage

ISSUE(S)

► Involvement with Entities Violating Human Rights

ENGAGEMENT MANAGER



Joe Attwood
Associate Director
London

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

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

CASE TIMELINE

	Engagement Since	May 2020
	Milestone 1	Jun 2020
	Investor Letter	Apr 2022
	Investor Letter	Jun 2022
	Case Disengaged	Aug 2022

Punjab National Bank

Background

In February 2018, the Mumbai Brady House branch of PUNJAB NATIONAL BANK (PNB) was accused of colluding with the managing director of Gitanjali Gems (Gitanjali) and his nephew, in a fraud scheme that involved USD 2.1 billion in suspicious transactions between 2011 and 2017. This branch of PNB had allegedly issued unauthorized Letters of Undertaking (LOU) for about 100 companies linked to the Gitanjali's managing director and his relative to obtain credit from foreign branches of Indian banks, without following procedures. The transactions were not recorded in PNB's SWIFT (a transaction standard) system and, therefore, went undetected. The funds raised through LOUs were routed through various companies, some of which were fictitious, and the ultimate beneficiary was the Gitanjali's managing director himself or entities related to him. In August and October 2018, criminal charges were laid on PNB's former CEO as well as two executive directors, who were later fired (in January 2019) for failing to prevent the fraud. The company admitted that the bank's employees had colluded in the scheme and an internal investigation revealed that the fraud had been enabled by the failings of 54 employees. In March 2019, the Reserve Bank of India (RBI) fined PNB nearly USD 300,000 for non-compliance with its directive to strengthen SWIFT-related operational controls (issued in 2016). The Central Bureau of Investigation filed a new prosecution sanction against the former CEO and two executives in June 2021, alleging "destruction of evidence". Despite having implemented some improvements in its business ethics management since then, PNB reported the highest total value of banking fraud among all Indian banks in the period between April and December 2021.

Engagement Objective

PNB was expected to improve its internal control systems by monitoring adherence to its policies, especially at the executive level. In addition, the company was to apply the directives issued by regulators and implement a company-wide code of conduct addressing financial crime issues.

Engagement Activities

Sustainalytics has made numerous attempts to establish a dialogue with the company since 2020, by email and telephone. As no response was received, we decided to escalate our engagement efforts and we followed up with a letter from the engagement director in October 2021, and with a collaborative investor letter in December of the same year. The investor letter was addressed to the managing director and CEO of PNB. Nevertheless, we never received a response to any of these communications. On a positive note, PNB has presumably repaid the whole amount owed to the targeted banks. However, in terms of disclosure and the company's preparedness, there has been no significant progress so far.

Outcome

PNB has displayed a persistent unwillingness over the past two years to enter into a dialogue or respond to communications from Sustainalytics or investors. We have therefore decided to curtail our efforts to engage with the company on this issue and assign the "Disengage" status to the case.

STATUS

Disengage

ISSUE(S)

► Fraud

ENGAGEMENT MANAGER



Magdalena Grzempa
Manager
Zielona Góra

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

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

CASE TIMELINE

	Engagement Since	May 2019
	Milestone 1	Mar 2020
	Investor Letter	Dec 2021
	Case Disengaged	Aug 2022

Unitech Ltd.

Background

In April 2017, police in Delhi, India, arrested UNITECH LTD. (Unitech)'s then managing directors, alleging that Unitech had failed to deliver housing projects in Gurugram, India, on time. According to media reports, the unfinished housing projects affected about 30,000 homebuyers. In July 2020, media sources reported that forensic auditors found that the company had received around USD 1.96 billion from 29,800 homebuyers, mostly between 2006 and 2014, and about USD 248 million from six financial institutions for the construction of 74 projects. The company failed to make appropriate use of about USD 700 million of homebuyers' money and approximately USD 105 million of the funds received from the institutions for the projects. Instead, it misappropriated the funds by investing in tax havens between 2007 and 2010. As a result of these actions, the directors faced 24 charges of fraud, money laundering and non-payment of USD 93 million in fixed deposits. In August 2018, the Supreme Court of India (SC) ordered Unitech to auction off the land it owns and its directors' personal assets. This development was an escalation of the government's demand that Unitech repay buyers who had paid deposits on homes but had not received them. In January 2020, the government took management control and appointed a new board of directors at Unitech. The SC stated that a committee would continue selling the company's assets to gather funds for the completion of projects.

Engagement Objective

Unitech was expected to demonstrate its ability to meet contractual obligations, such as completing the stalled housing projects, or otherwise compensate home buyers and investors for their losses. An additional objective of the case was for Unitech to reform its corporate governance strategy and internal control mechanisms and show evidence of its successful implementation.

Engagement Activities

Sustainalytics has made numerous attempts to establish a dialogue with the company since 2020, by email and telephone. To escalate our efforts, following the lack of response, in June 2022 we sent a voting recommendation based on the engagement signal to the company from Sustainalytics' ESG Voting Policy Overlay team. Even though Unitech has not responded to us, the new board of directors is visibly focused on delivering the projects. The company shared a Resolution Framework with the SC, which included objectives and estimated timelines for delivering stalled projects. According to the document, some units have already been delivered but the overall progress of the work is not impressive. This is possibly due to the fact that the company is still in a bad financial condition and is struggling to complete the projects and repay its customers for their losses. In addition, there has been no progress on the disclosure side, and the company has not put in place any new procedures or systems to prevent similar incidents from occurring.

Outcome

Unitech has displayed a persistent unwillingness over the past two years to enter into a dialogue or respond to communications from Sustainalytics. We have therefore decided to curtail our efforts to engage with the company on this issue and change the status of the case to "Disengage".

STATUS

Disengage

ISSUE(S)

► Consumer Interests - Business Ethics

ENGAGEMENT MANAGER



Magdalena Grzempa
Manager
Zielona Góra

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	17	Number of Contacts
	0	Conference Calls
	3	Correspondence
	0	Meetings in Person

CASE TIMELINE

	Engagement Since	May 2019
	Milestone 1	Feb 2020
	Case Disengaged	Aug 2022

Resolved Cases

Walmart, Inc.

Background

For more than two decades, WALMART INC. (Walmart) has been at the centre of controversies over low wages, overtime pay abuses and discrimination. Walmart is frequently subject to employee lawsuits claiming violations of labour rights, including recurring allegations of discrimination and violations of wage and hour regulations. Employees in the US have filed several lawsuits alleging discrimination from Walmart with regard to gender, disability, race and age. According to the company’s 2021 annual report, Walmart was a defendant in a number of class-action cases under US federal and state wage and hour laws. Employees in non-US operations have also sought better pay. Over the years, a significant number of cases have been resolved through the company and the plaintiffs reaching settlements or through US courts ordering Walmart to pay substantial compensation.

Engagement Objective

The engagement objective was to ensure that Walmart ceased and mitigated its non-compliance in areas related to labour rights and that it strengthened its policies and guidelines on these issues.

Engagement Activities

Engagement with Walmart has been longstanding, and prior to 2011 was conducted in collaboration with an investor forum. Since 2011, dialogue has been bilateral between Walmart and Sustainalytics. In recent years, this has included conference calls at regular intervals as well as email communications. Efforts to engage meaningfully with Walmart required escalation in July 2013. A letter was sent to Walmart’s CEO from Sustainalytics’ engagement director (then GES International AB) highlighting Walmart’s poor response and flagging the importance of ESG issues to investors. In 2014, the lack of performance led to a “Disengage” status. However, in the past several years Walmart’s willingness to discuss labour rights issues has exhibited a positive trend, as has its broader management of labour risk. These positive developments in Walmart’s performance and responsiveness led to a revision of the engagement recommendation to “Engage” in May 2017. Regular and constructive engagement discussions has since then taken place confirming the company’s continuous work to improve working conditions in its stores and supply chain.

Outcome

Walmart has moved from a point where it was a lightning rod for controversy on labour rights issues, among other topics, to one where it discusses not only its own challenges and management approach, but also its work to contribute at the sector level. Though the engagement process was challenging at times, Walmart now shows sincerity when it comes to engaging in dialogue with stakeholders and improving its preparedness to mitigate impacts and manage risks with regard to labour and working conditions. Walmart has strengthened its labour rights policies, including via its human rights policy statement released in 2018, and has also improved its disclosure. Walmart now provides detailed human capital disclosures that are updated annually and offer insight into its metrics, strategy and ongoing challenges. It has further settled several legal actions and is not facing significant new incidents, though we note that some legal issues remain.

Overall, Walmart’s rhetoric concerning its labour issues has improved in recent years, and its performance in the engagement has progressed well since dialogue was re-established in 2017. Sustainalytics therefore considers the case to be resolved.

