



stichting pensioenfonds
Provisum

Quarterly Engagement Report Q4 2022

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This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Stichting Pensioenfonds Provisum during September to November 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

Between September and November 2022, Global Standards Engagement initiated engagement with 10 companies and resolved three cases. We moved one case to disengage due to a lack of progress and response over a two-year period ending this quarter. In addition, we have flagged two new cases as disengage because both the companies are in financial distress, and engagement is not possible under current conditions. One is accused of deceptive marketing practices for its opioid drugs and the other is accused of falsifying its FY2020 revenue figures in order to conceal its weak financial situation.

New engage cases

- **Blackstone, Inc.** is a US investment company focussed on real estate, hedge funds, private equity, leveraged lending, senior debts, and rescue financing. In June 2022, Blackstone acquired Crown Resorts, an Australian hotel-casino operator that has been facing accusations since 2019 of deficient anti-money laundering (AML) controls, resulting in exposure to money laundering in Australia. Sustainalytics has been engaging with Crown Resorts on the issue since May 2021.
- **China Railway Construction Corp.** and **Tongling Nonferrous Metals Group Co., Ltd** are Chinese companies linked to human rights and environmental violations at the Mirador mine in Ecuador, operated by the companies' joint venture. The companies are accused of failing to obtain consent from the communities located near the mine and of causing their forced displacement, as well as numerous environmental violations.
- **Hyundai Development Co.,** a large Korean real estate development and construction company, has been linked to two incidents at its construction sites - one in 2021 and the other in 2022 - that led to the death of 15 people and injured nine others in Gwangju, South Korea.
- **Koninklijke Philips NV,** a Dutch technology company engaged in the healthcare, lighting and consumer well-being markets, has been accused of health risks associated with 5.5 million of its sleep apnoea and respiratory care devices. In September 2022, French prosecutors revealed that they had launched a criminal investigation into the company.
- **PTT Exploration & Production PI,** through its subsidiary, holds operational stakes in several major gas projects via production-sharing contracts with a Myanmar state-owned oil and gas company. According to several independent sources, the oil and gas sector generates substantial revenue for the country's government, estimated to amount to USD 1.5 billion annually. The company, through its operations in Myanmar, helps to fund 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 for a coup d'état in 2021.
- **Power Construction Corporation of China., Ltd,** a Chinese construction company, involved in the construction of a controversial hydropower dam in the Batang Toru rainforest in Indonesia. The dam has been criticized due to significant biodiversity concerns, including the potential extinction of the world's rarest orangutan species. The construction of the dam may also exacerbate the risk of landslides, which would impact the livelihoods of some 100,000 people living downstream. The dam is majority owned by **SDIC Power Holdings Co., Ltd,** a Chinese company involved in investment, construction and management of various energy projects.
- **The Star Entertainment Group Ltd,** an Australian gambling and entertainment company, has been linked to facilitation of money laundering and criminal activities at its casinos in Australia. In September 2022, the company was found unsuitable to operate its casino in Sydney and is at risk of a suspension or termination of its casino licence in Queensland, pending a decision by authorities.
- **Xinjinag Xinxin Mining Industry Co., Ltd.,** one of China's largest producers of copper and nickel, owns several large mines in the country's western region of Xinjiang. The company has been linked to China's state-sponsored labour transfer programme, which has been identified by human rights organizations as containing multiple elements of coercion, exposing minority populations in Xinjiang to the severe impacts of forced labour.

Disengaged cases

- **Aviation Industry Corporation of China, Ltd.** is involved, both directly and through its subsidiaries, in selling military equipment, specifically combat and trainer aircraft to countries that have been placed under arms embargoes by the international community. Sustainalytics has made numerous attempts to establish a dialogue with the company since 2020, by email, postal mail and telephone, and also sent a collaborative investor letter. Despite our efforts, the company has remained unresponsive.

Resolved cases

- **Mitsubishi Materials Corp. (MMC)**, a Japanese company, disclosed in 2017 and 2018 that a number of its subsidiaries had falsified quality inspection data for products supplied to the aerospace, automotive and electric power industries and that the falsification might have lasted for two decades. Sustainalytics has held a productive dialogue with the company, which was willing to acknowledge and tackle the issues. The company conducted a detailed analysis of the failures in the quality control framework that allowed the data falsification issues to occur in the first place. Since 2018, there have been no new allegations of MMC falsifying quality data of its products, and the company's manufacturing sites have regained external certifications, as well as significantly enhanced relevant processes and procedures.
- **Steinhoff International Holdings NV**, a South African headquartered, global holding company, published an overview in 2019, of a report by an external auditor, according to which several of its former executives inflated the group's assets and profits between 2009 and 2017 by about EUR 6.5 billion, using fictitious transactions. Since the misconduct was revealed, the company has filled several crucial positions with new executives, set up a committee of independent supervisory directors, and fully implemented its remediation plan aimed at ensuring that its control and risk management systems are effective in preventing any further accounting misconduct. The company also managed to settle with shareholders for EUR 1.5 billion in January 2022, which resolved most shareholder claims stemming from the accounting scandal.
- **Swedbank AB**, a Swedish bank, has been involved in a money laundering scandal. In 2019, an investigative report by Swedish television alleged that 50 of the company's clients transferred at least USD 4.3 billion in questionable transactions between the Baltic accounts at Swedbank and another bank from 2007 to 2015. In 2020, the Swedish Financial Supervisory Authority concluded its investigation into Swedbank, and imposed an administrative fine of USD 360 million on the bank for deficiencies in its management of money-laundering risks in its Baltic operations. The company has demonstrated significant progress via public disclosures and has implemented robust risk management systems and internal controls addressing financial crime and money laundering.

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

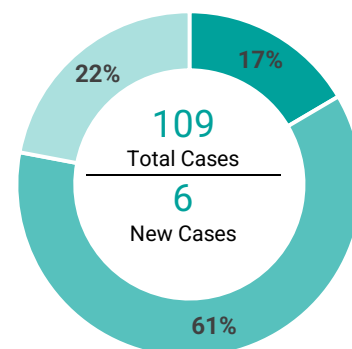
Quarterly Statistics September – November 2022

During September – November 2022, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to 109 Engage and Resolved cases.

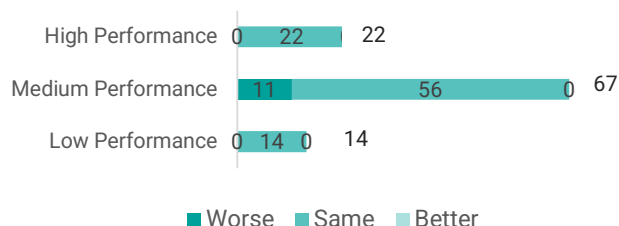


Cases by Theme

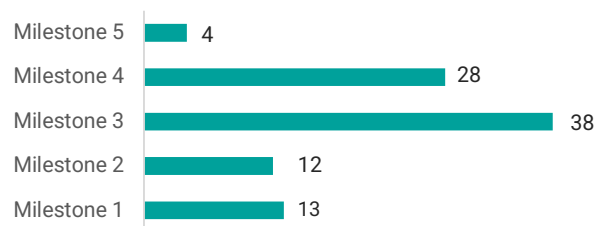
Environmental	18
Social	67
Governance	24



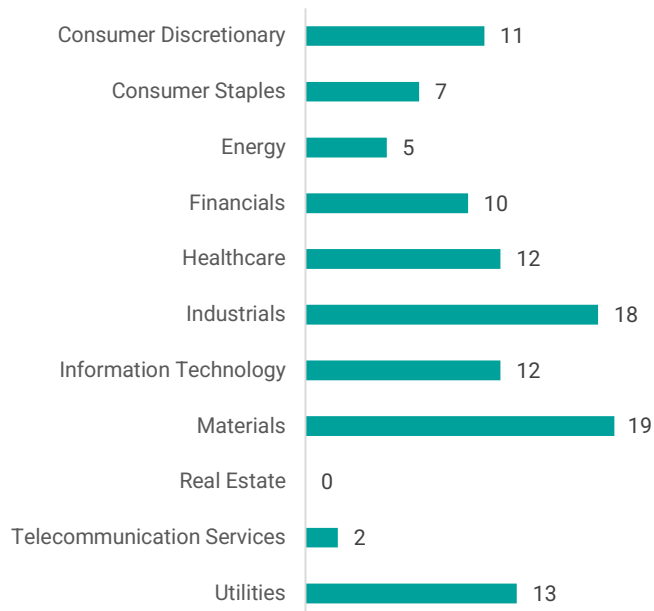
Engagement Performance Overview^{1,2}



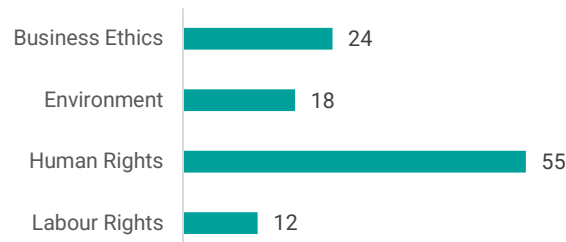
Milestone Overview³



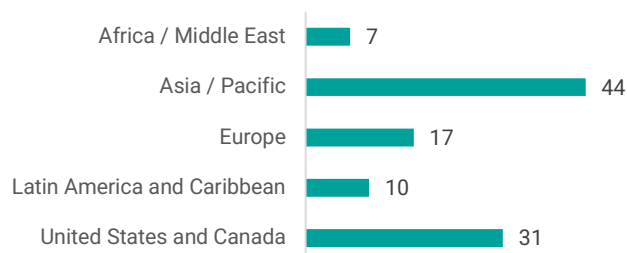
Cases by Sector



Cases by Norm



Cases by Headquarter



¹ At the beginning of November 2022, we adjusted our calculation of Performance, the combination of Progress and Response to better reflect that Standard Progress or Response implies Medium Performance. Affected companies have performance marked as 'Recalibrated' in the Engage list. The adjustments also affect the graphs above.

