



MORNINGSTAR | SUSTAINALYTICS

Annual Engagement Report

2022

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This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of investor clients in 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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Executive Summary



Paulina Segreto

Paulina Segreto

Director
ESG Products

2022 was a busy year for Global Standards Engagement adding 22 new engagement cases, conducting calls and face-to-face meetings with 94 companies, as well as a site visit to a South African mine, where we were able to see how the company puts health and safety measures in practice. Furthermore, we held two roundtables, one on human rights in the mining industry and another related to corporate culture in the banking sector (more details are included below on the latter).

During 2022, our team engaged with 146 companies that Sustainalytics Global Standards Screening research found to be in violation of, or at risk of violating international norms and standards. Throughout the year, we successfully concluded 10 engagements and continued to help companies improve, reflected in the progress made by various companies achieving engagement milestones. In total, 73 milestones were reached, 35 of which were significant, demonstrating forward movement of policy developments and/or implementation.

In total, we made 3,238 contacts, of which approximately one-third resulted in a meaningful content exchange, and we held 208 engagement meetings. After two years of not meeting with companies in person, due to COVID-19 restrictions, we held several face-to-face meetings. We believe that these in-person meetings add value to our engagements by building trust between the company and our team and allow us to gain a better understanding of the company's challenges and performance. They also provide the company an opportunity to better understand investors' expectations, as well as our engagement approach and objectives.

In response to Russia's invasion of Ukraine at the end of February 2022, we assigned a Disengage status to a number of Russian and Belarusian entities at the end of May. We focused mainly on Russian and Belarusian controlled or state-owned enterprises (SOEs) in sectors identified to be playing a central role in the conflict, as those have been linked to aiding, abetting or enabling the invasion, in violation of international law.

Beyond the many casualties and other humanitarian tragedies, the conflict's direct impacts and the global response to it resulted in severe repercussions for the global economy, as well as for Russian and Belarusian issuers and investors; unprecedented sanctions on Russia and Russian entities were imposed by the international community. Additionally, several international companies operating in Russia withdrew or limited their presence in the country. Companies' responses to the crisis were closely monitored by several stakeholders, including publication of Yale CELI List of Companies Leaving and Staying in Russia by the Yale Chief Executive Leadership Institute, which exposed companies to reputational risks if they took no action.

While engaging, we continued observing a challenging operational landscape for companies, due to the economic situation, political developments, as well as a changing ESG regulatory environment. As the global economy continued to slowly recover from the pandemic at the beginning of the year, the Russian invasion of Ukraine, and Western sanctions in response to the aggression, amplified already ongoing negative trends, such as an increase in energy and commodity prices, high inflation and rising interest rates.

Despite all the uncertainty in 2022 we saw higher interest from companies in responding to our engagements compared to the last two years, largely as a result of the ESG related regulatory requirements recently adopted or underway, for example within the EU, the US and India. Wherever we saw poor or no response or progress we used a variety of our engagement tools. We sent nine collaborative investor letters and escalated 18 companies from our Global Standards Engagement list through AGM voting recommendations to investors. For example, an ESG proxy voting overlay engagement signal escalation led to renewed dialogue in one of our business ethics cases with one of the European bank leading to its participation in the Corporate Culture Roundtable. We also welcomed notably higher institutional investor participation in our engagement calls with companies, demonstrating the importance investors are placing on addressing the incidents we have raised.

We trust you will find the following Annual Engagement report insightful and look forward to continuing our work together in 2023.

Corporate Culture Roundtable with Banks



Angela Flaermich

Associate Director
Stewardship Services

In November 2022, Sustainalytics held its second Global Standards Engagement roundtable event with global banks on Corporate Culture. Four large global banks participated in the roundtable, and heads from their HR, Strategy or Risk divisions made presentations to our institutional investor clients. Two institutional investors presented their views on what they were looking for related to corporate culture. Key learnings from the [first](#) roundtable discussion in 2021 included sharing how to identify existing culture and how to identify gaps from aspirational culture (see the related blog [here](#) and lessons learned [here](#)).

The purpose of the 2022 Roundtable was to bring international banks and institutional investors together to discuss why corporate culture matters, to share best practices on how culture supports the execution of growth strategies and improves engagement with stakeholders and share lessons on how culture is at the foundation of decision-making and risk management.

Banks rely explicitly on trust, which can be instantly lost when there are violations related to regulatory requirements and controls, such as for anti-money laundering (AML), know-your-customer (KYC), data breaches, fraudulent accounting, risk management, etc. These violations are caused by compliance failures in ethics, values and behaviour. Culture is the mechanism driving positive ethics, values and behaviours that contribute to building trust in banks by investors, stakeholders, customers and company staff.