STATUS

Resolved

ISSUE(S)

► Labour Rights

ENGAGEMENT MANAGER



Matthew Barg
Associate Director
Toronto

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	285	Number of Contacts
	19	Conference Calls
	56	Correspondence
	2	Meetings in Person

CASE TIMELINE

	Engagement Since	May 2003
	Milestone 1	May 2003
	Conference Call	Sep 2005
	Meeting in Person	Oct 2008
	Conference Call	Sep 2011
	Conference Call	Nov 2012
	Conference Calls	Aug, Sep, Nov 2013
	Conference Call	May 2014
	Milestone 2	Jul 2015
	Conference Call	Oct 2015
	Conference Call	Jan 2016
	Conference Call	Apr 2017
	Milestone 3	May 2017
	Conference Call	Oct 2017
	Conference Calls	Jan, Aug, Oct 2018
	Conference Call	Apr 2019
	Milestone 4	May 2019
	Conference Call	Sep 2019
	Meeting in Person	Oct 2019
	Conference Call	Jun, Oct 2020
	Conference Call	Jul 2021
	Conference Call	Jun 2022
	Milestone 5	Aug 2022
	Case Resolved	Aug 2022


Company Dialogue & Progress Summary

Legend


Country The country in the list indicates where the business conduct issue occurred. The breakdown into the regions: Africa/ Middle East, Asia/ Pacific, Europe, Latin America and Caribbean and United States and Canada is based on where the company headquarter is.

Year The year shows when the case was downgraded to Engage status.

Response The indicator describes how the company responds to Sustainalytics’ inquiries.



Progress The indicator describes whether or not the violation continues, or how the company’s work to prevent future violations is developing.

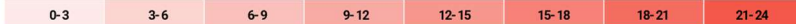


Performance The indicator describes the combined company progress and response performance.

- ▲ **High Performance** - good or excellent Response in combination with good or excellent Progress.
- ▶ **Medium Performance** - standard level of Response and Progress.
- ▼ **Low Performance** - poor or no Response in combination with poor or no Progress.


New, Same, Better or Worse Performance - indicates the change in either Response or Progress since the last quarterly report.

Low Performance Tracker (Tracker) The indicator describes the time elapsed with Low Performance. One piece equals three months.



After two years, the case will be reviewed by Sustainalytics and a Disengage status can be selected if all other engagement options are ineffective.

Milestones The indicator describes the milestone achieved from 1 to 5.

 3/5 Achieve

Engage

AFRICA / MIDDLE EAST

Elsewedy Electric Co. (Tanzania, 2020)

► Controversial Project(s) - 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 Ltd. (South Africa, 2019)

► Air Pollutant Emissions

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)

► Occupational Health and Safety

Change Objective: Harmony Gold should make sure that families of the deceased 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 Ltd. (South Africa, 2019)

► Involvement with Entities Violating Human Rights

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.



Sibanye Stillwater Ltd. (South Africa, 2018)

► Occupational Health and Safety

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 Ltd. (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.



Tiger Brands Ltd. (South Africa, 2019)

► Quality and Safety - Human Rights

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.



ASIA / PACIFIC

Adani Enterprises Ltd. (Australia, 2016)

► Controversial Project(s) - Environmental and Human Rights Impacts

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)

► Controversial Project(s) - Environmental and Human Rights Impacts

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.

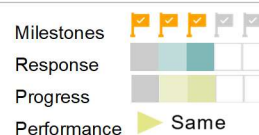


*Associated company: **North Queensland Export Terminal Pty Ltd.**

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

► Involvement with Entities Violating Human Rights

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.



Baidu, Inc. (China, 2021)

► Involvement with Entities Violating Human Rights

Change Objective: Baidu should take steps to manage human rights risk exposure and limit impact on its users where possible. The company should show efforts to establish human rights due diligence practices, define policies relevant to digital rights, and report on external data requests and/or content moderation requirements.

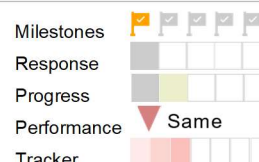


*Associated company: **iQiyi, Inc.**

China Energy Engineering Corp. Ltd. (China, 2019)

► Occupational Health and Safety

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.



*Previously as **China Energy Engineering Corporation Ltd**

China Gas Holdings Ltd. (China, 2021)

► Quality and Safety - Human Rights

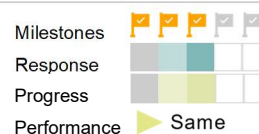
Change Objective: China Gas should provide clarification of the remediation, and provide support in a timely manner for victims, besides the compensation promised. China Gas need to implement industry standard safety practices and quality controls across their infrastructure network, including regular inspections of the gas pipe system, and real-time monitoring of gas line pressure.



China Petroleum & Chemical Corp. (China, 2019)

► Involvement with Entities Violating Human Rights

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.



Crown Resorts Ltd. (Australia, 2021)

► Money Laundering

Change Objective: Crown Resorts should implement robust anti-money laundering (AML) 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.



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

► Involvement with Entities Violating Human Rights

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.



Korea Electric Power Corp. (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

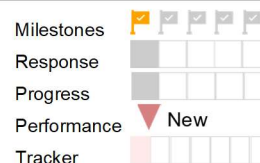
Change Objective: KEPCO’s subsidiary should use its leverage to ensure that project-affected communities are adequately compensated and consulted, and make sure that a transparent process for grievance and compensation is established for the project. Once the project is running, it should ensure the 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.



Li Ning Co., Ltd. (China, 2022)

► Forced Labour - Supply Chain

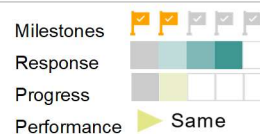
Change Objective: Li Ning should implement a robust due diligence programme to provide disclosure on relevant policies on labour rights. The company should implement transparency, audit and disclosure of supply chain to ensure suppliers commit to respect labour rights. It should also adopt a grievance mechanism accessible to all workers.



NTPC Ltd. (Bangladesh, 2017)

► Controversial Project(s) - Environmental and Human Rights Impacts

Change Objective: NTPC should work to mitigate its environmental and human rights impacts in alignment with international norms. It should commit to keeping its plants updated to current environmental standards with respect to efficient technologies and treatment of effluents and waste. It should also establish proper due diligence measures that fully take into consideration environmental and human rights concerns prior to developing new projects.



NTPC Ltd. (India, 2018)

► Occupational Health and Safety

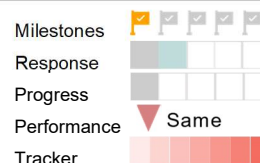
Change Objective: NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.



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 & Natural Gas Corp. Ltd. (India, 2019)

► Involvement with Entities Violating Human Rights

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.**

Page Industries Ltd. (India, 2020)

► Labour Rights

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.



PT Indah Kiat Pulp & Paper Tbk (Indonesia, 2021)

► Land Use and Biodiversity

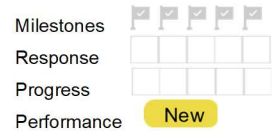
Change Objective: PT Indah Kiat Pulp & Paper Tbk should stop contributing to peatland destruction directly and through its suppliers. The company should ensure responsible and consistent execution of its deforestation and biodiversity programmes across its own and supplier operations.



PTT Oil & Retail Business Public Co., Ltd. (Myanmar, 2022)

► Human Rights - Involvement with Entities Violating Human Rights

Change Objective: PTTOR should undertake the human rights due diligence of its operations in Myanmar adopting approaches recognized by the international community, satisfying itself that it is not complicit in any human rights violations. Should that not be possible, it should withdraw from the partnership. The company should also ensure consistency in the application of measures to understand the risks and responses required when considering business in conflict or high-risk states.



*Associated company: **PTT Public Co., Ltd.** (New)

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)

► Community Relations - 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.



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

► Accounting and Taxation

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 and Taxation

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)

► Bribery and Corruption

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 Bhd. (Malaysia, 2021)

► Forced Labour

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.

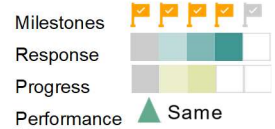


*Previously as **Sime Darby Plantation Sdn Bhd**

SK Inc. (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Change Objective: SK inc.' 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.



Tencent Holdings Ltd. (China, 2021)

► Involvement with Entities Violating Human Rights

Change Objective: Tencent should take steps to manage human rights risk exposure and limit impact on its users where possible. The company should demonstrate efforts to establish human rights due diligence practices, define policies relevant to digital rights, and to report on external data requests and content moderation requirements.



*Associated companies: **Tencent Music Entertainment Group** and **China Literature Ltd.** (New)

Tokyo Electric Power Co. Holdings, Inc. (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 of its facilities following reports of inadequate security at its Kashiwazaki-Kariwa nuclear plant.



*Previously as **Tokyo Electric Power Company Holdings, Incorporated**

Top Glove Corp. Bhd. (Malaysia, 2021)

► Labour Rights - 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.



TOSHIBA Corp. (Japan, 2020)

► Accounting and Taxation

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.



Toyota Motor Corp. (Japan, 2022)

► Consumer Interests - Business Ethics

Change Objective: Toyota should improve its global subsidiary governance framework. The company should have an adequate risk management framework and have robust oversight of its global subsidiaries. Furthermore, the company should explore emissions mitigation and offset options for its subsidiary's non-compliant excess emissions.



UPL Ltd. (South Africa, 2021)
 ▶ Emissions, Effluents and Waste

Change Objective: UPL Ltd should remediate contaminated land and water caused by its activities. It should review the adequacy of its existing hazardous chemical storage facilities across its operations to ensure an appropriate level of commitment to the safety of the workforce, local populations and the environment. The company should demonstrate that its policies and procedures for the management of hazardous chemicals are compliant with international best practice and national legislative requirements.



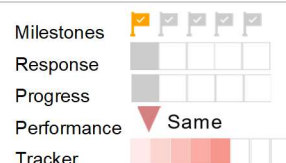
Vedanta Ltd. (India, 2019)
 ▶ Community Relations

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.