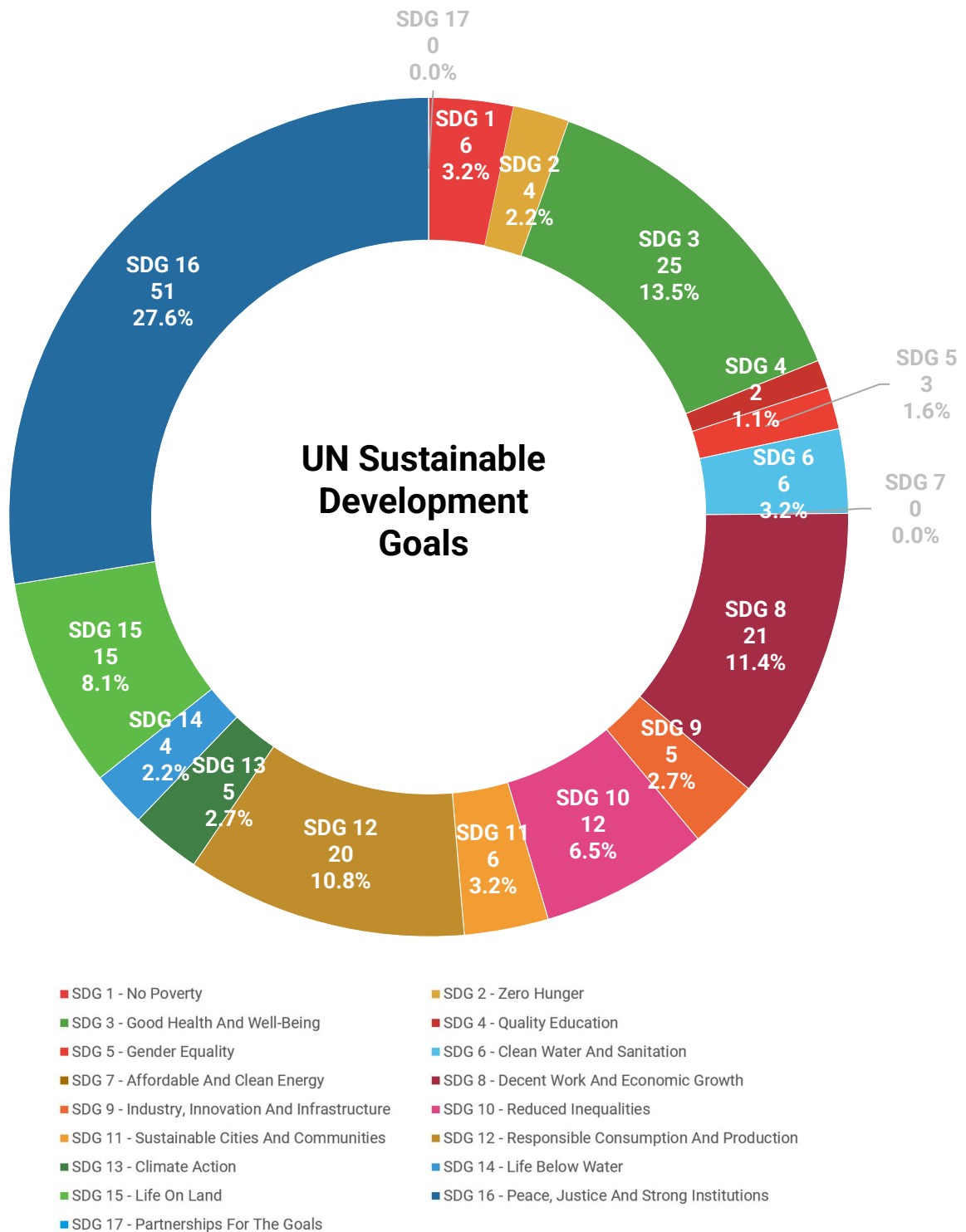
² 6 new cases were opened at the end of Q4, 2022. Within the next quarter, their performance and milestone assessments will be available and included in the statistics.

³ At the beginning of November 2022, we redefined our milestones to offer more granularity on company progress and implementation of engagement objective. As such the new framework does not refer to engagement activities and some cases are without any milestones, despite initiated dialogue.



UN Sustainable Development Goals Attribution

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



Companies Mentioned in this Engagement Brief

● Engage
 ● Associated
 ● Disengage
 ● Resolved
 ● Archived

● AVIATION INDUSTRY CORPORATION OF CHINA, LTD.....	12
● BLACKSTONE, INC.....	8
● CHINA RAILWAY CONSTRUCTION CORP., LTD	8
● HYUNDAI DEVELOPMENT CO.....	9
● KONINKLIJKE PHILIPS NV	9
● MITSUBISHI MATERIALS CORP.....	13
● POWER CONSTRUCTION CORPORATION OF CHINA., LTD.	10
● PTT EXPLORATION & PRODUCTION PLC	10
● SDIC POWER HOLDINGS CO., LTD.	10
● STEINHOFF INTERNATIONAL HOLDINGS NV	14
● SWEDBANK AB.....	15
● THE STAR ENTERTAINMENT GROUP LTD.....	11
● TONGLING NONFERROUS METALS GROUP CO., LTD.....	8
● XINJINAG XINXIN MINING INDUSTRY CO., LTD.	11

Engage Cases

Blackstone, Inc.

Background

In June 2022, BLACKSTONE, INC. (Blackstone) completed its acquisition of Crown Resorts Ltd (Crown), which has been criticized since 2019 for poor governance and numerous deficiencies that has resulted in investigations into its operations across Australia. The company was accused of having deficient anti-money laundering (AML) controls, resulting in exposure to money laundering. Crown has been under investigation by three Australian states, including the federal regulator, AUSTRAC. Crown was found unfit to hold gaming licences for its new Sydney casino (in New South Wales) and its Perth casino (in Western Australia). Regulators in all three Australian states, in which Crown operates, cleared Blackstone to hold a casino licences in June 2022 due to Crown's advances in AML controls.

Engagement Objective and Activity

The engagement objective is to ensure that Blackstone has a robust governance framework to enable effective oversight of the implementation of Crown's anti-money laundering programme and remedial plan. The company should have an adequate risk management framework covering AML, reporting and monitoring. The company should demonstrate strong leadership on financial crime issues.

Next Step

Sustainalytics has been in dialogue with Crown since 2021 and plans to reach out to Blackstone to clarify who should be a party in this engagement. The primary focus of this new case will be to assess progress with the implementation of Crown's remedial plan and identify gaps in the governance framework of Blackstone and areas of weaknesses in Crown's AML programme and compliance processes.

STATUS

Engage

ISSUE(S)

► Money Laundering

ENGAGEMENT MANAGER



Nigel Rossouw
Associate Director
Amsterdam

CONTRIBUTION TO SDGs



China Railway Construction Corp. Ltd. Tongling Nonferrous Metals Group Co., Ltd.

Background

CHINA RAILWAY CONSTRUCTION CORP., LTD. (CRCC) has been accused of negatively impacting the human rights of local communities through its operation of the Mirador mine in Ecuador. The mine is operated by Ecuacorriente S.A., a wholly owned subsidiary of the CRCC-Tongguan Consortium, which is a joint venture between CRCC and TONGLING NONFERROUS METALS GROUP CO., LTD. In July 2019, the UN Special Rapporteur on the Rights of Indigenous Peoples published a report stating that the concessions at the Mirador mine were granted without prior consultation with members of the Amazonian Community of Cordillera del Condor Mirador (CASCOMI). The report also concluded that violent and forced evictions of more than 42 families. In 2020, a special investigation by the Comptroller's General Office in Ecuador found Ecuacorriente S.A. responsible for numerous environmental violations. In February 2022, a report published by 60 civil society organizations concluded that it had become impossible for local communities to sustain fishing, farming and livestock raising activities, which has led to a loss of livelihood due to the pollution generated by the mine and the destruction of property by the company during the evictions.

Engagement Objective and Activity

The companies should agree on a compensation package with the CASCOMI community, specifically for displaced families. The companies should also mitigate the most severe environmental impacts and prevent further impacts from the Mirador mine. They should align their policies and practices to international human rights norms, particularly with regard to Indigenous communities, take measures to minimize environmental impacts, and ensure suitable monitoring of its mitigation measures.

Next Step

Sustainalytics will reach out to the companies to initiate a dialogue. The initial focus of this case will be to engage with the companies in order to gain a better understanding of their view of the allegations, and their current policies and practices regarding Indigenous Peoples.

STATUS

Engage

ISSUE(S)

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

ENGAGEMENT MANAGER



Marta Pattalo
Manager
Valencia

CONTRIBUTION TO SDGs



Hyundai Development Co.

Background

HYUNDAI DEVELOPMENT CO. (HDC) has been linked to two incidents that led to the death of 15 people and injured nine others in Gwangju, South Korea. In June 2021, a five-story building, which was being demolished by HDC as part of the Hakdong District redevelopment project, collapsed onto a city bus on an adjacent road, killing nine bus passengers and seriously injuring eight others. In January 2022, more than 16 floors of outer walls under the thirty-ninth floor of a building under construction in the city's Hwajeong neighborhood collapsed, leaving six workers dead and one injured. That building was also managed by HDC. In March 2022, a government investigation found that the 2022 incident was caused by unauthorized changes in construction and support methods, low concrete quality, and poor safety control and supervision of the work. With reference to the 2021 incident, in September 2022, the 11th Criminal Division of the Gwangju District Court sentenced seven people, including subcontractors' representatives and HDC's on-site manager.

Engagement Objective and Activity

HDC should provide adequate victim remediation and develop specific plans for how it manages safe demolition within high density areas. The company should also accept responsibility for safety at all its sites, even when they are operated by contractors. The company should demonstrate that it has implemented robust safety management systems that align with international best practice standards, including contractor management.

Next Step

Sustainalytics will contact the company to schedule a conference call. We will be looking for commitments from HDC that it recognizes the safety failings and will ask the company to provide a plan to improve its systems and prevent reoccurrences.

STATUS

Engage

ISSUE(S)

► Quality and Safety

ENGAGEMENT MANAGER



Eliot Bianco
Manager
London

CONTRIBUTION TO SDGs



Koninklijke Philips NV

Background

KONINKLIJKE PHILIPS NV (Philips) is facing a criminal investigation and legal action over alleged health risks associated with 5.5 million of its sleep apnea and respiratory care devices. Since April 2021, the US Food and Drug Administration has received more than 69,000 medical device reports, including 168 reports of deaths potentially associated with a breakdown of polyester-based polyurethane (PE-PUR), which is built into sleep apnea and respiratory care devices in order to reduce device vibration and sound. Risks to health potentially include cancer. From June 2021 until September 2022, more Philips devices were issued Class-I recalls, unrelated to the PE-PUR foam. In September, Philips also issued a recall for over 17 million CPAP/BiPAP masks distributed between 2015 and 2021, due to their magnetic clips. In September 2022, French prosecutors revealed that they had launched a criminal investigation into the company. The company had reportedly been aware of the potential adverse health impacts from the degradation of the foam since 2015. In October 2022, Philips announced plans to reduce its workforce by 4,000, due to the financial strain of the recall processes.

Engagement Objective and Activity

Engagement will focus on two main aspects: ensuring that the company takes appropriate actions to address the negative impacts of its products and developing a strong culture of adherence to quality and safety. Furthermore, the company will need to be more comprehensive with its disclosure of product-related data.

Next Step

The next step is to open a dialogue with the company in order to seek greater clarity in regard to the existing culture of quality and safety. This engagement will seek to understand the nature of the gaps that led to the FDA recalls, and then map out responses to those gaps.