Corporate culture is increasingly recognized as a core pillar for preventing unethical behaviour and improving long-term company performance. Discussions at this Roundtable highlighted that despite the significant steps shown by the general banking industry to establish ethics and compliance related policies and programmes, individual company business ethics controversies continue to occur.

Sustainalytics believes that corporate culture lies at the heart of compliance failures. Culture is like an iceberg, with the company vision statements, business strategy, policies and procedures, clearly visible as records, but what is not clearly visible, under the surface, is the ideas, priorities, preferences, values and attitudes that make up the culture that influences company behaviour.

Between the first and second Roundtables, a shift had occurred in sentiment on culture KPIs; at the first Roundtable, only half the participants felt that corporate culture could be measured in a meaningful way. At the second Roundtable (albeit with many more participants), 94% of participants polled felt that culture could be measured meaningfully.



Nigel Rossouw

Associate Director
Stewardship Services

One bank described its innovative multi-disciplinary team that studies behaviour across the organization. It has developed a framework for what drives behaviour and has set metrics to measure behaviour, related to trust, employee satisfaction, staff engagement and employee churn levels. The bank's view is that we must understand what drives behaviour, as this is the only way in which to change it. The team diagnoses whether there are problematic behavioural trends and creates intervention toolkits aimed at providing actionable items for both the management and employee levels.

Interesting soundbites from the Roundtable discussions include:

- "We talk about how culture nourishes ethics or leads to ethical behaviour, leads to less risky behaviour, but the inverse is also true. Ethical behaviour nourishes good culture".
- "What we shouldn't do is focus only on compliance".
- "Culture is business and business is culture, so it needs to be embedded at the start".
- "Investors are now waiting to see the impact, most probably in the form of honest and transparent reporting, as well as reporting fewer breaches".

In summary, a robust conversation was had between Sustainalytics, bank industry leaders, and institutional investors, which challenged all participants to consider and learn from very diverse approaches to corporate culture changemaking. We will continue the dialogue on corporate culture via our ongoing engagements with the participating banks.

Annual Statistics January – December 2022

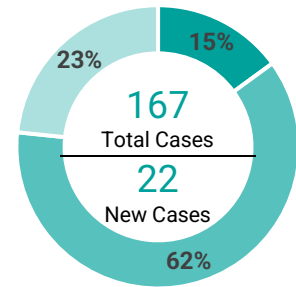
In 2022, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **167** Engagement and Resolved cases.

As of 31 December 2022, we have **157** ongoing Engage cases and **10** Resolved cases throughout 2022.

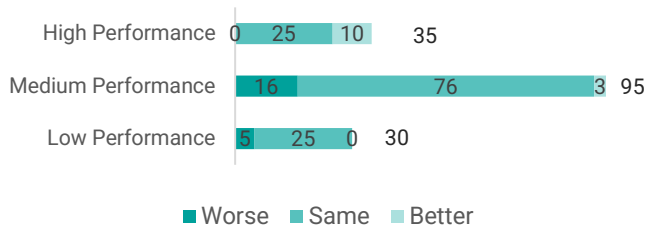


Cases by Theme

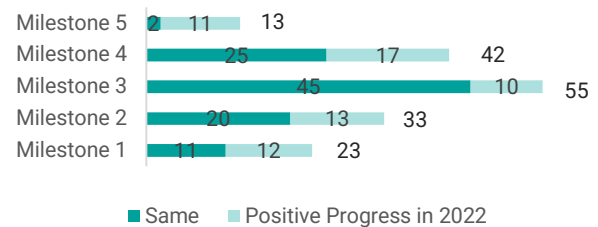
Environmental	25
Social	103
Governance	39