Weibo Corp. (China, 2021)
 ▶ Involvement with Entities Violating Human Rights

Change Objective: Weibo should take steps to manage human rights risk exposure and limit impact on its users where possible. The company should demonstrate efforts to establish human rights due diligence practices, define policies relevant to digital rights, and to report on external data requests and content moderation requirements.



Westpac Banking Corp. (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.



*Previously as **Westpac Banking Corporation**

Wilmar International Ltd. (Indonesia, 2019)
 ▶ Community Relations - Indigenous Peoples

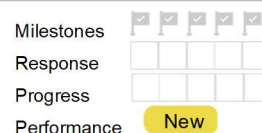
Change Objective: Wilmar should resolve active complaint cases in Indonesia, Liberia, Nigeria and Uganda and take appropriate measures against any identified gaps. The company should also strengthen implementation of its policies by reporting more regularly on progress and the outcomes of site audits.



*Associated company: **Yihai Kerry Arawana Holdings Co., Ltd.**

Xinjiang Zhongtai Chemical Co., Ltd. (China, 2022)
 ▶ Forced Labour

Change Objective: Zhongtai should adopt international human rights practice within its labour force, particularly the right to freedom from forced labour. The company should carry out appropriate due diligence and implement effective policies and practices.



YES BANK Ltd. (India, 2020)
 ▶ Business Ethics

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.



Zijin Mining Group Co., Ltd. (Papua New Guinea, 2015)
 ▶ Activities Resulting in Adverse 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.



*Previously as **Zijin Mining Group Company Limited**

Zijin Mining Group Co., Ltd. (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.

*Previously as **Zijin Mining Group Company Limited**



ZTE Corp. (Iran, 2019)

► Involvement with Entities Violating Human Rights

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

Barclays Plc (United Kingdom, 2019)

► Business Ethics

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.



*Associated Company: **Barclays Bank Plc**

Bayer AG (United States, 2018)

► Quality and Safety

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.



Bolloré SE (Cameroon, 2019)

► Activities Resulting in Adverse Human Rights Impacts

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



Credit Suisse Group AG (Switzerland, 2019)

► Business Ethics

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.



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.



*Associated Company: **Danica Pension Livsforsikrings A/S**

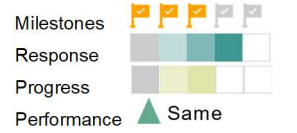
Deutsche Bank AG (Russia, 2019)
 ▶ Money Laundering

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 SA (Portugal, 2020)
 ▶ Bribery and Corruption

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 Company: **EDP Renováveis, S.A.**

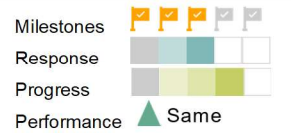
Glencore Plc (Switzerland, 2022)
 ▶ Bribery and Corruption

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



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.



Medtronic Plc (United States, 2022)
 ▶ Quality and Safety

Change Objective: Medtronic should take appropriate actions to responsibly address the negative impacts of its products to compensate those affected and ensure no repeat of quality failures. The company should continue to improve quality and safety of its devices to achieve industry recognized good practice and improve the disclosure of all product-related data to ensure that relevant information is communicated to the public.



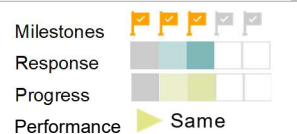
Sanofi (Philippines, 2020)
 ▶ Quality and Safety - Human Rights

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.



Siemens Gamesa Renewable Energy SA (Western Sahara, 2018)
 ▶ Involvement with Entities Violating Human Rights

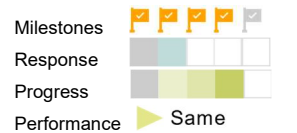
Change Objective: Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International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



*Associated company: **Siemens Energy AG**

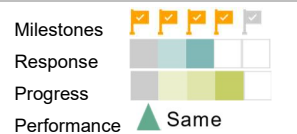
Swedbank AB (Sweden, 2019)
 ▶ Money Laundering

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.



Telefonaktiebolaget LM Ericsson (Sweden, 2020)
 ▶ Bribery and Corruption

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.



Teleperformance SA (France, 2021)

► Freedom of Association

Change Objective: Teleperformance should ensure no anti-union practices or other labour rights violations are occurring and should provide any remediation of issues, as appropriate. It should demonstrate that across its operations its labour practices align with international standards, enable freedom of association, and that due diligence practices are sufficient to manage concerns.



LATIN AMERICA AND CARRIBEAN

BRF SA (Brazil, 2019)

► Consumer Interests - Human Rights

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.



Centrais Elétricas Brasileiras SA (Brazil, 2020)

► Controversial Project(s) - 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.



Empresas Públicas de Medellín ESP (Colombia, 2019)

► Controversial Project(s) - Environmental and 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)

► Freedom of Association

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.



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

► Leaks, Spills and Pollution - 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 show 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.



JBS SA (Brazil, 2017)

► Bribery and Corruption

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



JBS SA (United States, 2020)

► Business Ethics

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** and **Pilgrim's Pride Corp.**



JBS SA (Brazil, 2021)

► Land Use and Biodiversity

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 company: **JBS USA Food Co**



Petróleos Mexicanos SA (Mexico, 2015)

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

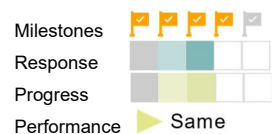


UNITED STATES AND CANADA

3M Co. (United States, 2019)

► Activities Resulting in Adverse Environmental and Human Rights Impacts

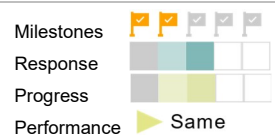
Change Objective: 3M Co. should provide greater clarity and public disclosure on its PFAS stewardship initiative and how it is mitigating potential liability from the historic sale/use of its products outside of the US. In addition, the company should explain how it is applying the lessons learnt from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



Activision Blizzard, Inc. (United States, 2021)

► Discrimination and Harassment

Change Objective: Activision Blizzard should cooperate with ongoing investigations and, if found guilty, compensate plaintiffs. Furthermore, the company should reinforce anti-discrimination policies by conducting related sensitization training, to move towards a culture of gender equality, diversity and inclusion. Moreover, the company should assure a robust grievance-mechanism is in place and appoint a senior level anti-discrimination expert to lead such activities with a strong mandate from the executive team and company board, and with sufficient resources. The company should disclose regularly on such efforts, along with external assurance.



Amazon.com, Inc. (United States, 2021)

► Freedom of Association

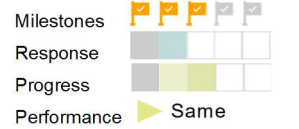
Change Objective: Amazon should ensure no anti-union practices take place within its operations. The company shall ensure union elections are performed in a fair and impartial manner. Amazon should demonstrate how its Global Human Rights Principles, addressing ILO standards and freedom of association, is implemented throughout its entire operations.



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

► Occupational Health and Safety

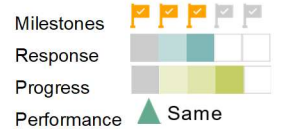
Change Objective: Amazon should take steps to understand the health and safety risks faced by its workers. It should introduce appropriate improvements involving H&S policies and practices aligned with international standards, including proactively mitigating hazards and improving working conditions.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



Bunge Ltd. (Brazil, 2021)

► Land Use and Biodiversity

Change Objective: Bunge should stop sourcing soy from suppliers that are directly or indirectly involved in deforestation practices. Bunge should fully implement comprehensive measures to identify non-compliant suppliers, use best practice to achieve its commitments in relation to deforestation, and provide related public disclosure.



Caterpillar, Inc. (Myanmar, 2020)

► Involvement with Entities Violating Human Rights

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)

► Business Ethics

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 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.



CoreCivic, Inc. (United States, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

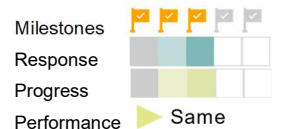
Change Objective: CoreCivic should ensure its Human Rights Policy is implemented throughout the entire operations, and show it has proper mechanisms in place to manage complaints. The company should also improve transparency in public reporting on how it ensures compliance with the Human Rights Policy.



FirstEnergy Corp. (United States, 2021)

► Bribery and Corruption

Change Objective: FirstEnergy should cooperate with all related investigations and implement the recommendations from them. The company should ensure anti-bribery and corruption management system including anti-bribery training for staff are robust. The company should adopt a suitable grievance and whistleblower mechanism. The company should demonstrate transparency and integrity in its lobbying activities.



Johnson & Johnson (United States, 2018)

► Quality and Safety - Human Rights

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.



Lockheed Martin Corp. (Saudi Arabia, 2020)

► Involvement with Entities Violating Human Rights

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.



Mattel, Inc. (United States, 2021)
 ▶ Quality and Safety - Human Rights

Change Objective: Mattel should undertake a complete review (and commission an independent validation of the appropriateness of any review) of all infant sleep / soothing products it has on the market, in production and in design process against the relevant safety standards for potential recall and compensate the affected families. To prevent reoccurrence, Mattel should have in place robust safety standards and processes, in line with the potential risks identified with the products it puts on the market.



McDonald's Corp. (United States, 2015)
 ▶ Labour Rights

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 Interests - Human Rights

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.