STATUS

Engage

ISSUE(S)

► Quality and Safety

ENGAGEMENT MANAGER



Joe Attwood
Associate Director
London

CONTRIBUTION TO SDGs



PTT Exploration & Production Plc

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

Background

PTT EXPLORATION & PRODUCTION PLC (PTTEP), through its subsidiary, PTTEP International Ltd, holds operational stakes in several major gas projects via production-sharing contracts with Myanmar Oil and Gas Enterprise (MOGE), a Myanmar state-owned oil and gas company. The company has been involved in various gas projects in Myanmar for many years (since the 1990s) and as of 2022, has operational stakes in two of Myanmar's largest gas fields through production-sharing contracts with MOGE. According to several independent sources, the oil and gas sector, through MOGE, generates substantial revenue for the country's government, estimated to amount to USD 1.5 billion annually. While the majority of oil and gas companies announced a withdrawal in 2021, after the Tatmadaw (Myanmar's military) overthrew the country's democratically elected government in a coup d'état, PTTEP has stayed in the country and expanded its stake in gas projects potentially without taking adequate measures to ensure that it is not complicit in human rights abuses.

In February 2022, the EU imposed targeted economic sanctions on MOGE, arguing that it "generates revenue for the Tatmadaw, therefore contributing to its capabilities to carry out activities undermining democracy and the rule of law in Myanmar."

Engagement Objective and Activity

Engagement will focus on ensuring that PTTEP can exhibit an appropriate understanding of human rights risks associated with its business dealings in Myanmar, in recognition of its own policy requirements. The engagement will also focus on improving disclosure of PTTEP's approach to human rights assessments and reporting.

Next Step

The next step is to open a dialogue with the company in order to understand in detail its approach to delivering on its commitments on effective human rights management system.

STATUS

Engage

ISSUE(S)

► Involvement with Entities Violating Human Rights

ENGAGEMENT MANAGER



Joe Attwood
Associate Director
London

CONTRIBUTION TO SDGs



Power Construction Corporation of China, Ltd. SDIC Power Holdings Co., Ltd.

Background

A subsidiary of POWER CONSTRUCTION CORPORATION OF CHINA., LTD. (PowerChina), SinoHydro, is involved in the construction of a controversial hydropower dam in the Batang Toru rainforest in Indonesia. SDIC POWER HOLDINGS CO., LTD. (SDIC), a Chinese state-owned enterprise, purchased a significant stake in the project in 2021. The project was resumed after a pause caused by the COVID-19 pandemic. The dam construction site is located in the only known habitat of the Tapanuli orangutan, the most endangered species of all great apes. No more than 800 individual Tapanuli orangutans remain in the world. The dam project is likely to cause permanent fragmentation of the prime habitat for the Tapanuli orangutan, which will most likely lead to their displacement and extinction. Due to the area's high rainfall, hilly terrain and poor drainage, construction of the dam may also exacerbate the risk of landslides, which would impact the livelihoods of some 100,000 people living downstream.

Engagement Objective and Activity

PowerChina and SDIC should establish a system of environmental and social management, aligned with international norms, including robust risk assessments, a scientific and technical understanding of risks, and timely mitigation and prevention. The companies should also communicate and consult with local communities, adequately disclose information on the potential impacts of their projects, and integrate impact assessments into company decision-making.

Next Step

The next step is to approach the companies and encourage them to gain a deeper understanding of the risks and impacts. The focus will be on the robustness of their risk assessments and their commitment to due diligence.

STATUS

Engage

ISSUE(S)

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

ENGAGEMENT MANAGER



Qiaochun Juliette Li
Manger
Amsterdam

CONTRIBUTION TO SDGs



The Star Entertainment Group Ltd.

Background

THE STAR ENTERTAINMENT GROUP LTD. is an Australian gambling and entertainment company. It owns and operates The Star Sydney, The Star Gold Coast, and Treasury Brisbane. Investigations by the media and Australian regulators in 2021 revealed money laundering and criminal activities at the company's casinos. In response, The New South Wales and Queensland governments launched investigations in March and June 2022. In September 2022, the company was found unsuitable to operate its casino in Sydney. As a result, it is at risk of a suspension or termination of its casino licence in Queensland, pending a decision by authorities.

Engagement Objective and Activity

The engagement objective is to ensure that Star Entertainment Group implements robust anti-money laundering (AML) programmes, including company-wide AML training, reporting frameworks, and monitoring mechanisms. The company should disclose, to the extent possible, all of its AML-related activities and its progress on AML-related initiatives. The company should demonstrate strong leadership on financial crime issues.

Next Step

The initial focus of the engagement will be to seek a dialogue with the company to assess AML controls and identify gaps in governance.

STATUS

Engage

ISSUE(S)

► Money Laundering

ENGAGEMENT MANAGER



Marta Pattalo
Manager
Valencia

CONTRIBUTION TO SDGs



Xinjiang Xinxin Mining Industry Co., Ltd.

Background

XINJINAG XINXIN MINING INDUSTRY CO., LTD. (Xinxin) is one of the largest producers of copper and nickel in China. The company owns several large mines in the western region of Xinjiang. Xinxin's biggest shareholder is Xinjiang Nonferrous Metal Industry Group (XNFM), a state-owned enterprise.

In June 2022, the New York Times reported that XNFM took part in the Uyghur labour transfer programme organized by the Chinese government. It has allegedly recruited more than 600 workers from rural counties of southern Xinjiang since 2017. The copper-nickel mine and smelter operated by Xinxin was part of the programme and accepted some of the transferred workers. The report indicated that Uyghur trainee workers at Xinxin had to undergo intensive ideological indoctrination courses daily, sometimes even in the evenings. Both the trainees and their teachers faced strict disciplinary punishment and fines for non-compliance with rules and poor performance.

Engagement Objective and Activity

Xinxin should conduct human rights due diligence based on international labour standards. The company should identify and mitigate any potential or actual adverse labour rights impacts, as well as provide all employees access to remediation. Xinxin should provide greater disclosure in relation to its recruitment practices and make progress in respecting the rights of all groups of workers.

Next Step

Sustainalytics will reach out to the company to establish a dialogue and ask how the company ensures respect for human rights in its operations. Multiple channels will be used, and communications will be conducted in both English and Chinese.

STATUS

Engage

ISSUE(S)

► Forced Labour

ENGAGEMENT MANAGER



Qiaochun Juliette Li
Manager
Amsterdam

CONTRIBUTION TO SDGs



Disengage Cases

Aviation Industry Corporation of China, Ltd.

Background

AVIATION INDUSTRY CORPORATION OF CHINA, LTD. (AVIC) has been involved, both directly and through its subsidiaries, in selling military equipment, specifically combat and trainer aircraft, to countries that have been placed under arms embargoes by the international community. According to a report by the UN Independent Fact-Finding Mission on Myanmar (FFMM), published in August 2019, AVIC had signed a contract to supply 16 JF-17M “Thunder” combat aircraft to the Myanmar military – the Tatmadaw. The chair of the FFMM concluded that the Tatmadaw was responsible for gross human rights violations against the Rohingya, as well as during conflicts in Kachin and Shan states, and that the company could be at risk of being complicit in these violations. Additionally, according to various sources, AVIC was involved in arms trades with several high-risk countries in terms of human rights abuses, including Sudan (2004-2008), Egypt (2016-2018), Zimbabwe (2005-2006), United Arab Emirates, and Saudi Arabia (2013-2019), some of which were under EU or UN arms embargoes at the time of the deals. Although there is no clear indication that the products supplied by AVIC were used against civilians, the embargoed countries are experiencing violent conflicts or gross human rights violations. AVIC sold military equipment to the above-mentioned states between 2004 and 2019. In December 2021, the media reported that the Myanmar military commissioned K-8 trainer jets and a Y-12 military transport plane manufactured by subsidiaries of AVIC. In October 2022, research results confirmed that the company was still indirectly involved in the production of K-8 jets in Myanmar, in partnership with the Myanmar Army and Air Force.

Engagement Objective

AVIC should establish clear criteria to identify high-risk destination countries and human rights due diligence procedures and apply them to military equipment sales deals.

Engagement Activities

Sustainalytics has made numerous attempts to establish a dialogue with the company since 2020, by email, postal mail and telephone. In June 2022, we sent a collaborative investor letter. Nevertheless, we have not received a response to any of these communications. In accordance with our research results, AVIC does not seem to have robust human rights policies or due diligence procedures in place that it can apply to military equipment sales deals.

Outcome

AVIC has displayed a persistent unwillingness over the past two years to enter a dialogue or indeed respond to communications from Sustainalytics or investors. Therefore, we have decided to curtail our efforts to engage with the company on this issue and assign a “Disengage” status to the case.

STATUS

Disengage

ISSUE(S)

► Involvement with Entities Violating Human Rights

ENGAGEMENT MANAGER



Magdalena Grzempa
Manager
Zielona Góra

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

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

CASE TIMELINE

	Engagement Since	Aug 2020
	Investor Letter	Sep 2022
	Investor Letter	Nov 2022
	Case Disengaged	Nov 2022

Resolved Cases

Mitsubishi Materials Corp.

Background

In 2017, MITSUBISHI MATERIALS CORP. (MMC) announced that two of its subsidiaries had falsified quality inspection data for products supplied to the aerospace, automotive and electric power industries. In February 2018, MMC announced that it had found more instances of product data falsification at three other subsidiaries. The total number of impacted companies exceeded 750. The subsidiaries had been falsifying data until January 2018. MMC's CEO resigned in December 2017, and its then chairperson, stepped down in April 2018. In June 2018, MMC said it had found additional misconduct at its copper smelter and refinery. In September 2018, the Tokyo District Public Prosecutor indicted the subsidiaries on charges of violating the Unfair Competition Prevention Law. In February 2019, the subsidiaries received fines, totaling USD 734,000, for falsifying quality data. As of August 2022, there have been no reports of safety issues among customers and end-users in relation to the falsely certified products.

Engagement Objective

The engagement objective was for Mitsubishi Materials Corp. to ensure that it has in place suitable board-level oversight of quality control and to take steps to strengthen its quality control culture throughout the business. It should obtain independent verification of the steps taken to improve its quality control framework.

Engagement Activities

Sustainalytics held a productive dialogue with MMC. Due to language challenges, the dialogue was conducted entirely in written form. However, the company provided a good response, including 16 substantial exchanges. The company was willing to acknowledge and tackle the issues, which it had proactively self-reported. The company conducted a detailed analysis of the failures in the quality control framework that allowed the data falsification issues to occur in the first place. It also disclosed multiple steps to address these shortcomings, for example: enhancement of the framework and authority of its quality control department, an expansion of quality training, promotion of automated inspection equipment, and enhancement of quality audits.

Outcome

Mitsubishi Materials Corp. has shown a willingness to engage with Sustainalytics and address these issues. The 2022 report shows independent board membership and a greatly improved governance structure. In its responses to our questions, the company confirmed that all relevant, continuing businesses have now regained ISO and JIS certifications. The company has undergone several external audits, and no further incidents or falsification of data has been identified. The company now has in place a robust quality management system and a significantly improved governance and oversight structure. These systems should be sufficient to prevent any recurrence of similar controversies, to protect customers, and to maintain quality.