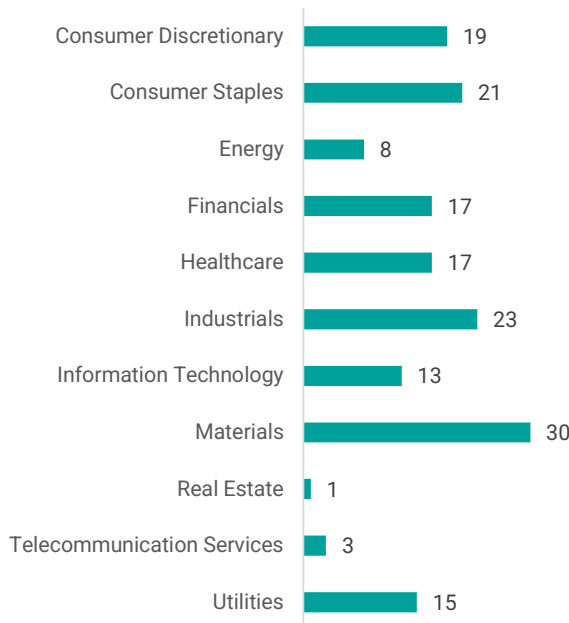
Engagement Performance Overview¹



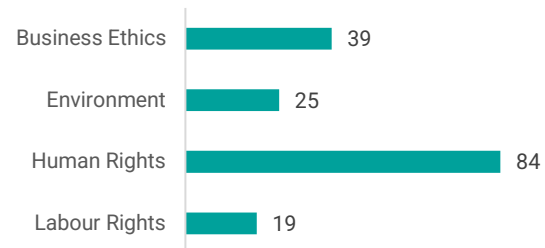
Milestone Overview²



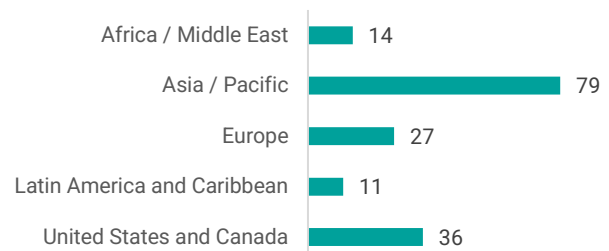
Cases by Sector



Cases by Norm



Cases by Headquarters



¹ In 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.

² In November 2022, Sustainalytics redefined the milestones to offer more granularity on company progress and implementation of engagement objective. The Milestone Overview is based on the decommissioned milestone framework. Milestone data will be reported according to the new framework from 2023 reporting cycle.

Engage Cases

Engage cases as of 31 December 2021 **157 cases / 146 companies**
 Engage cases worked on during the year **191 cases / 180 companies**
 New Engage cases during the year **22 cases / 22 companies**
 Number of Engage cases with Medium and High development **120 cases / 76.4 % of all Engage cases**



Resolved Cases

Resolved cases as of 31 December 2021 **10 cases / 10 companies**
 Dialogue statistics on the Resolved cases

- Meeting **60 meetings / 6.00 meetings per case**
- Email/Telephone/Postal Mail/Fax **808 contacts / 80.8 contacts per case**



Disengage Cases

Disengage cases as of 31 December 2020 **93 cases / 83 companies**
 New Disengage cases during the year **45 cases / 22 cases due to Low Performance**

Archived Cases

Total number of Archived cases during the year **23 cases / 20 companies**

Associated Cases

Total number of Associated cases during the year **156 cases / 142 companies**

Activities

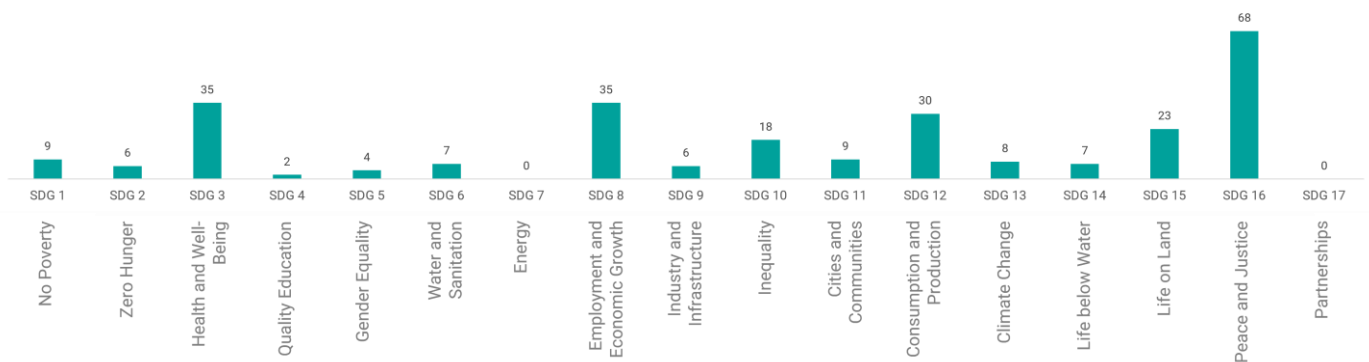
Number of contacts with companies on ESG issues **3238 contacts / including 1900 outgoing contacts and 1130 incoming contacts**
 Number of content-related communications **928 contacts / including 476 outgoing contacts and 244 incoming contacts**
 Number of meetings held with companies on ESG issues **8 Meetings In-Person / 200 Conference Calls**

Number of meetings quarterly breakdown

Quarter	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Meetings	42	51	39	76

Total impact related milestones achieved (milestones 3-5)³ **35 milestones / 32 companies**

UN Sustainable Development Goals (SDGs) Distribution of All Engage Cases as of 31 December 2022



³ Based on the old framework.