Meta Platforms, Inc. (United States, 2018)
 ▶ Data Privacy and Security

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.



Meta Platforms, Inc. (United States, 2021)
 ▶ Social Impact - Products

Change Objective: Meta should undertake human rights due diligence of its policies and business impact on users. The company should increase transparency of enforcement of content moderation policies and provide insight into their implementation by country. The company should demonstrate governance structures and competency to oversee implementation of human rights standards in the company's products and practices.



Pan American Silver Corp. (Guatemala, 2019)
 ▶ Community Relations - 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)
 ▶ Quality and Safety - Human Rights

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)
 ▶ Involvement with Entities Violating Human Rights

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 Corp. (Mexico, 2020)
 ► Freedom of Association

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.



Southern Copper Corp. (Mexico, 2020)
 ► Leaks, Spills and Pollution - 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 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.



Starbucks Corp. (United States, 2022)
 ► Freedom of Association

Change Objective: Starbucks should promote good labour relations and ensure no anti-union practices take place within its operations. The company should cooperate with investigations and take appropriate steps to identify any barriers to dialogue with its workforce and introduce corrective actions. Starbucks should ensure it respects its commitments to international standards are implemented throughout its operations. Relevant actions should be transparent.



Stryker Corp. (United States, 2019)
 ► Quality and Safety - Human Rights

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.



*Previously as **Stryker Corporation**

Tesla, Inc. (United States, 2022)
 ► Discrimination and Harassment

Change Objective: Tesla should have these incidents investigated by an independent third party and fully participate with the investigation. Tesla should reinforce anti-discrimination policies by conducting related sensitization training, to move towards a culture of gender equality, diversity and inclusion. The company should ensure a robust grievance-mechanism is in place and appoint senior level anti-discrimination and human resource experts to lead such activities with a strong mandate from the executive team and company board, and with sufficient resources. The company should disclose regularly on such efforts, along with external audit.



The Boeing Co. (United States, 2019)
 ► Quality and Safety - Human Rights

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.



*Previously as **The Boeing Company**

The Chemours Co. (United States, 2018)
 ► Activities Resulting in Adverse 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, we 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 GEO Group, Inc. (United States, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

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.

**Previously as GEO Group, Inc.*



Thermo Fisher Scientific, Inc. (China, 2021)

► Involvement with Entities Violating Human Rights

Change Objective: Thermo Fisher should improve its human rights due diligence and disclosure, especially in relation to its products/services and business relationships. The company should also demonstrate efforts to support internationally accepted human rights standards as well as norms governing the collection, use and storage of human genetic data.



Uber Technologies, Inc. (United States, 2019)

► Data Privacy and Security

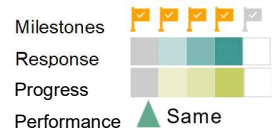
Change Objective: Uber Technologies should improve its privacy programme in line with regulatory requirements and international norms including implementation of measures to ensure and monitor compliance with global privacy and data protection laws and standards, respect for customer privacy, security 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.



Wells Fargo & Co. (United States, 2019)

► Business Ethics

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

Disengage due to low performance

AFRICA / MIDDLE EAST	Elbit Systems Ltd. ▶ Operations in Occupied Territories	Palestinian Authority
ASIA / PACIFIC	AviChina Industry & Technology Company Limited ▶ Involvement With Entities Violating Human Rights	China
	China Northern Rare Earth (Group) High-Tech Co Ltd ▶ Activities Resulting in Adverse Environmental and Human Rights Impacts	China
	CH. Karnchang Public Company Limited ▶ Project(s) with Environmental and Human Rights Risks	Laos
	Coal India Limited ▶ Recurring Workplace Accidents	India
	Export-Import Bank of India ▶ Project(s) With Environmental and Human Rights Risks	Bangladesh
	Inner Mongolia Baotou Steel Union Co. Ltd. ▶ Emissions, Effluents and Waste	China
	Metallurgical Corporation of China Ltd. ▶ Environmental Impacts from Waste Practices	Papua New Guinea
	Steel Authority of India Limited ▶ Fatal Workplace Accident(s)	India
LATIN AMERICA AND CARIBBEAN	Petróleos de Venezuela S.A. ▶ Corrupt Practices ▶ Oil Spill(s) ▶ Recurring Workplace Accidents	Venezuela
UNITED STATES AND CANADA	Motorola Solutions, Inc. ▶ Operations in Occupied Territories	Palestinian Authorities

Disengage due to no publicly traded securities or significant distress

AFRICA / MIDDLE EAST	Mumias Sugar Company Limited ▶ Accounting and Taxation	Kenya
ASIA / PACIFIC	1MDB Global Investments Ltd. ▶ Business Ethics	Malaysia
	China North Industries Corp. ▶ Involvement With Entities Violating Human Rights	China
	Chongqing Energy Investment Group Co., Ltd. ▶ Occupational Health and Safety	China
	Cox & Kings (India) Ltd. ▶ Fraud	India
	Hanergy Mobile Energy Holding Group Co., Ltd. ▶ Accounting and Taxation	China
	Kangde Xin Composite Material Group Co., Ltd. ▶ Accounting and Taxation	China
	Kangmei Pharmaceutical Co Ltd ▶ Accounting and Taxation	China
EUROPE	NMC Health PLC ▶ Accounting and Taxation	United Kingdom
	Wirecard AG ▶ Fraud	Germany

Disengage due to involvement in controversial weapons

AFRICA / MIDDLE EAST	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	
ASIA / PACIFIC	Abdul Qader Khan Research Laboratories (AQRL)			
	▶ 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	
	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	
	Defense Research & Development Organization			
	▶ Inhumane Weapons			
	▶ Involvement in Cluster Munitions		India	
	Larsen & Toubro Limited			
	▶ Nuclear Weapons Development			
	<i>*Associated companies: L&T Finance Holdings Ltd and Larsen & Toubro Infotech Limited</i>			India
	LIG Corp.			
	▶ Involvement in Cluster Munitions			South Korea
	LIG Nex1 Co Ltd			
	▶ Involvement in Cluster Munitions			South Korea
	MindTree Limited			
▶ Nuclear Weapons Development			India	
National Development Complex				
▶ Involvement in Cluster Munitions			Pakistan	
Nityanand Udyog Pvt Ltd.				
▶ Involvement in Land Mines			India	
Poongsan Corporation				
▶ Involvement in Cluster Munitions			South Korea	
Poongsan Holdings Corporation				
▶ Involvement in Cluster Munitions			South Korea	
SNT DYNAMICS Co., Ltd.				
▶ Involvement in Land Mines			South Korea	
SNT Holdings Co., Ltd.				
▶ Involvement in Land Mines			South Korea	
Synthetic Moulders Ltd.				
▶ Involvement in Land Mines			India	
TATA Advanced Systems Ltd.				
▶ Nuclear Weapons Development			India	
Tata Sons Private Limited.				
▶ Nuclear Weapons Development				
<i>*Associated company: Tata Consultancy Services Ltd.</i>			India	
Walchandnagar Industries Ltd.				
▶ Nuclear Weapons Development			India	
EUROPE	Aeroteh SA			
	▶ Involvement in Cluster Munitions		Romania	
	Compania Nationala ROMARM SA			
	▶ Involvement in Cluster Munitions		Romania	

	Rostec Corporation	
	▶ Involvement in Cluster Munitions	Russia
	NPO Splav named after A.N. Ganichev JSC	
	<i>*Previously Splav State Research & Production Association Fsue</i>	
	▶ 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
UNITED STATES AND CANADA	Mil-spec Industries Corp	
	▶ Involvement in Cluster Munitions	
	▶ Involvement in Land Mines	United States
	The Day & Zimmermann Group, Inc.	
	▶ Involvement in Cluster Munitions	United States

Disengage due to state-owned enterprises being complicit in human rights abuses and/or situation in Ukraine

AFRICA / MIDDLE EAST	Saudi Arabian Oil Co.	
	▶ Operations in Territories with Elevated Human Rights Risks	
	<i>*Associated companies: Saudi Basic Industries Corp and S-Oil Corp.</i>	Saudi Arabia
LATIN AMERICA AND CARIBBEAN	Petróleos de Venezuela S.A.	
	▶ Operations in Territories with Elevated Human Rights Risks	Venezuela
EUROPE	Irkut Corporation	
	▶ Involvement with Entities Violating Human Rights	Russia
	MMC Norilsk Nickel PJSC	
	▶ Leaks, Spills and Pollution - Environmental and Human Rights Impacts (New)	Russia
	NPO Splav named after A.N. Ganichev JSC	
	<i>* Previously Splav State Research & Production Association Fsue</i>	
	▶ Involvement with Entities Violating Human Rights	Russia
	Rostec Corporation	
	▶ Involvement with Entities Violating Human Rights	Russia
	Tactical Missiles Corp. JSC	
	▶ Involvement with Entities Violating Human Rights	Russia
	United Aircraft Corp. PJSC	
	▶ Involvement with Entities Violating Human Rights	Russia

Resolved

UNITED STATES AND CANADA

Walmart, Inc. (United States, 2006)

Walmart has strengthened its labour rights policies, including via its human rights policy statement released in 2018, and has also improved its disclosure. Walmart now provides detailed human capital disclosures that are updated annually and offer insight into its metrics, strategy and ongoing challenges. It has further settled several legal actions and is not facing significant new incidents, though we note that some legal issues remain. Overall, Walmart's rhetoric concerning its labour issues has improved in recent years and therefore Sustainalytics considers the case to be resolved.