STATUS

Resolved

ISSUE(S)

► Consumer Interests - Business Ethics

ENGAGEMENT MANAGER



Eliot Bianco
Manager
London

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

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

CASE TIMELINE

	Engagement Since	May 2019
	Milestone 1	Jun 2020
	Milestone 2	Jun 2020
	Milestone 3	Sep 2021
	Milestone 4	Oct 2022
	Milestone 5	Nov 2022
	Case Resolved	Nov 2022

Steinhoff International Holdings NV

Background

In 2017, German prosecutors and South African regulators opened investigations into STEINHOFF INTERNATIONAL HOLDINGS NV (Steinhoff) to determine whether it had inflated its financial records by selling intangible assets. Soon after, Steinhoff's CEO resigned, triggering a collapse in the company's share price. Steinhoff hired PwC to conduct a forensic investigation into the accounting irregularities and, in March 2019, it published some findings: several former executives had inflated the group's assets and profits between 2009 and 2017 by EUR 6.5 billion using fictitious transactions. Steinhoff stated that it would pursue claims against the executives, continue investigations, and implement a remediation plan. Related to these events, in 2019, the South African Financial Sector Conduct Authority fined the company ZAR 53 million for failing to properly disclose its accounting problems. In 2020, the Johannesburg Stock Exchange fined Steinhoff ZAR 13.5 million. In 2021, German authorities filed charges against four former executives for accounting fraud.

Engagement Objective

The engagement objective was for Steinhoff to demonstrate that it had taken sufficient measures to recover from the fraud financially and to prevent a recurrence. Steinhoff was also expected to disclose more details about its remediation plan and report on its progress.

Engagement Activities

Sustainalytics began reaching out to the company in September 2019. We held several conference calls over the course of the engagement, but it was often challenging to arrange them. Steinhoff was sometimes reluctant to respond to questions, citing ongoing litigation. However, it answered some questions by email. We encouraged Steinhoff to increase its disclosures and transparency on details regarding its remediation plan and outcomes. We checked into details, such as whether its code of conduct and three lines of defence were sufficient. We asked the company to explain how it determined whether the remediation plan was effective, as well as to increase its disclosures on training and its corporate culture, as these aspects are also important drivers of long term ethical corporate behaviour.

Outcome

Since the controversy, Steinhoff has changed most of its management team, the entire board, and dismissed the employees responsible for the misconduct. Steinhoff hired its former lead auditor at PwC (which investigated the issues and assisted in forming a remediation plan) as its Chief Risk and Compliance Officer to lead implementation of the plan. The company published a high-level summary of the plan, which it stated that it was fully executed in 2020-2021. Steinhoff resolved its reporting issues and returned to regular financial reporting. It updated relevant policies (a new code of conduct, updated whistleblower policy, etc.) and adopted new accounting policies and procedures. The department at the root of the issues was restructured. The company provided improved disclosures on the remediation plan (such as on its lines of defence), training and corporate culture.

STATUS

Resolved

ISSUE(S)

► Accounting and Taxation

ENGAGEMENT MANAGER



Angela Flaemrich
Associate Director
Toronto

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS

	59	Number of Contacts
	2	Conference Calls
	17	Correspondence
	0	Meetings in Person

CASE TIMELINE

	Engagement Since	May 2019
	Milestone 1	May 2019
	Milestone 2	Jun 2020
	Conference Call	Oct 2020
	Milestone 3	Oct 2020
	Milestone 4	Apr 2021
	Conference Call	Apr 2021
	Milestone 5	Sep 2022
	Case Resolved	Nov 2022

Swedbank AB

Background

Money laundering allegations against SWEDBANK AB (Swedbank) escalated in early 2019, when reports alleged that at least USD 4.3 billion in questionable transactions had occurred between the Baltic accounts at Swedbank and Danske Bank between 2007 and 2015; there was also speculation that “high-risk non-resident” flows through Swedbank accounts amounted to USD 150 billion over a 10-year period. In March 2019, Swedbank’s CEO was dismissed, and its chairperson resigned the following month. In March 2020, the Swedish Financial Supervisory Authority (FSA) concluded its investigation into Swedbank and imposed a warning and an administrative fine of USD 400 million for deficiencies in its management of money-laundering risks in its Baltic operations. Since then, Swedish and Estonian authorities have resolved their investigations into Swedbank, as has the Nasdaq OMX.

Engagement Objective

The engagement objective was for Swedbank to ensure that it had implemented risk management systems and internal controls that aimed to prevent financial crime and money laundering and demonstrated that they were robust and universally applied. It was also expected to have ensured that the board had sufficient and effective oversight of the business.

Engagement Activities

Sustainalytics initially commenced dialogue with Swedbank in 2019 and held a substantive conference call in March 2020. The dialogue stalled in the middle of 2020, though, so we focused our efforts on verifying that the company had a comprehensive strategy for addressing anti-money laundering (AML) and know-your-customer (KYC) issues; we checked that it had appropriate AML and KYC-related programmes and policies, control measures, sufficient dedicated financial and human resources, good reporting lines, enhanced investments in AML technology, effective corporate governance, effective training, collaboration in industry-wide initiatives, and that it had worked on enhancing its corporate culture.

Outcome

Despite the stalled dialogue, Swedbank has demonstrated significant progress via public disclosures. It has implemented robust risk management systems and internal controls addressing financial crime and money laundering. Since 2019, Swedbank has changed most of executive team and board (with a strengthened AML background). Its Risk and Compliance functions have been separated and strengthened. Swedbank established three lines of defence, including a dedicated Anti-Financial Crime division; these lines have a good reporting structure (risk and compliance functions report directly to the board and CEO). The board also has an Ethics Committee. The company launched and fully executed its 144-point Anti-Financial Crime plan between 2019 and 2021. It subsequently launched its Anti-Money Laundering/Combating the Financing of Terrorism & Sanctions Transformation Programme, which is aimed at adhering to best practices over the long term. Swedbank’s training programmes appear thorough, and it conducted a comprehensive review of its corporate culture.

STATUS

Resolved

ISSUE(S)

► Money Laundering

ENGAGEMENT MANAGER



Angela Flaemrich
Associate Director
Toronto

CONTRIBUTION TO SDGs



DIALOGUE STATISTICS



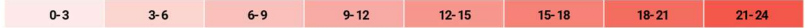

	58	Number of Contacts
	3	Conference Calls
	12	Correspondence
	1	Meetings in Person

CASE TIMELINE

	Engagement Since	Feb 2019
	Milestone 1	Feb 2019
	Meeting in Person	Apr 2019
	Conference Call	Nov 2019
	Milestone 2	Nov 2019
	Conference Call	Mar 2020
	Milestone 3	Oct 2020
	Conference Call	Feb 2021
	Milestone 4	Feb 2021
	Milestone 5	Sep 2022
	Case Resolved	Nov 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	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> 
Progress	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> 
Performance	<p>The indicator describes the combined company progress and response performance.</p> <p>▲ High Performance - good or excellent Response in combination with good or excellent Progress.</p> <p>▶ Medium Performance - standard level of Response and Progress.</p> <p>▼ Low Performance - poor or no Response in combination with poor or no Progress.</p> <p>New, Same, Better or Worse Performance - indicates the change in either Response or Progress since the last quarterly report.</p>
Low Performance Tracker (Tracker)	<p>The indicator describes the time elapsed with Low Performance. One piece equals three months.</p>  <p>After two years, the case will be reviewed by Sustainalytics and a Disengage status can be selected if all other engagement options are ineffective.</p>
Milestones	<p>The indicator describes the milestone achieved from 1 to 5.</p>  3/5 Achieve

Engage

AFRICA / MIDDLE EAST

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

► Bribery and Corruption

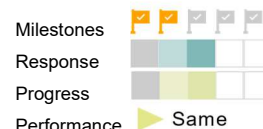
Change Objective: Bezeq should implement and demonstrate an appropriate anti-corruption programme and internal control mechanisms. It should further ensure that its media ethics guidelines are sufficient to guard against similar subjective influence and cooperate with the authorities on the ongoing investigations.



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.



*Associated companies: **MTN Nigeria Communications Plc** and **Scancom Plc**

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.



ASIA / PACIFIC

Adani Enterprises Ltd. (Australia, 2016)

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

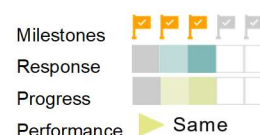
Change Objective: Adani should respect the rights of the indigenous people living in the project's area by obtaining their consent for the land use. The company should prevent the projected environmental impacts of the Carmichael mine and, in case this is proven to be impossible, withdraw from the project.



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.

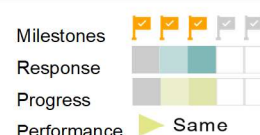


*Associated company: **North Queensland Export Terminal Pty Ltd.**

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.

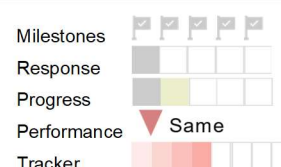


*Associated company: **iQiyi, Inc.**

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.



China Gas Holdings Ltd. (China, 2021)

► Quality and Safety - Human Rights

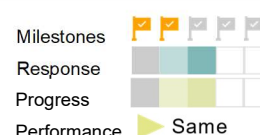
Change Objective: China Gas should provide clarification of the remediation, and provide support in a timely manner for victims, besides the compensation promised. China Gas need to implement industry standard safety practices and quality controls across their infrastructure network, including regular 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

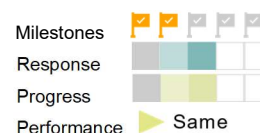
Change Objective: China Petroleum & Chemical Corp. should ensure its practices are generally aligned with international best practice for respecting human rights. While operating in conflict-affected countries, it should undertake and respond appropriately to human rights due diligence. It should also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

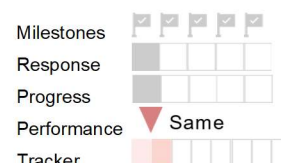
► Incident(s) Resulting in Negative Human Rights Impacts

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)

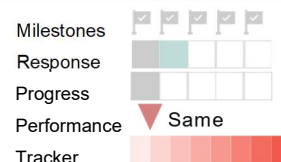
► Occupational Health and Safety

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)

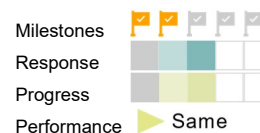
► Forced Labour

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.

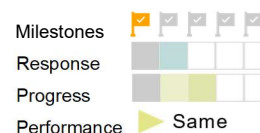


*Associated company: **ONGC Videsh Ltd.**

Page Industries Ltd. (India, 2020)

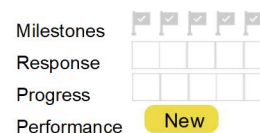
► Labour Rights

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.