Company Dialogue & Progress Summary

Legend


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

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

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



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



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

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


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

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



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

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

 3/5 Achieve

Engage

AFRICA / MIDDLE EAST

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

► Bribery and Corruption

Engagement Commentary: Sustainalytics held one conference call with the company during 2022. Bezeq has done work to address the business ethics and corruption concerns that triggered the case, and the engagement is trending positively. The company was very accepting of recommendations to improve its disclosure. This focus will continue in 2023, along with confirming the strength of Bezeq's programmatic response.

Milestones 


Performance
FEB MAY AUG NOV⁴


Elsewedy Electric Co. (Tanzania, 2020)

► Controversial Project(s) - Environmental Impacts

Engagement Commentary: Sustainalytics held four conference calls with Elsewedy in 2022. During the year, the company developed a group environmental policy and a group biodiversity policy. In 2023, Sustainalytics will focus the engagement on corporate planning and on monitoring of biodiversity performance and metrics.

Milestones 

Performance
FEB MAY AUG NOV


Eskom Holdings SOC Ltd. (South Africa, 2019)

► Air Pollutant Emissions

Engagement Commentary: Sustainalytics held one conference call and one face-to-face meeting with Eskom in 2022. The company disclosed data on its emissions and offsetting programme. In the second meeting of 2022, Eskom gave a detailed account of the offsetting programme and its benefits for both local communities and the company's impact. Eskom is making improvements on ESG metrics, and Sustainalytics continues to monitor the emissions situation.

Milestones 

Performance
FEB MAY AUG NOV


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

► Occupational Health and Safety

Engagement Commentary: Sustainalytics held six engagement meetings with Harmony Gold in 2022, one of which was a site visit to a deep-level gold mine. Harmony is at an advanced stage of implementing its safety transformation programme. In 2023, Sustainalytics will focus the engagement on reviewing culture metrics and recognizing positive safety behaviour.

Milestones 

Performance
FEB MAY AUG NOV


MTN Group Ltd. (South Africa, 2019)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held one conference call with MTN in 2022. The company remains open to the engagement and continues to show growth in its human rights due diligence practice. In 2022, MTN continued to demonstrate its commitment to understanding and managing its human rights impacts, by for example commissioning a digital human rights impact assessment to further its preparedness.

Milestones 

Performance
FEB MAY AUG NOV



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

OCP SA (Western Sahara, 2016)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held one conference call with OCP in February 2022, after which the engagement has effectively been stalled. The company stated that in its view it has the necessary social license to operate; however, it has provided no evidence to confirm this. We are awaiting information relating to the company's assurances that it has such license.

Milestones 

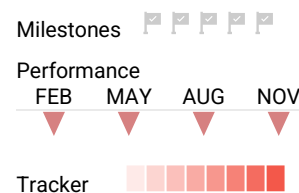
Performance
FEB MAY AUG NOV


⁴ This case was impacted by the new Performance calculations in Nov 2022.

Orascom Investment Holding SAE (North Korea, 2020)

► Involvement With Entities Violating Human Rights

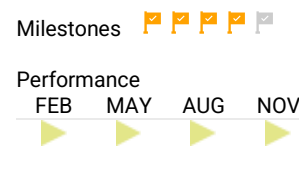
Engagement Commentary: Sustainalytics made several attempts to establish contact with Orascom Investment Holding throughout 2022, including an investor letter and a call during which the company promised to provide its input shortly. Unfortunately, nothing was ultimately shared with Sustainalytics. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.



Sibanye Stillwater Ltd. (South Africa, 2018)

► Occupational Health and Safety

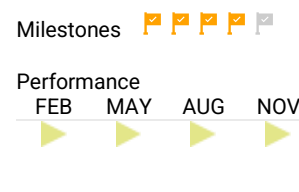
Engagement Commentary: Sibanye Stillwater participated in four conference calls with Sustainalytics throughout 2022. The company made substantial improvements to the safety policies and procedures in its mines. Unfortunately, fatality statistics remain high, and ongoing monitoring will establish the effectiveness of the improvements.



Teva Pharmaceutical Industries Ltd. (United States, 2019)

► Price-Fixing Violations

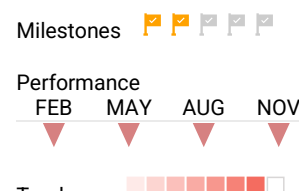
Engagement Commentary: Sustainalytics held two engagement calls with Teva Pharmaceutical Industries in 2022. It is clear from disclosures on its website and via its ESG report that the company is comprehensively delivering on its ethics commitments. In 2023, the engagement will focus on evaluating the significance of staff training.