ISSUE

► Labour Rights

MILESTONES

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Archived

ASIA / PACIFIC

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

The case has been archived as a response to the lifting of restrictions by the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA). It is assumed that issues relating to the review of quality that led to the incident have been resolved. The company did not respond to our last set of queries and there is reason to believe that engagement will not continue in the same constructive tone. Sustainalytics will continue to monitor FDA and EMA restrictions and if the company again becomes restricted the case will be reviewed.

ISSUE

► Quality and Safety -
Human Rights

Global Standards Engagement Overview

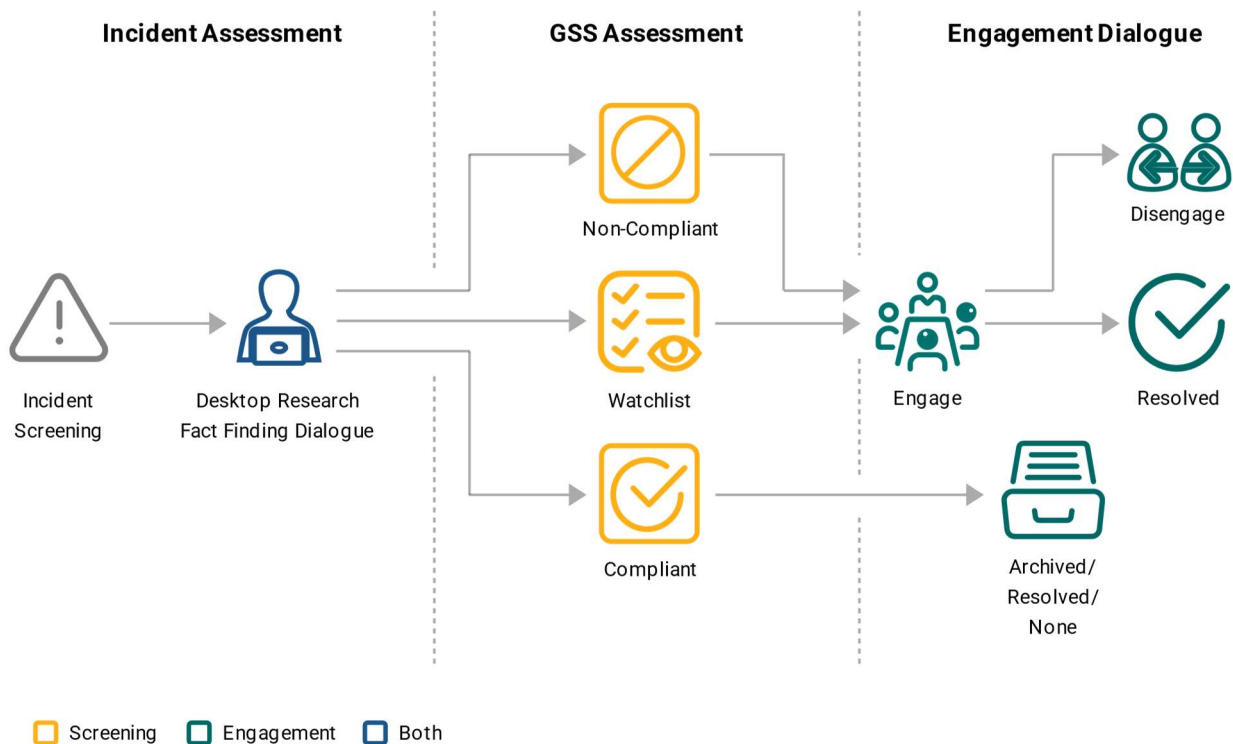
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment 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 is 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 classified as non-engageable due to no or limited publicly traded securities or under significant distress
- 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).
- Regular engagement case on Russian or Belarusian company, where we pause our engagement due to the situation in Ukraine.

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.



Material Risk Engagement

Executive Summary

It has been a busy quarter with 73 meetings and 501 email exchanges and phone calls in the Material Risk Engagement programme. It is right now peak season for engagement meetings as many companies release new annual ESG disclosures in Q2. The following quarter – September, October and November – will be equally busy with engagement meetings, you can follow the meeting schedule in the calendar on the landing page of Material Risk Engagement in Global Access. We are also planning our first engagement trip in more than two years, which is going to India in the second half of September.

Realizing Progress

With the high number of new ESG disclosure and meetings, we are also able to verify the progress that companies are making with the help of our engagement. In the past quarter, we have tracked a record 119 positive developments and one successfully resolved engagement. Positive developments are defined as new initiatives that engaged companies have implemented related to our suggested actions that generate tangible results. An engagement dialogue is considered resolved when a company's ESG Risk Rating score improves to below 28 (moving it into the Medium ESG Risk Rating category), reflecting lower unmanaged ESG risk. This quarter, we resolved one engagement and the full quarterly Material Risk Engagement report includes details on the resolved engagement and examples of the Positive Developments achieved.

Disengage of Sanctioned Companies

By the end of this quarter, we have 349 engagements in total. In response to the situation in Ukraine and the related sanctions, we have disengaged an additional two Russian companies due to sanctions and have paused our engagement with all other Russian companies. We will monitor the situation closely to determine whether further steps need to be taken.

The Cultural Drivers of ESG – an Emerging Markets Perspective

The full quarterly Material Risk Engagement report includes a thought leadership article focusing on the cultural drivers of ESG. Lower standards of ESG-related regulation in some emerging markets are not necessarily leading to lower standards of performance, because emerging market companies are looking to international best practice – not least in the engagement dialogue – and the companies themselves become the main driver for ESG development.

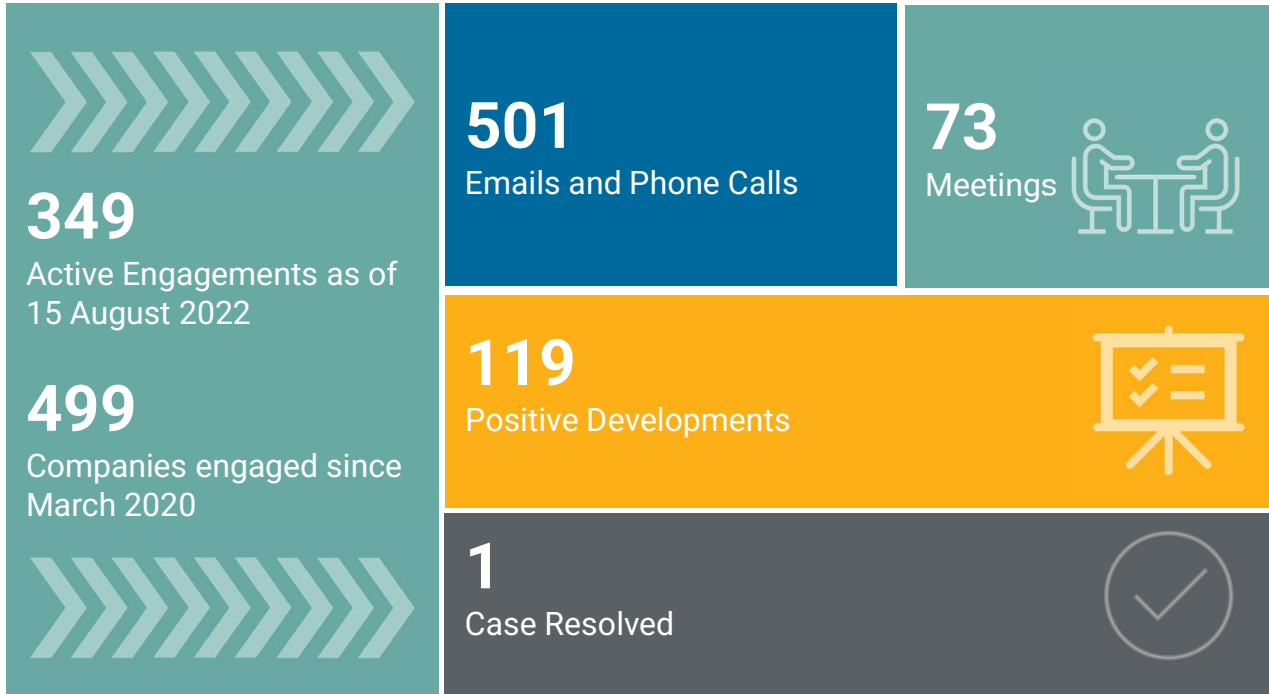
Focus on Climate Change

Climate change is reaching an increasing level of urgency among investors. This is reflected in our engagement, where the vast majority of the engagements involve some kind of focus on climate change/carbon. More than 80% of the engagements in Material Risk Engagement include discussions on carbon risk management and potential physical impact from climate changes. This means that we engage in MRE with more than 280 companies on climate change. This is a significant effort and we see more companies getting strategies and targets in place to reduce their negative impact.