**Power Construction Corporation of China, Ltd.** (Indonesia, 2022)

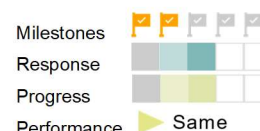
► Controversial Project(s) - Environmental and Human Rights Impacts

Change Objective: PowerChina should establish environmental and social management systems aligned with international norms. The company should use its leverage over its subsidiary Sinohydro to ensure biodiversity protection and livelihood security in the project areas. It should also ensure that its subsidiary integrates the Environmental Impact Assessment (EIA) mitigation measures into project decision-making.

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

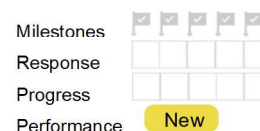
► Land Use and Biodiversity

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 Exploration & Production Plc** (Myanmar, 2022)

► Involvement with Entities Violating Human Rights

Change Objective: PTTEP 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 ensure that its disclosures reflect the commitments it has made to deliver effective human rights assessments.



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

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

► Involvement with Entities Violating Human Rights

Change Objective: PTOR 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. On a corporate level the company should 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.**

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: RioTinto should agree on a compensation package with the Puutu Kuntj 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)

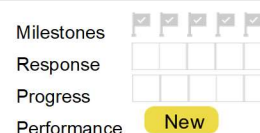
► Bribery and Corruption

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.

**SDIC Power Holdings Co., Ltd.** (Indonesia, 2022)

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

Change Objective: SDIC Power should leverage its influence on the board of PT NSHE company, to ensure biodiversity protection and livelihood security in the project areas. SDIC Power should conduct environmental and social due diligence as part of its project screening and risk management system.

**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.

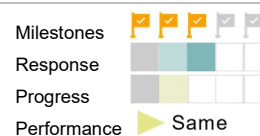


*Associated companies: **Tencent Music Entertainment Group, and China Literature Ltd.**

Tokyo Electric Power Co. Holdings, Inc. (Japan, 2011)

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

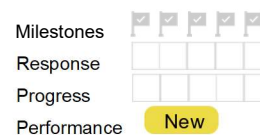
Change Objective: TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are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



Tongling Nonferrous Metals Group Co., Ltd. (Ecuador, 2022)

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

Change Objective: Tongling should agree on a compensation package with the CASCOTI community, in particular for displaced families. The company should mitigate the most severe environmental impacts and prevent further impacts from the Mirador mine. The company should align its policies and practices to international human rights norms, particularly with regards to indigenous people, and take measures to minimize environmental impacts and ensure suitable monitoring of its mitigation measures.

**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)

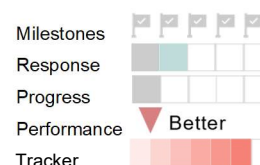
► Community Relations

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.



Wilmar International Ltd. (Indonesia, 2019)

► Community Relations - Indigenous Peoples

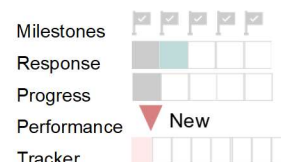
Change Objective: Wilmar should resolve active complaint cases in Indonesia, Liberia, Nigeria and Uganda and take appropriate measures against any identified gaps. The company should also strengthen implementation of its policies by reporting more regularly on progress and the outcomes of site audits.

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

**Xinjiang Zhongtai Chemical Co., Ltd.** (China, 2022)

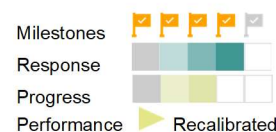
► Forced Labour

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)

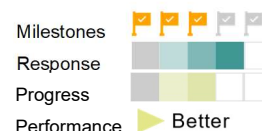
► Business Ethics

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)

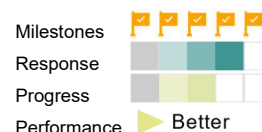
► Activities Resulting in Adverse Environmental Impacts

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.

**Zijin Mining Group Co., Ltd.** (Papua New Guinea, 2015)

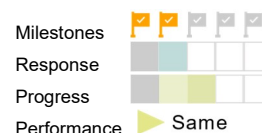
► Activities Resulting in Adverse Human Rights Impacts

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

**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

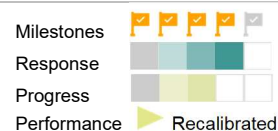
Change Objective: Barclays should ensure on-going implementation of whistle-blower policies as mandated by regulators, as well as relevant international organizations and global banking industry best-practices. The company should also implement best practices regarding whistle-blower protections and 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)

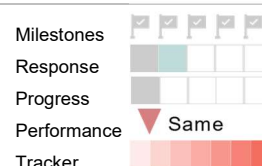
► Quality and Safety

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.

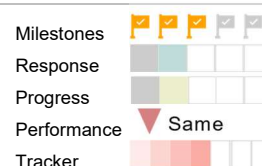


*Associated Company: **Danica Pension Livsforsikrings A/S**

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

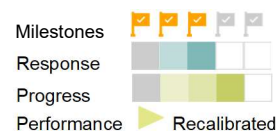
Change Objective: Glencore should implement on-going systematic controls related to business ethics, corruption and bribery and disclose these controls whenever appropriate.



Glencore Plc (Bolivia, 2021)

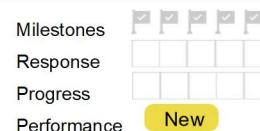
► Child Labour

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.

**Koninklijke Philips NV** (United States, 2022)

► Quality and Safety

Change Objective: Koninklijke Philips NV 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. It must address issues preventing effective product recall.

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

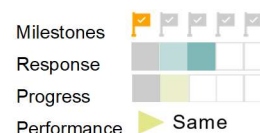
► Quality and Safety - human Rights

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

**Medtronic Plc** (United States, 2022)

► Quality and Safety - human Rights

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**

Syngenta AG (Thailand, 2019)

► Quality and Safety

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

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

► Bribery and Corruption

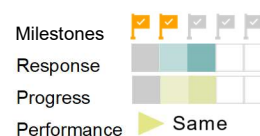
Change Objective: Ericsson should continue to strengthen its anti-corruption and ethical compliance processes in accordance with commitments its public commitments and the settlement with US authorities. Ericsson should maintain transparency regarding the implementation of these improvements or any new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

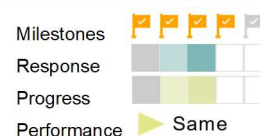
► Controversial Project(s) - Environmental and Human Rights Impacts

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.

**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.

**Petróleos Mexicanos EPE** (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

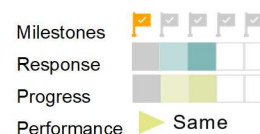
Change Objective: 3M Co. should provide greater clarity and public disclosure on its PFAS stewardship initiative and how it is mitigating potential liability from the historic sale/use of its products outside of the US. In addition, the company should explain how it is applying the lessons learnt from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



Activision Blizzard, Inc. (United States, 2021)

► Discrimination and Harassment

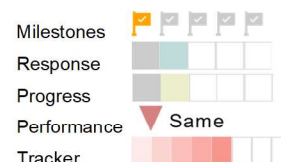
Change Objective: Activision Blizzard should cooperate with ongoing investigations and, if found guilty, compensate plaintiffs. Furthermore, the company should reinforce anti-discrimination policies by conducting related sensitization training, to move towards a culture of gender equality, diversity 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

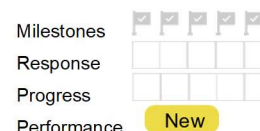
Change Objective: Amazon should take steps to understand the health and safety risks faced by its workers. It should introduce appropriate improvements involving H&S policies and practices aligned with international standards, including proactively mitigating hazards and improving working conditions.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



Blackstone, Inc. (Australia, 2022)

► Money Laundering

Change Objective: Blackstone should have a robust governance framework to ensure effective oversight of the implementation of Crown Resorts anti-money laundering (AML) programme and remedial plan. The company should have an adequate risk management framework covering AML, reporting and monitoring. The company should demonstrate strong leadership on financial crime issues.



* Sustainalytics also engages with Crown Resorts Ltd. which was acquired by Blackstone in June 2022.

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)

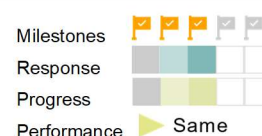
► Quality and Safety - Human Rights

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)

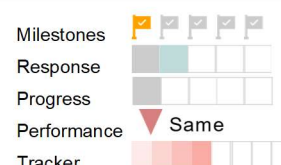
► Involvement with Entities Violating Human Rights

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)

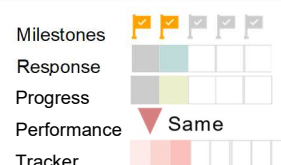
► Quality and Safety - Human Rights

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

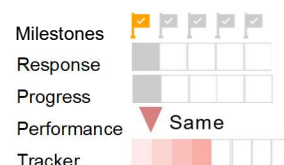
Change Objective: Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal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

**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)

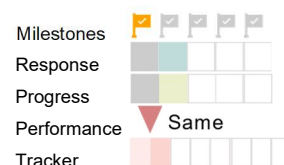
► Leaks, Spills and Pollution - Environmental and Human Rights Impacts

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.

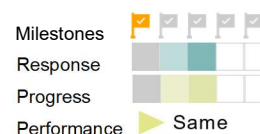


*Previously as **Stryker Corporation**

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)

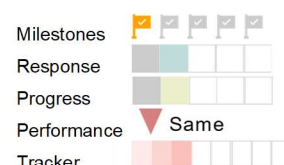
► Quality and Safety - Human Rights

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.

**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)

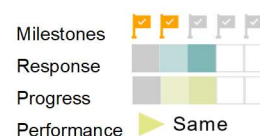
► Incident(s) Resulting in Negative Human Rights Impacts

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.

**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 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

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
	Coal India Limited	
	► Recurring Workplace Accidents	India
	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)	Venezuela
	► Recurring Workplace Accidents	
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	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
	Kangmei Pharmaceutical Co Ltd	
	► Accounting and Taxation	China
EUROPE	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 (AQKRL)	
	► Nuclear Weapons Development	Pakistan
	Aerospace Long-March International Trade Co., Ltd.	
	► Involvement in Cluster Munitions	China
	Anhui GreatWall Military Industry Co., Ltd.	
	► Involvement in Cluster Munitions	China
	Bharat Dynamics Limited	
	► Nuclear Weapons Development	India
	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</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	India
	<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
	Splav State Research & Production Association Fsue	
	► Involvement in Cluster Munitions	Russia
	Tactical Missiles Corp. JSC	
	► Involvement in Cluster Munitions	Russia
LATIN AMERICA AND CARIBBEAN	Avibras Industria Aeroespacial S/A.	
	► Involvement in Cluster Munitions	Brazil
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 complicit in human rights abuses

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
	Rostec Corp.	
	► Involvement with Entities Violating Human Rights	Russia
	*Previously as Rostec Corporation	
	Splav State Research & Production Association Fsue	
	► 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

Disengage due to other reasons

EUROPE	MMC Norilsk Nickel PJSC	
	► Leaks, Spills and Pollution - Environmental and Human Rights Impacts	Russia

Resolved

EUROPE

Swedbank AB (Sweden, 2019)

This is an unusual case whereby the dialogue between Sustainalytics and the company has been poor, but via Swedbank's relatively transparent public disclosures, we were able to determine that it has implemented sufficient risk management systems and internal controls that address financial crime and money laundering and demonstrate that they are robust and universally applied. The board appears to have sufficient and effective oversight of the business. Thus, Sustainalytics has decided to resolve this case.