The Okomu Oil Palm Co. Plc (Nigeria, 2019)

► Activities Resulting in Adverse Human Rights Impacts

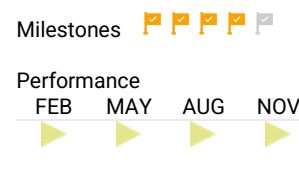
Engagement Commentary: Throughout 2022, Okomu remained unresponsive, despite various contact attempts, including a collaborative investor letter sent to the company in November 2022. Okomu shows some progress via public disclosures, such as Roundtable on Sustainable Palm Oil certification and signing a Free, Prior, and Informed Consent (FPIC) agreement for its most recent land acquisition, but we still have many outstanding concerns, for example how lands not covered by FPIC agreements will be addressed. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.



Tiger Brands Ltd. (South Africa, 2019)

► Quality and Safety - Human Rights

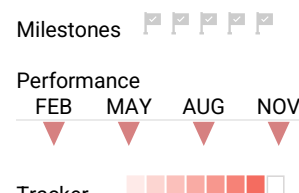
Engagement Commentary: Sustainalytics held two conference calls with Tiger Brands in 2022. The company conducts regular staff training on food safety, has introduced a requirement for all facilities to obtain food safety certifications, and has implemented a product recall procedure. In 2023, the engagement will focus on supply chain management and cultural change at the company.



Tongaat-Hulett Ltd. (South Africa, 2020)

► Accounting and Taxation

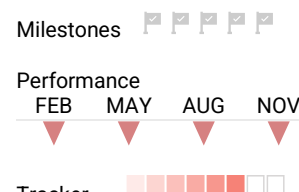
Engagement Commentary: Sustainalytics had limited dialogue with Tongaat Hulett in 2022. The company was suspended from the Johannesburg Stock Exchange in July 2022. As a result, it pushed to delay engagement until its disclosures were updated and it had progressed further on its restructuring. Since the company is in significant financial distress, an engagement dialogue is assumed to be of low corporate priority. Thus, Sustainalytics will reconsider the status of this case in early 2023.



Turkiye Halk Bankasi AS (Turkey, 2021)

► Fraud

Engagement Commentary: Sustainalytics attempted to contact Turkiye Halk Bankasi in 2022; however, the company has so far been unresponsive to our inquiries. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of this case.



*Associated company: **Halk Gayrimenkul Yatirim Ortakligi AS**

ASIA / PACIFIC

Adani Enterprises Ltd. (Australia, 2016)





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

Engagement Commentary: Engagement with Adani Enterprises was more successful in 2022 than in 2021, with the company making relevant disclosures in writing. This included significant responses in relation to its participation plan for Indigenous peoples.

*Associated company: **Adani Wilmar Ltd. (New)**

Milestones 

Performance

FEB	MAY	AUG	NOV
			

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





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

Engagement Commentary: Sustainalytics held three calls with Adani Ports & Special Economic Zone in 2022, which focused almost entirely on the company's exit from Myanmar. Issues related to Kattupalli Port in India remain unresolved, and the company advises that construction has not commenced. In relation to Myanmar, the engagement focused on how the company is ensuring an appropriate overview of human rights issues, and on strengthening companywide responses.

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			

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





► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held three calls with Adani Ports & Special Economic Zone in 2022, which focused almost entirely on the company's exit from Myanmar. The engagement focused on how the company is ensuring an appropriate overview of human rights issues, and on strengthening companywide responses to human rights violations. Issues related to Kattupalli Port in India remain unresolved, and the company advises that construction has not commenced.

*Associated company: **Adani Wilmar Ltd.**

Milestones 

Performance

FEB	MAY	AUG	NOV
			

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

► Quality and Safety - Human Rights

Engagement Commentary: Engagement with Aekyung Industrial was largely unsuccessful in 2022, despite repeated attempts, including a collaborative investor letter. The responses from the company have been high-level and not constructive. However, in August 2022, the company disclosed a copy of its new ESG report, and directed Sustainalytics to the report's contents in order to provide answers to outstanding queries.

Milestones 

Performance

FEB	MAY	AUG	NOV
			

AMP Ltd. (Australia, 2019)

► Consumer Interests - Business Ethics

Engagement Commentary: Sustainalytics held three conference calls with AMP in 2022, and the company was present at a Sustainalytics Roundtable on Culture in the Banking Sector in November. Evidence of AMP's progress with its Culture Transformation Programme included the establishment of a culture working group and the disclosure of its updated Values and Purpose Statement. In 2023, Sustainalytics will continue to monitor AMP's progress on its risk culture performance.

*Associated company: **AMP Capital Investors Ltd.**

Milestones 

Performance

FEB	MAY	AUG	NOV
			

Baidu, Inc. (China, 2021)





► Involvement With Entities Violating Human Rights

Engagement Commentary: Communications with Baidu were inconsistent during 2022. Ultimately, the first substantive call of the engagement was held in December. Baidu highlighted its existing human rights policy and content management ecosystem, which address issues of expression (among other things) on its platforms. Dialogue in 2023 will focus on these practices, as well as on disclosure gaps that contribute to uncertainty regarding rights management.