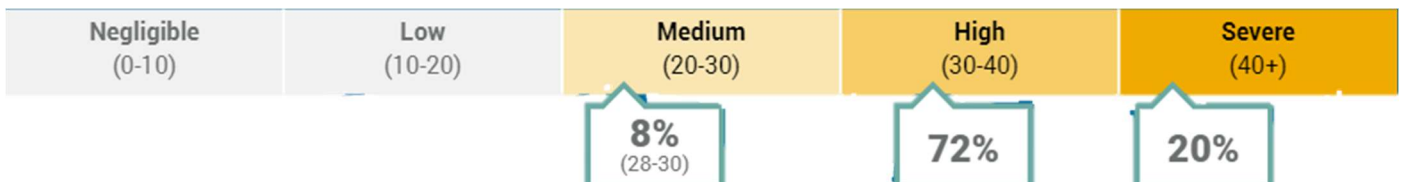
For general program questions, please email mre@sustainalytics.com or Sustainalytics' regional client representatives.

Quarterly Statistics June – August 2022

Key Results



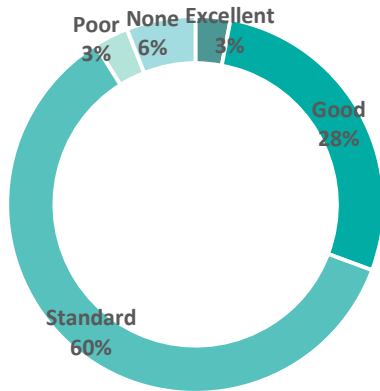
Active Engagements by ESG Risk Ratings Categories



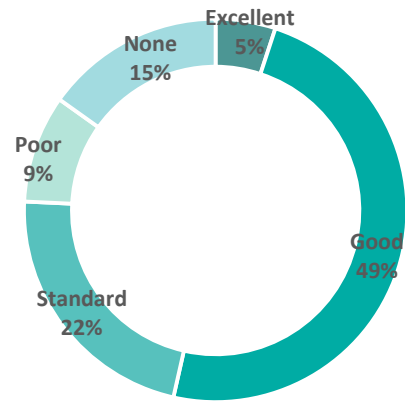
Regional Distribution



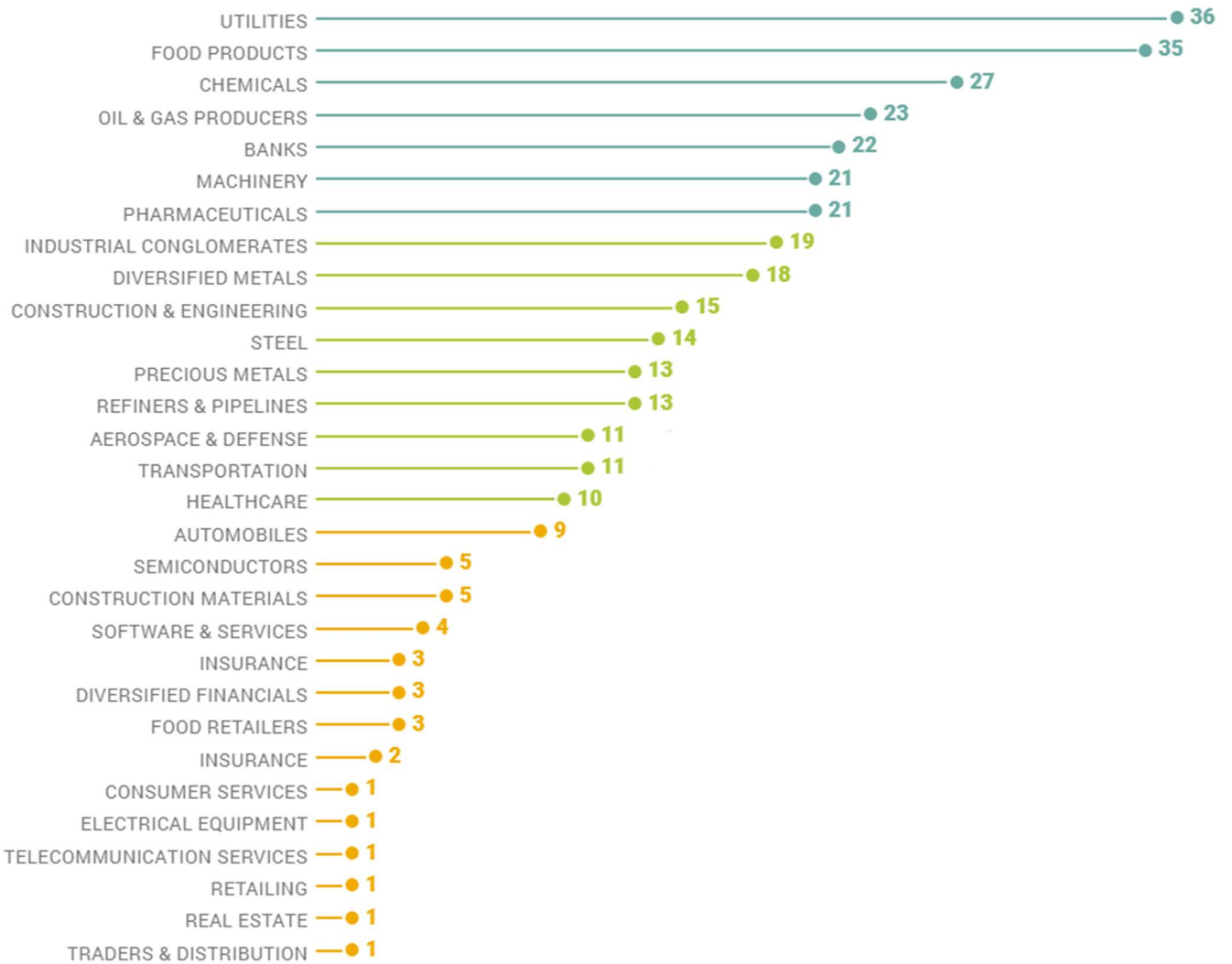
Engagement Progress Overview



Engagement Response Overview



Industry Distribution
















Material ESG Engagement Topics

Our company engagements focus on the Material ESG Issues with the largest management gaps as measured by Sustainalytics' ESG Risk Ratings. Engagements typically cover multiple Material ESG Issues as most companies have several ESG management gaps. The table below outlines the main topic(s) of each engagement (most engagements involve more than one issue).

About one third of the engagements are focused on ESG risk assessment and disclosure practices. A sound and efficient ESG risk assessment process is fundamental for effective ESG risk management. A good risk assessment process should inspire constructive dialogue with internal and external stakeholders and help companies establish accountability and focus on material issues. Once a company is clear on its risks, it can move on to risk mitigation. As seen in practice, robust ESG disclosure is an important driver for commitment to, and consistency in, ESG practices. What gets measured, gets done.

Beyond ESG disclosure, carbon-related issues are the most common focus. This is even more evident when we consider the secondary issues that the engagements touch upon besides the main focus. Carbon/climate related issues are very often highlighted among the suggested actions for companies to address. Product governance is another prevalent engagement focus, as it often relates to significant liabilities for companies and investors.

TOPICS	NUMBER OF ENGAGEMENTS
 Risk Assessment and ESG Disclosure	91
 Carbon Risk Management	61
 Product Governance	41
 Emissions, Effluents, and Waste	21
 Corporate Governance	14
 Occupational Health and Safety	11
 Community relations	11
 E&S Impact of Products and Services	10
 ESG Integration in Financials	8
 Business Ethics	7
 Human capital	6
 Land Use and Biodiversity	4
 Resource use	3
 Data Privacy and Security	2



Thematic Engagement Climate Change – Sustainable Forests and Finance

EXECUTIVE SUMMARY

Climate risks and forest value chains

The Sixth Assessment Report by the UN’s Intergovernmental Panel on Climate Change (IPCC) from April 2022 concluded with the starkest warning of ‘now or never’ regarding limiting global warming to 1.5-degrees Celsius. News reports from around the world illuminate the climate breakdown with unprecedented flooding, megadroughts, and widespread wildfires. At the same time, the connections between carbon emissions, deforestation, and nature continue to be developed. The clearing of forests is driven by increased demand for food and resources. Further research has urged immediate action on deforestation, without which reaching net zero is impossible. The rising climate change risks have also resulted in increased regulatory action.

Still, the companies making up the forest value chain, with a significant number involved in the sourcing, trading, processing, and consumption of commodities result in a complex environment, one which is ultimately underpinned by financiers and remains difficult to change.

Update on our engagement efforts since February 2022

The second bi-annual report covers the period of engagement that took place between February and August 2022, following the publication of the first bi-annual report at the beginning of March 2022. Sustainalytics’ focus moved from getting acquainted with the companies in the three sectors (financiers, mid-value chain companies, and end-of-value chain companies) and exploring the initial gaps into addressing the major goals of the engagement theme, creating a stronger dialogue, outlining investor expectations, and recognizing potential issues. In this period, Sustainalytics conducted 13 engagement calls, 116 outgoing emails, and 75 incoming emails. In addition, for the first time since the beginning of this program, we prepared and sent out an Investor Letter to nine companies that had either insufficient responses or were unresponsive to the invitation for dialogue. Four companies agreed to continue the dialogue, and we escalated our engagement efforts with two low-response companies by issuing voting recommendations against specific related items on their annual shareholder meeting agendas. The five remaining companies have been replaced with others while taking into consideration both the geographic and value chain location, size, and business lines to be as close to the original list, as possible. A baseline assessment has been conducted on the new companies.