ISSUE

► Money Laundering

MILESTONES

🏆🏆🏆🏆🏆 5/5 Achieved

Global Standards Engagement Overview

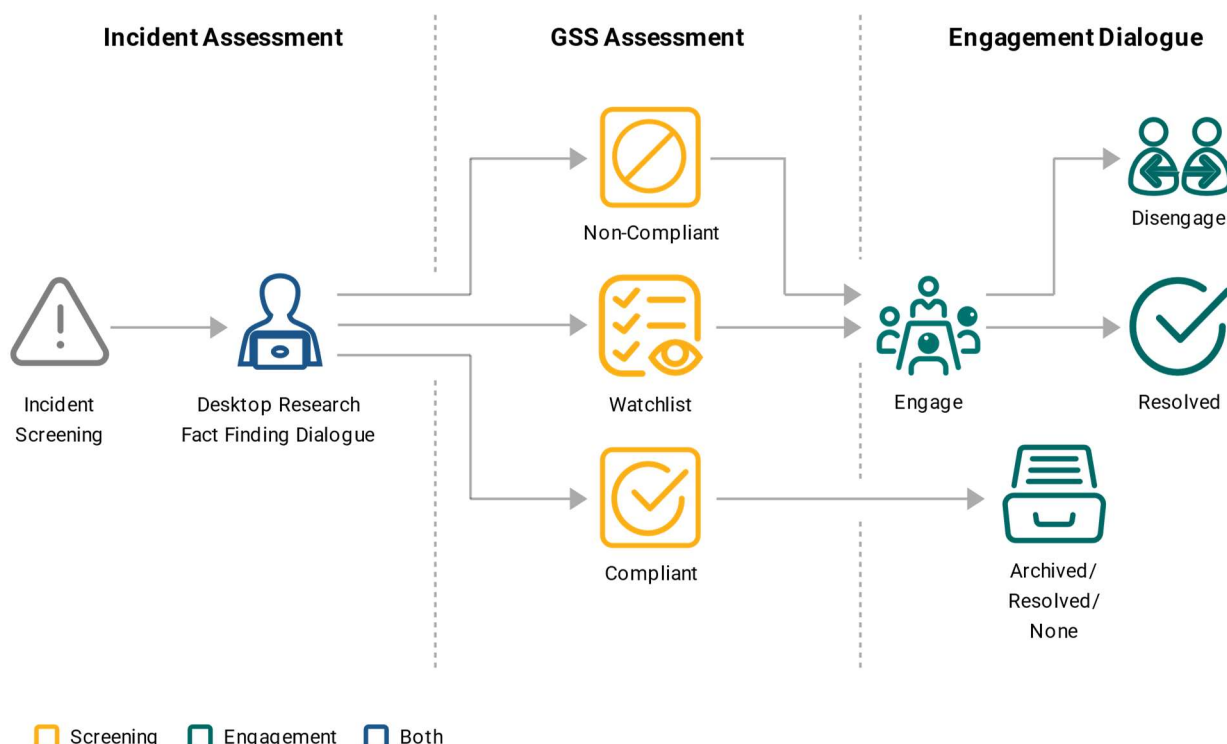
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment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

The fourth quarter marked another busy and fruitful one for MRE. Externally, we continued our engagements with diligence, inspiring companies to better manage ESG risks. Internally, we gathered the global team of engagement managers in Copenhagen, Denmark in September to further build the team and discuss opportunities for process and service enhancements. During this quarter, we had 89 engagement meetings and 422 email exchanges and phone calls. In particular, 20 discussions were held in-person with companies in India and the United States. These represented the very first two engagement trips we have conducted in more than two years. At the time of writing, we are planning for additional trips to the United Kingdom and Brazil before the year end. You can follow the meeting schedule in the calendar on the MRE landing page in Global Access.

Realizing Progress

With the high number of new ESG disclosures 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 94 positive developments and four successfully resolved engagements.

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. You may read more about resolved engagements and examples of the Positive Developments achieved in the section *Engagement Results* in the Quarterly Engagement report for Material Risk Engagement.

Engagement Trends in Asia-Pacific

This quarterly report includes a review of our engagements in Asia-Pacific, which represent a substantial part of our portfolio. Managing operational carbon emissions is the most common focus area in our discussions with companies across the region, followed by risk assessment and product governance. As for the carbon related change objective that we have developed for such engagements, they revolve around disclosure, target setting and development of strategies.

Continual Enhancements

This quarter also saw several service enhancements that improve clients' experience with MRE. Of note is the launch of the Milestone tracking system, which evaluates the stage of a company's "ESG journey" and allows clients having multiple engagement services to benchmark progress across all engagements. Other new features include a filtering option for ESG topics on Global Access that is also aligned with other engagement services, the addition of the momentum score that indicates the change in the ESG Risk Rating score over the past 12 months, as well as information on the company's signatory status to the United Nations Global Compact, any ESG report framework it applies, and its supporter or reporting status with regards to the Task Force on Climate-related Financial Disclosure.

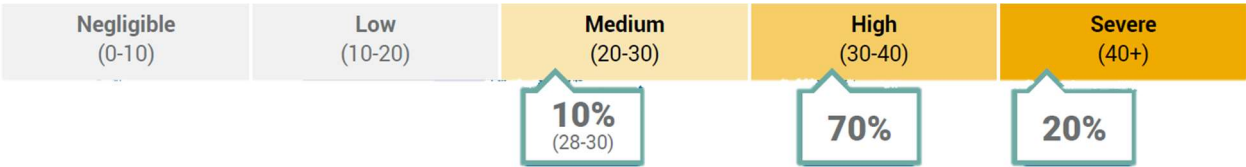
For general questions or feedback regarding MRE, please email mre@sustainalytics.com or Sustainalytics' regional client representatives.