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			


Bank of Baroda (South Africa, 2022)

► Money Laundering

Engagement Commentary: Sustainalytics made several attempts to initiate a dialogue with Bank of Baroda in 2022. The company has so far been unresponsive, and Sustainalytics will make new attempts in 2023.

Milestones 

Performance

FEB	MAY	AUG	NOV
		New	


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


► Occupational Health and Safety

Engagement Commentary: Despite several attempts to make contact in 2022, China Energy Engineering declined to engage with Sustainalytics. Given the severity of harm stemming from the company's inadequate safety practices, we made use of various engagement escalation activities to seek progress.

*Associated company: **China Gezhouba Group Co., Ltd. (New)**

Milestones 

Performance
FEB MAY AUG NOV


Tracker 

China Gas Holdings Ltd. (China, 2021)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held two conference calls with China Gas in 2022. The company responded well to the engagement dialogue and made systematic and structural changes to its operations. These changes represent an improvement in quality and safety.

Milestones 

Performance
FEB MAY AUG NOV



China Petroleum & Chemical Corp. (China, 2019)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with China Petroleum & Chemical Corp. in 2022, which focused on the necessary practices for implementing its new human rights policy. In parallel, Sustainalytics is analyzing the company's corporate structure, in order to ensure that we are effectively engaging with the correct division.

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

Milestones 

Performance
FEB MAY AUG NOV



China Railway Construction Corp. Ltd. (Ecuador, 2022)

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

Engagement Commentary: Sustainalytics initiated engagement with China Railway Construction in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

*Associated companies: **CRCC Chengan Ltd. (New)**, **CRCC High-Tech Equipment Corp. Ltd. (New)** and **CRCC Yuxiang Ltd. (New)**

Milestones 


Performance
FEB MAY AUG NOV


Crown Resorts Ltd. (Australia, 2021)

► Money Laundering

Engagement Commentary: Sustainalytics held one conference call with Crown Resorts in 2022. The company developed a culture transformation programme during the year. In 2023, Sustainalytics will continue the engagement with Crown and with its new owner Blackstone Inc.

Milestones 

Performance
FEB MAY AUG NOV


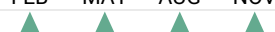
FGV Holdings Bhd. (Malaysia, 2017)

► Forced Labour

Engagement Commentary: Sustainalytics held one conference call with FGV in May 2022. The company provided details on efforts to lift the Withhold Release Order issued by the US Customs and Border Protection (CBP), progress made with the Fair Labour Association (FLA), and efforts to regain Roundtable on Sustainable Palm Oil certification for its Seriting mill. The independent audits required by the CBP and the Independent External Assessment report by the FLA were conducted. Remediation plans are being developed.

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

Milestones 

Performance
FEB MAY AUG NOV


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

► Labour Rights - Operations

Engagement Commentary: Formosa's response to Sustainalytics' queries was slow in 2022, partly due to the changes in the company's investor relations team. The company stated that it was working with an external auditing company to monitor its suppliers, but it provided no details on the monitoring system. Formosa also informed Sustainalytics that it prefers communication via email. In 2023, Sustainalytics will continue to pursue a conference call with the company.

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

Milestones 

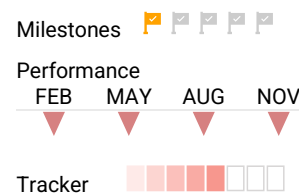
Performance
FEB MAY AUG NOV


GCL Technology Holdings Ltd. (China, 2021)

► Forced Labour

Engagement Commentary: The dialogue with GCL was limited throughout 2022. In November, the company finally responded to Sustainalytics and requested a two-month postponement before it could discuss ESG issues. The company has publicly denied the accusation of using forced labour in Xinjiang, and its annual report does not contain substantial information on labour rights risk management. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

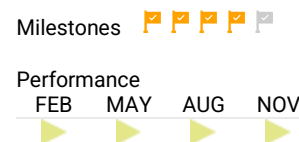
*Associated company: **GCL New Energy Holdings Ltd.**

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

► Land Use and Biodiversity

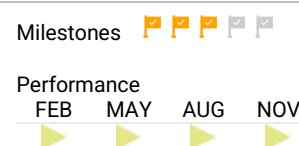
Engagement Commentary: Sustainalytics held two conference calls with Golden Agri-Resources in 2022. The company is very responsive to requests for engagement and delivery of relevant content. The focus of the engagement has so far been on establishing the company's response to ensure environmental protection. Our engagement efforts in 2023 will focus on the delivery of remediation activities in Liberia.