FINANCIERS AVERAGE KPI SCORE

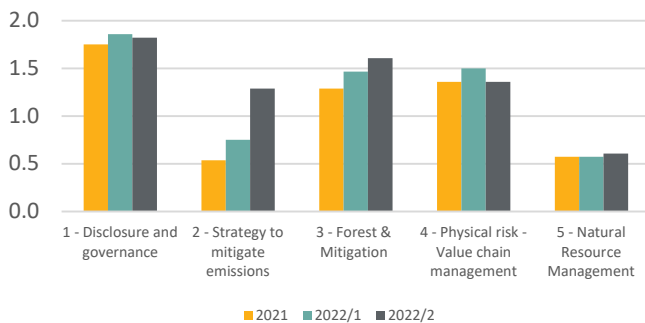


Figure 2: Graphs showing the average KPI score across the financiers in the value chain, the minimum score being 0, while the maximum score is 3.

MID-VALUE CHAIN AVERAGE KPI SCORE

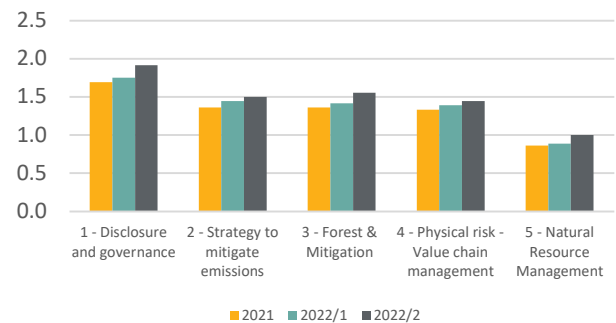


Figure 1: Graphs showing the average KPI score across the Commodity companies in the value chain, the minimum score being 0, while the maximum score is 3.

Throughout the engagement, Sustainalytics assesses the engaged companies on 5 key performance indicators (KPIs) that cover: Disclosure and Governance; Strategy; Forests and Mitigation; Physical risk; and, Natural Resource Management.

We have continued to observe some improvement in scoring across the board, and as in the previous report it was largely driven by increased disclosure, but also by establishing strategies for reaching climate targets. Many companies are seriously considering increasing the ambition of their targets and having them validated by third parties in line with 1.5 degrees, something that will be helped with the expected September release of the SBTi FLAG methodology. Most companies believe that tackling this crisis needs to be a joint effort which indicates a willingness to collaborate via different initiatives, something we have seen an increase in throughout agricultural supply chains. Regarding specific engagement with financiers, climate emissions accounting has continued at a steady pace. These companies are also preparing for the next stage which would encompass less heavy emitting industries i.e. Agriculture. Still, the highest improvement has been in financiers establishing strategies on how to decrease the carbon emissions in their portfolios in the short and medium term, ensuring they could reach net zero largely led through the Net-Zero Banking Alliance. Commodity companies have gradually increased their scoring due to enhanced disclosure, but also by providing more information on how they mitigate their deforestation risks and their approach to physical risks and nature. The end-of-value chain companies have also begun to disclose their strategies and their measures to reach zero deforestation but there is still much to be done to bring further clarity.

In terms of overall average scores, the financiers have seen a shift from 6.1 to 6.7 while mid-value chain commodities continue to score lowest with an average KPI score of 6.3, which is an improvement from 4.9, mostly due to the inclusion of the new companies. As with the other groups, the average score for the companies making up the end of the value chain group has shifted from 6.9 to 7.4 driven by publishing better climate change strategies. We have seen an increased focus on physical risks and efforts to understand how these companies can prevent deforestation. Nevertheless, the challenges in working with suppliers to map and reduce scope 3 emissions remain.

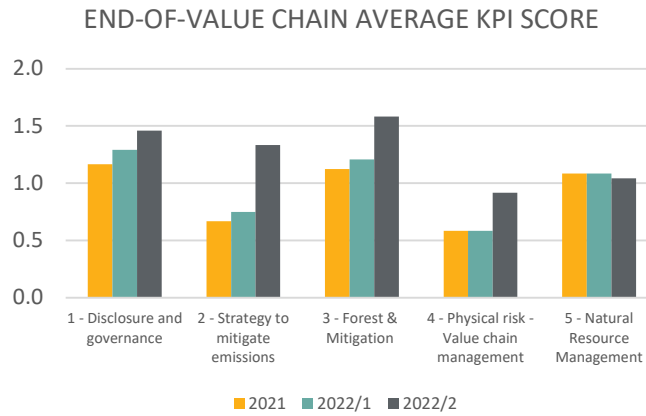


Figure 3: Graphs showing the average KPI score across the end of value chain companies, the minimum score being 0, while the maximum score is 3.0

Looking ahead

The next six months of the thematic engagement will focus on the third round of engagement sessions where the challenges of the companies will be examined further, particularly pertinent given the expected finalization around emissions account with the SBTi FLAG release, which we expect will provide momentum for science-based target verification of the next year or so of the engagement. At the same time, we will seek to deepen the dialogue with the five new replacement companies that we will establish engagement with and continue our discussions with stakeholders to stay ahead of the trends and be able to drive meaningful change with the theme.



Thematic Engagement Human Rights Accelerator

EXECUTIVE SUMMARY

The goal of the Human Rights Accelerator (HRA) thematic engagement is to push companies further on their journey to set and implement effective human rights due diligence (HRDD) as per the United Nations Guiding Principles on Business and Human Rights (UNGP). Ultimately, the impact we seek is improvement in the livelihood of workers, farmers and local communities directly involved in our focus sectors – electronics, mining, and cocoa. To this end, companies need to implement robust HRDD that considers the operating context and root causes of their salient human rights risks.

Three “disruptors” – climate change, technology and pandemics - have played out in a big way in recent years. We have experienced individually or watched others go through terrible climate related catastrophes. Technology is automating some of what we used to do and the way we used to do it and that automation and reliance on technology has accelerated during COVID.² While some people may come out stronger out of a disruption, some are left behind. We are not all impacted in the same way by these events. This is exemplified by the additional 75 to 95 million people that could be living in extreme poverty in 2022 compared to pre-pandemic projections.³ At the same time, **Oxfam reports** that billionaires’ wealth has risen more in the first 24 months of COVID-19 than in 23 years combined. Companies have felt the crises too, having had to shift and adapt to make their business more resilient – and, arguably, more sustainable.⁴

It is in this context that there is an acceleration of legislations mandating human rights due diligence. HRDD, as per the UNGPs, has been applied and implemented unevenly across companies and reporting has been inconsistent, of poor quality, and unreliable.⁵ This is where this engagement brings value. We will strive to go beyond disclosures, taking a holistic approach to HRDD and having a look at the cogs behind the commitments. For example, understanding how practically a company has integrated human rights considerations within its ERM and internal risk controls through the UNGPs lens.

Update on Our Engagement Efforts Since April 2022

Since the baseline report in March 2022, to date, four companies are active in this engagement. In this period, Sustainalytics reached out to 23 companies, held three engagement calls, and five introductory calls. We also exchanged 114 emails.

Starting to engage with companies has been more difficult than expected. This may be because human rights are a complex and often politicized topic that can be difficult to engage on for many companies, particularly in some geographies. We also see the multiplication of legislations on HRDD pushing the agenda to companies’ legal department, which could restrict the occurrence of open dialogues for the risk they may present. For the companies that did not yet respond, we will continue to push for dialogue and, where necessary, we will seek to escalate, using tools like investors letters and collaborating with the ESG Voting Policy Overlay team.

The goal of the HRA is to push companies further on their journey to set effective HRDD that align with the UNGP. Although most companies would have some commitment to human rights (or equivalence), it is not always clear from disclosures how embedded those considerations are within policies and management systems. We consider the processes and tools used by a company to implement its commitment (e.g., human rights impact assessments vs single materiality assessment, resources allocated for audits, who is given access to complaints hotline...etc.) to gauge how far a company is on its journey.

HRD HRDD for a Just Transition

In 2020, 161 investors representing US 10.2 trillion in AUM signed a statement expressing their commitment to take action to support a “Just Transition” by integrating the workforce and social dimension in their climate practices and expecting the same of their investees” (**Cobalt Institute**).

Cobalt is essential to the green transition. In 2021, the cobalt market showed unprecedented growth in demand of 22%. This upward trend is expected to continue, rising by about 13% per year for the next five years. The Democratic Republic of the Congo remained the largest source of cobalt supply (74%) while China remained the largest refiner of cobalt (72%).

² <https://www.eurofound.europa.eu/data/digitalisation/research-digests/covid-19-and-digitalisation>

³ [Pandemic, prices, and poverty \(worldbank.org\)](https://www.worldbank.org)

⁴ <https://www.mckinsey.com/capabilities/risk-and-resilience/our-insights/resilience-for-sustainable-inclusive-growth>

⁵ https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/CRI_WP_79_Final.pdf

We expect companies that do not currently have HRDD systems in place to be getting ready to comply with upcoming legislation and so to show increased sophistication in their understanding and implementation of HRDD during the lifetime of the engagement. Our goal is to push them as far as we can towards meaningful implementation (rather than tick the box approach) and to support them in finding and creating innovative ways to measure effectiveness of their HRDD to mitigate potentially adverse impacts and positively impact on identified opportunities. It is our focus in the HRA to ensure companies' strategies are putting rights holders at the center and that progress is monitored and disclosed. This will be important in all sectors. For example, in the mining sector, the demand for cobalt is growing because of the move towards a low carbon economy.⁶ The question is "how do we navigate the transition ahead for cobalt – in a way that ensures people are not harmed in the process?"⁷ Companies will need robust HRDD systems to enable a just transition (see box on left for more details). During our engagement with companies that form part of the just transition in the electronics and mining sectors, we will push for greater alignment with the UNGP, help companies question the effectiveness of their HRDD and their ability to provide fair and decent work that workers and communities can benefit from, and discuss the role of large-scale mining in supporting the formalization of artisanal small-scale mining.