Quarterly Statistics September – November 2022

Key Results



Active Engagements by ESG Risk Ratings Categories

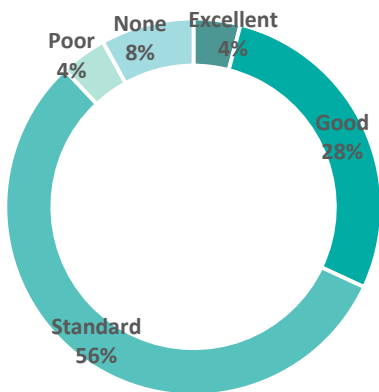


Regional Distribution

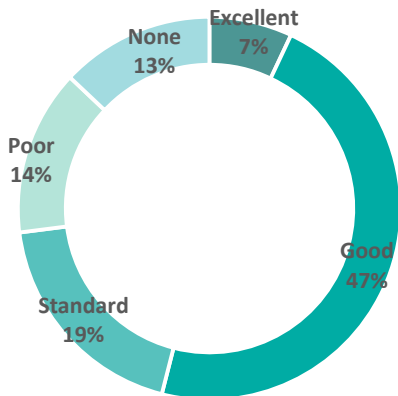




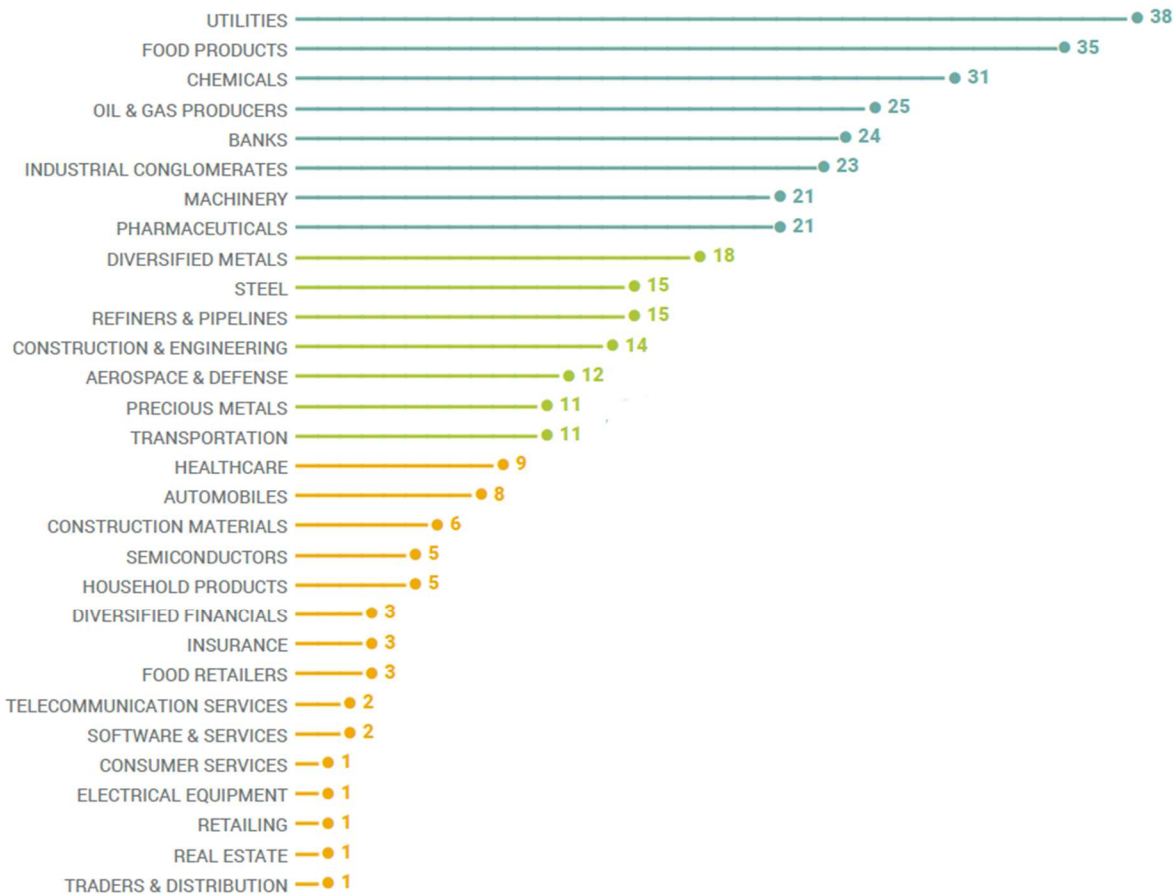
Engagement Progress Overview



Engagement Response Overview



Industry Distribution





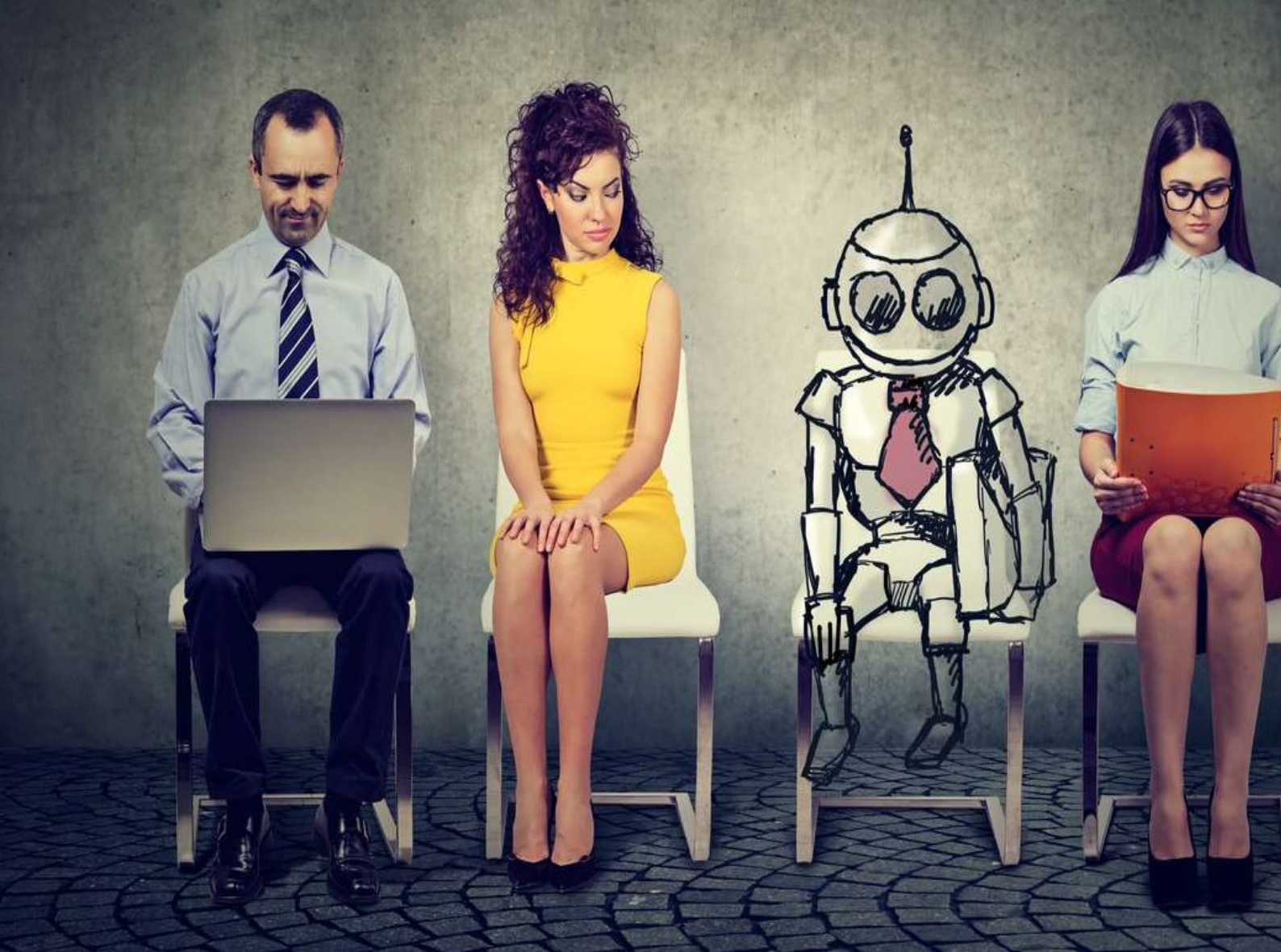
Material ESG Engagement Topics

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. In other words, 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.

ENGAGEMENT TOPICS		ENGAGEMENTS
	Risk Assessment and ESG Disclosure	91
	Carbon Risk Management	72
	Product Governance	43
	Corporate Governance	25
	Emissions, Effluents, and Waste	21
	Community relations	12
	Occupational Health and Safety	10
	E&S Impact of Products and Services	9
	ESG Integration in Financials	7
	Business Ethics	6
	Land Use and Biodiversity	5
	Human capital	4
	Resource use	3
	Data Privacy and Security	2
	Access to basic services	1



Thematic Engagement Human Capital and the Future of Work

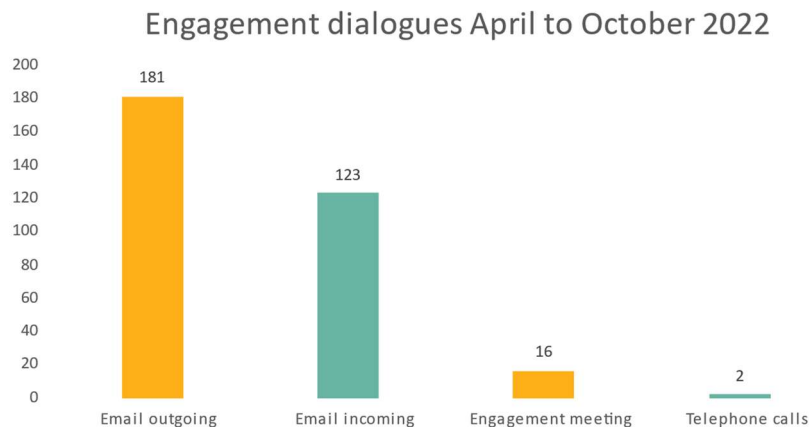
EXECUTIVE SUMMARY

Recent Developments

The materiality of human capital management (HCM) and diversity equity and inclusion (DEI) is increasing as we continue moving into the post-pandemic era. Workers are resigning from their jobs and this trend is not declining. Competition to attract the right talent remains strong because employees are re-evaluating what they want from work⁴. For example, flexibility and mental health and wellbeing are becoming the new workplace imperative⁵. This means that companies need to rethink the employee value proposition. If they do not act, companies risk losing not only their current talent but also the next generation of employees.

Developments and Engagement Efforts from April to October 2022

Since the publication of the April 2022 biannual report, Sustainalytics has exchanged 304 emails, held 2 telephone calls and hosted 16 engagement meetings. Sustainalytics represented investors at one engaged company's internal events to discuss relevant topics with stakeholders on learning and development and the future of work. This event is registered as part of the engagement meetings in the statistics.



Collaborating with subject matter experts and leading organisations that focus on relevant HCM and DEI metrics helps us help inform our engagements with companies. We have been in dialogue with the Business Disability Forum, an organisation committed to disability inclusion, the Living, Learning and Earning Longer Collaborative, an initiative committed to generational diversity, and the CCLA Corporate Mental Health Benchmark, an investor-led initiative to inform and accelerate progress on workplace mental health. We envision a future of shared learnings and collaborations with many different stakeholders.

Furthermore, our dialogue with companies reinforces our hypothesis that the level of corporate reporting on HCM and DEI may not reflect the full scale of action being undertaken on the ground. A lack of disclosure and data makes it difficult for investors and other stakeholders to assess the quality of programs and initiatives and relative performance of companies on HCM and DEI. At this moment in time, through our meetings and collaborations with stakeholders, companies, and clients, we found four focus points that we believe are crucial in understanding the complexities of a DEI journey.

Addressing intersectionality in DEI strategies. Companies would benefit from an intersectional approach to DEI.⁶ Intersectionality refers to a combination of various identities a person can have e.g., a woman of colour with a disability.⁷ A lack of representation

⁴ McKinsey Quarterly (2022). The Great Attrition is making hiring harder. Are you searching the right talent pools? <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/the-great-attrition-is-making-hiring-harder-are-you-searching-the-right-talent-pools>

⁵ Microsoft. (2022). Work Trend Index 2022: Great Expectations Making Hybrid Work Work. <https://www.nbim.no/en/the-fund/responsible-investment/principles/expectations-to-companies/human-capital-management/>

⁶ HBR. (2022). An Intersectional Approach to Inclusion at Work. <https://hbr.org/2022/06/an-intersectional-approach-to-inclusion-at-work>

⁷ WEF. (2020). 5 ways intersectionality affects diversity and inclusion at work. <https://www.weforum.org/agenda/2020/07/diversity-inclusion-equality-intersectionality/>

and understanding in top management can intensify the barriers for vulnerable groups to progress. The intersectionality issue becomes even more relevant when companies deploy initiatives or programs targeting particular groups of employees such as women or ethnic minorities, with unintended negative effects.

Developing inclusive leaders. In the ideal scenario, companies would like to know that their employees feel valued, and treated fairly, and that they belong to the organization. Creating psychological safety in the workplace, meaning people feel safe to raise concerns, share ideas, and learn from mistakes, enables better performance, productivity, innovation, and creativity⁸. However, most companies are not there yet. A necessary ingredient to enable this to happen is to promote inclusive leadership behaviors.

Promoting disability inclusion. Including disability as a core aspect of DEI strategies is key to making an inclusive corporate environment and delivering customer-focused improvements in products and services. Companies addressing disability inclusion can improve business performance by creating better products while having a positive impact on the 1.3 billion disabled people around the world⁹.

Collecting data and measuring performance. This is still the main challenge to showcase progress in DEI efforts. Metrics are necessary for companies to develop data-informed initiatives and ensure progress in the right direction. For example, we have learned through our dialogue with companies that organizational restructurings, acquisitions, or any other changes across the business can influence the baseline data for DEI initiatives.

⁸ Amy Edmonson. (2018). The Fearless Organization - Creating Psychological Safety in the Workplace for Learning, Innovation, and Growth. Accessed at <https://amycedmondson.com/psychological-safety/>.

⁹ The Valuable 500. (2022). Valuable Truth Report 2022. <https://www.thevaluable500.com/wp-content/uploads/2022/05/The-Valuable-Truth-2022.pdf>



Thematic Engagement Responsible Cleantech

EXECUTIVE SUMMARY

The Issue at Hand

Just like the products it aims to replace or make more efficient, cleantech requires space and natural resources. Companies have a responsibility to respect local communities' human rights and consider the environmental impacts in and around sites where raw materials are sourced, where products are made, and/or where renewable energy is generated. Similarly, the cleantech supply chain relies on human resources. The labour rights of workers in mines and factories need to be respected, including healthy and safe working conditions, freedom of association and collective bargaining, and either avoidance or mitigation of child and forced labour. Furthermore, the recycling of products such as solar photovoltaic (PV) systems, wind turbines and vehicle batteries has received less attention than the benefits of these technologies. It is advantageous to promote circular business models for recovering materials when products reach the end of their life cycle. These products are truly sustainable only if all stages in the value chain are environmentally and socially sustainable. Sustainalytics' Responsible Cleantech engagement addresses both the environmental and social implications of the growth of selected cleantech domains – solar PV panels, wind turbines, battery electric vehicles and hydrogen – and aligns with multiple Sustainable Development Goals, namely: SDG 7 Affordable and clean energy, SDG 8 'Decent work and economic growth', SDG 9 'Industry, innovation and infrastructure', SDG 12 'Responsible consumption and production', and 13 'Climate action'.