*Associated companies: **PT Sinar Mas Agro Resources & Technology Tbk** and **PT Sinar Mas Group**

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

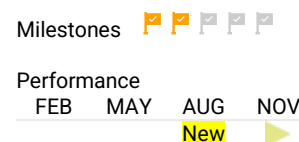
► Involvement With Entities Violating Human Rights

Engagement Commentary: One conference call was held with Hikvision in 2022, during which its chief compliance officer provided comments on human rights due diligence practice and related challenges. Its disclosure remains subpar, partly owing to sensitivity related to business conditions and the issue at hand. However, it remains willing to engage with Sustainalytics, and 2023 will focus on clarifying expectations and discussing opportunities for improved disclosure.

**Hino Motors, Ltd.** (Japan, 2022)

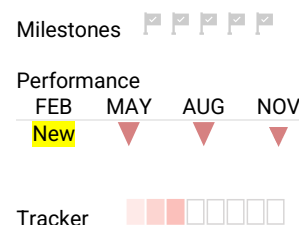
► Consumer Interests – Business Ethics

Engagement Commentary: Sustainalytics held one conference call with Hino Motors in 2022. During the year, Hino launched its Trust Restoration Project and initiated business restructuring. In 2023, Sustainalytics will focus the engagement on reviewing culture reform and operational excellence.

**Huafu Fashion Co., Ltd.** (China, 2022)

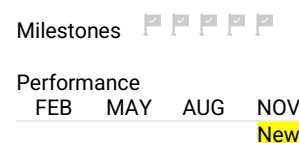
► Forced Labour

Engagement Commentary: After several months of effort, Sustainalytics finally established contact with Huafu Fashion in 2022. Huafu has shown interest in engaging with Sustainalytics. The company officially denied the accusation of using forced labour in Xinjiang, yet it provides no information in its annual report on how it ensures the protection of human rights in its operations and supply chain. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

**Hyundai Development Co.** (South Korea, 2022)

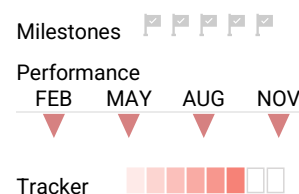
► Quality and Safety

Engagement Commentary: Sustainalytics initiated engagement with Hyundai Development Co. in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

**Imperial Pacific International Holdings Ltd.** (United States, 2021)

► Labour Rights

Engagement Commentary: Imperial Pacific has not responded to our outreach attempts throughout 2022. The company denied links to the ongoing labour disputes and stated that it requires its contractors and subcontractors to comply with the law. Disclosures are limited and the company provides few details on the implementation of labour rights initiatives. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.

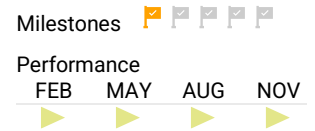


Indofood Agri Resources Ltd. (Indonesia, 2018)

► Labour Rights - Operations

Engagement Commentary: Although Sustainalytics made various contact attempts, no conference calls with Indofood took place in 2022. The company has so far refused to engage with Sustainalytics' engagement team. Sustainalytics will escalate the case accordingly in 2023.

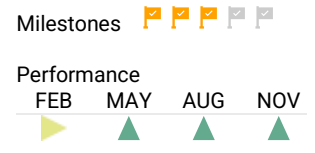
*Associated companies: *PT Indofood Sukses Makmur Tbk, PT Perusahaan Perkebunan London Sumatra Indonesia Tbk, PT Salim Ivomas Pratama Tbk and First Pacific Company Limited*



Korea Electric Power Corp. (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

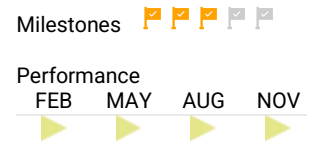
Engagement Commentary: Sustainalytics held three engagement meetings with KEPCO in 2022. The company made continued progress throughout 2022 on influencing the Laos government to complete the permanent replacement housing and to continue providing livelihood support for the project affected people of the Xe-Pian Xe-Namnoy Dam disaster. In 2023, Sustainalytics will focus the engagement on subsidiary governance.



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

► Incident(s) Resulting in Negative Human Rights Impacts

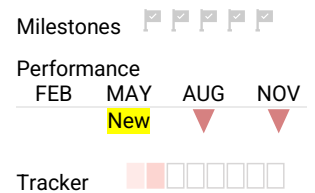
Engagement Commentary: Sustainalytics has made several attempts to contact KOWEPO in 2022; however, the company was unresponsive to our inquiries. We will make further attempts to initiate a dialogue in 2023. In the meantime, we are indirectly sourcing information on the Xe-Pian Xe-Namnoy Dam from KEPCO, the holding company. In 2023, we will focus the engagement on dam safety issues and reviews of the dam surveillance monitoring plans.