There is no perfect HRDD but there are front-runners in terms of approach and disclosure. Our intent is to push companies further and encourage continuous improvement. We can see that in the HRA, the cocoa sector outperforms both the electronics and mining sectors on paper.

Looking Ahead

In the second half of the HRA's first year, we want to focus on engaging with companies, and establishing personal relationships with stakeholders. By the end of the first year, we want to have had engagement calls with all 23 companies (or report on escalation tools leveraged for the most reticent ones). This means that the engagement calendar for the investors will bring a mix of engagement calls with companies that are both experienced in engaging with the team (particularly the companies in the cocoa sector) and ones that are newer to the engagement.

⁶ <https://www.cobaltinstitute.org/resource/state-of-the-cobalt-market-report-2021/>

⁷ Anna Triponel, Human Level <https://www.cobaltinstitute.org/news/green-equitable-and-just-transition-cobalts-role-in-transitioning-to-a-net-zero-world-in-a-rights-respectful-manner/>



Thematic Engagement

Modern Slavery

EXECUTIVE SUMMARY

Engagement Update

What is clear from the latest round of engagements is that the cogs of the machinery of business are often slow to turn, especially for companies less seasoned in addressing modern slavery risks. Whilst advanced companies tend to be quicker in responding to issues, their challenge is to push ahead, even if this means doing so alone. It is likely that there are several factors contributing to a sluggishness amongst many of the companies in the engagement. Recently, the war in Ukraine, fears of a global economic downturn and the need to transition to low carbon business models have placed competing demands on companies. Sustainalytics is concerned, however, that progress is also being hampered because senior leaders are not affording modern slavery the attention needed. Without regulation that can meaningfully hold firms to account, investor engagements are all the more critical in setting out expectations of companies and ensuring they follow through on their responsibilities to respect human rights, as required by the UN Guiding Principles. With these criticisms made, the latest biannual period shows discernible progress among some firms. Nine of the 14 participating companies have improved their scores. Highlights of the most recent engagement include:

- One construction company adopted a policy on responsible recruitment, which was a key recommendation made by Sustainalytics during last year's engagement.
- Another construction firm has recognized that to operationalize its revised policy on human rights it will need to audit its suppliers.
- An apparel company fully disclosed its list of first-tier suppliers and has committed to asking suppliers to take part in an external survey on its purchasing practices.
- Sustainalytics continues to be invited to provide feedback to companies on their human rights programmes.

Despite these gains, Sustainalytics recognizes that change takes time and requires persistence. Consequently, to seek to advance toward the theme's key objective (i.e. companies to adopt fit-for-purpose strategies to address modern slavery risks), engagement activities have had a threefold focus. These were to: (1) seek to influence companies to achieve progress; (2) increase the number of participating companies and, where necessary, escalate concerns to Boards; and (3) continue to engage with stakeholder experts and further plans for an upcoming roundtable event.

Seek to Influence Companies to Drive Progress

We have continually sought to build trust through a constructive exchange with companies. Sustainalytics held 24 online meetings with 17 companies over this period, including six introductory sessions. To advance progress towards the key objective, we have requested consideration be given to policy, process or disclosure changes. It is hoped that over time, our influence will yield meaningful results. Indeed, there is interest from some companies in receiving Sustainalytics' feedback. Since the project started we have taken part in stakeholder forums or online assessments of four companies regarding their approach to human rights.

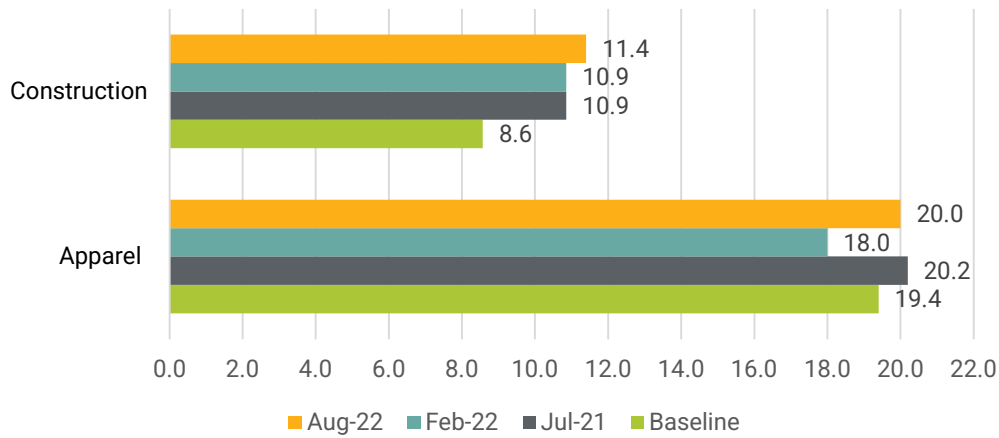
Increasing the Number of Participating Companies

There are now 14 companies in the theme. Investor letters were sent to the Boards of four companies following no or poor responses. Sustainalytics also made recommendations to vote against relevant Board directors at three companies.

Stakeholder Engagement and Roundtable Plans

Sustainalytics has engaged with a range of stakeholders and experts on modern slavery. These conversations are enhancing our understanding of the risks and providing key insights. Companies generally do not find cases of modern slavery but risks cannot be ruled out because of the hidden and systemic nature of modern slavery. Sustainalytics has been working on identifying the speakers for the roundtable with the aim to host an industry conversation about the risks of modern slavery and common factors that generate risks.

Average sector scores (maximum possible score is 54).



NB: Average scores for both August and February 2022 include all 14 companies in the engagement. Two companies were not included in average scores for July 2021 and the Baseline as they had not joined the project then.

Looking Ahead

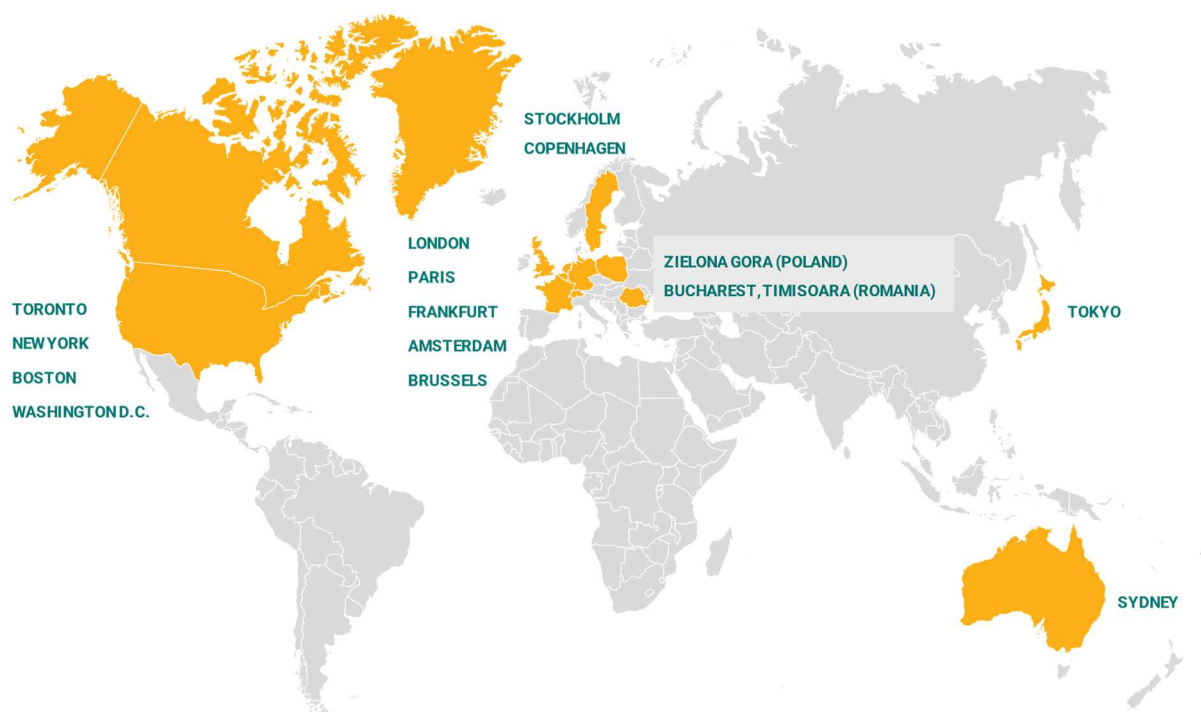
The engagement will continue to push companies to reach the objective. The main focus for the next six months will be to organize a roundtable for construction companies. There is a need for recognition that modern slavery is a bigger problem than many in the sector have fully grappled with, especially amongst senior leaders. With respect to engagement with the apparel sector, the fourth round of dialogues will take place later this year. Investor letters will be planned for those companies that did not respond to the engagement.

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 nearly 30 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 17 offices globally, Sustainalytics has more than 1,200 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com.



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