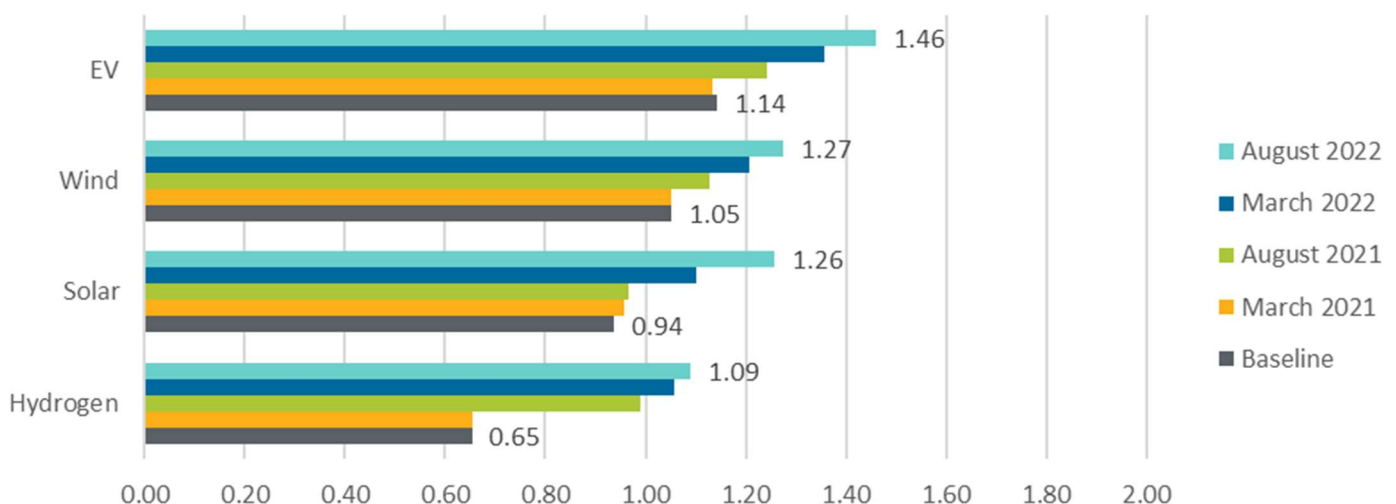


Update on Our Engagement Efforts since March 2022

The Responsible Cleantech thematic engagement program started with a baseline report in September 2020. The fourth biannual report accounts for the progress made between April and August 2022. Furthermore, it marks the end of the second year of this thematic engagement as well as the point where the remaining two engaged companies also passed the score threshold from the Low to the Medium category for the first two KPIs, governance and operational management. The room for further improvement is still more significant for the other three KPIs, supply chain management, circularity and stakeholder engagement.

Throughout the engagement, Sustainalytics assesses the engaged companies on five key performance indicators (KPIs) that cover governance, operational management, supply chain management, circularity, and stakeholder engagement. A scoring scale from 0.00 up to 2.00 is used for this purpose. The chart below shows the average overall score per cleantech domain. The EV domain continues to lead. The solar domain has been catching up with the wind domain. The hydrogen domain still lags behind, although also here there continue to be incremental improvements.

Responsible Cleantech:
Average overall score per cleantech domain



The 19 companies that are presently engaged are Daqo New Energy, First Solar, Ford Motor, Gurit, Hanwha Solutions, Honda Motor, Hyundai Mobis, Johnson Matthey, LG Energy Solution, LONGi Green Energy Technology, Nordex, Plug Power, Schneider Electric, SunPower, Tesla, TPI Composites, Vestas Wind Systems, Volkswagen, and Xinjiang GoldWind Science & Technology. The latest reporting period, from April to August 2022, yielded engagement calls with nine of these companies. Several more calls could only be scheduled after the closing date of this biannual report. Many engaged companies have published a new sustainability report since we issued the previous biannual report in March 2022. The updated disclosures have helped inform the agendas of the new round of calls. In addition to the company engagements, Sustainalytics attended two online conferences and interviewed various subject matter experts. This engagement's efforts to cross-pollinate the various cleantech domains and to leverage existing multi-stakeholder initiatives could drive further improvement of all companies including the more advanced ones.

Multiple engaged companies have expressed acknowledgement that the Responsible Cleantech thematic engagement dialogue as well as various serious multi-stakeholder initiatives are useful. With many dialogues now well established, many companies dare to trust us, share dilemmas, ask for feedback and they are okay with being held to account on live calls with little room for scripted responses. While some investor relations and sustainability managers prepare thoroughly for the dialogue every time, some dialogues have actually benefited from people from a different department getting involved, such as procurement or human resources.

High-Level Insights and Outcomes

Sustainalytics aims for engagement that benefits both the companies and the investors. Tangible environmental and social impacts remain challenging to measure and claim but we know that stewardship engagement makes companies ready for mitigating ESG risk and this creates long-term value. Engagement also helps reinforce broader developments and complimentary efforts of other stakeholders. The Responsible Cleantech thematic engagement's outputs are plentiful, including conference calls that are open to investors and complementary information exchanges by email and phone. Here is a selection of high-level insights and outcomes:

- The engaged companies are headquartered in China, Japan, South Korea, the U.S. and various European countries. Geopolitical tensions and cultural differences aside, the engaged companies share a sense of urgency to take more initiative on corporate sustainability and support a transition towards a low-carbon, circular and socially just economy.
- The Responsible Cleantech thematic engagement has four focus domains: solar, wind, EV and hydrogen. The EV domain appears to be ahead of the other domains when it comes to making progress with raw material traceability and teaming up in multi-stakeholder initiatives to improve environmental and social conditions in the supply chain. Some companies have really been stepping up by adopting already established standards and tools but there are also companies that establish yet new alliances. This is not easily efficient, but it is still better than no chance of meaningful collaboration at all.
- China is accused of large-scale forced labor practices in the Xinjiang Uyghur Autonomous Region. China's dominance in many metal supply chains is so significant that it is hard for companies to circumvent. Chinese companies have already been offshoring some of their production to preserve overseas market access but this does not guarantee that forced labour does not occur further upstream. Most companies still do not have much visibility beyond the first or second tier of their supply chains. It is common practice among the engaged companies to prohibit forced labour, but it is unclear how this is enforced beyond direct suppliers.
- Responsible material sourcing remains a significant area for further improvement. Most companies still have very limited visibility beyond the first one or two tiers of their supply chains and supplier due diligence and engagement efforts are mostly still generic. Mainly some companies in the EV value chain have started to trace specific materials back to their source, identify sustainability risks and develop action plans.
- Whilst the ambitions are there, the wind energy industry still has a long way to go when it comes to delivering recyclable, 'circular' blades at an industrial scale and decarbonizing the supply chain of turbine towers, which is dominated by steel. Innovations with concrete and wood have only been serving niche markets so far and steel production with green hydrogen has only just begun.
- In the latest round of engagement calls, two companies were represented by human resource managers who explained what it takes to retain staff, involving re- and/or upskilling, and to advance with employee diversity, equity and inclusion. It is still common that strategic decisions are made by male staff members in the home country of a company. There is more attention for inclusive leaderships skills now and recognition of the added value of gender diversity and internationalization.

Next Steps

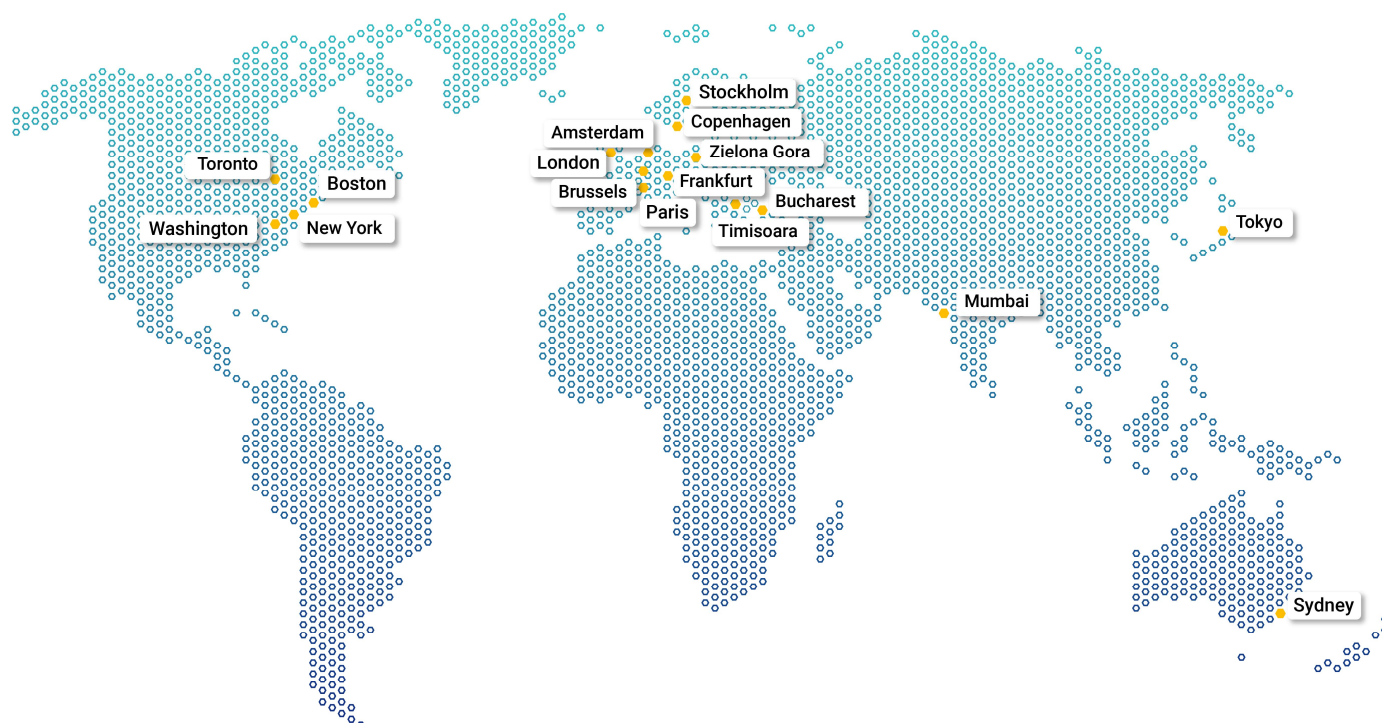
Now that we have an understanding of each engaged company's business and sustainability strategy, Sustainalytics would like to suggest at least one specific improvement for the company to deliver in the short term. Besides continuing to invite the companies' own experts, Sustainalytics can start bringing in some external experts as well. Shortly after the publication of this report, we have scheduled two company calls that will also involve a representative of a multi-stakeholder initiative in which the company participates.

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 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 1,600 staff members, including more than 775 analysts with varied multidisciplinary expertise across more than 40 industry groups.

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