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

► Forced Labour – Supply Chain

Engagement Commentary: Sustainalytics established contact with Li Ning in December 2022. The company is open to discussing ESG topics. In its 2021 corporate social responsibility report, Li Ning disclosed that it conducts internal social audits and collects third-party audit reports from suppliers. However, it provides no information regarding forced labour in Xinjiang. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

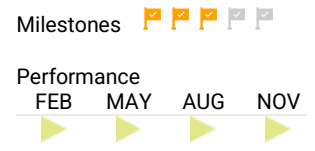


Lotte Corp. (South Korea, 2019)

► Business Ethics

Engagement Commentary: Sustainalytics has made several attempts to contact Lotte Corp. in 2022; however, the company has so far been unresponsive to our inquiries. In the recent years the company has strengthened its ethics and compliance by implementing a "Transparent Management" policy, a compliance charter and established a compliance committee. Sustainalytics will continue contacting company and will pursue a conference call in 2023.

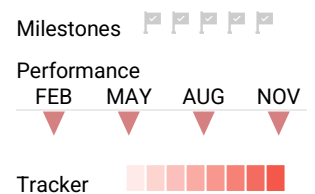
*Associated companies: *Lotte Chemical Corp, Lotte Chilsung Beverage Co Ltd, Lotte Confectionery Co., Ltd., Lotte Data Communication Co., Lotte Fine Chemical Co., Ltd., Lotte Food Co., Ltd., LOTTE Himart Co. Ltd., Lotte Non-Life Insurance Co., Ltd., Lotte Shopping Co., Ltd., and Lotte Chemical Pakistan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



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

► Labour Rights

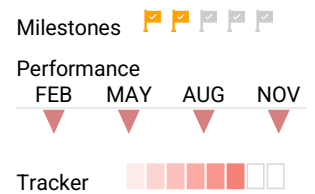
Engagement Commentary: Communication with Lu Thai has been difficult since 2018, however in October 2022 we had a brief conversation with the company's representative who gave us information about company's ESG procedures and directed us to ESG reports and information in the public domain. The company's 2021 CSR report states that Lu Thai has implemented a code of conduct and inspected suppliers but did not demonstrate systematic monitoring of labour conditions. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.



Luckin Coffee, Inc. (China, 2020)

► Accounting and Taxation

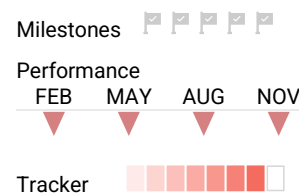
Engagement Commentary: Sustainalytics made several attempts to initiate a dialogue with Luckin Coffee in 2022; however, the company has so far been unresponsive. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.



NLC India Ltd. (India, 2021)

► Occupational Health and Safety

Engagement Commentary: NLC India has not responded to Sustainalytics' continued contact attempts, which have included emails, telephone calls and an investor letter. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.

**Ntpc Ltd.** (Bangladesh, 2017)

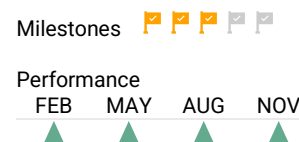
► Controversial Project(s) - Environmental and Human Rights Impacts

Engagement Commentary: Ntpc has been open to continued engagement and has acknowledged the relevant environmental issues. During a site visit conducted by Sustainalytics in September 2022, NTPC demonstrated the environmental standards employed at the primary site, as well as some of its emergency preparations.

**Ntpc Ltd.** (India, 2018)

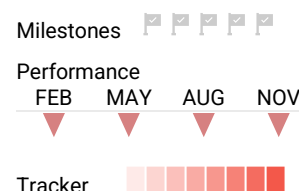
► Occupational Health and Safety

Engagement Commentary: Ntpc has been open to continued engagement and has acknowledged the importance of addressing safety issues. Sustainalytics conducted a site visit in September 2022, during which NTPC demonstrated the safety standards of its day-to-day operations, as well as some of its emergency preparations. Some of these standards are higher than those of local peers.

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

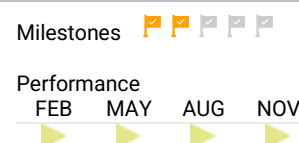
► Forced Labour

Engagement Commentary: Sustainalytics managed to establish contact with OFILM in 2022. The company confirmed that it had dissolved its subsidiary Nanchang OFILM, which was removed from the US Entity List in June 2022. Neither the company nor the US Department of Commerce has provided details on the case. We will review all the currently available information and seek a conclusion in 2023.

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

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Oil & Natural Gas in 2022. The focus was the mechanisms for the delivery of commitments made in the company's human rights policy, which was released in the second half of 2022. The engagement is challenging, with the company not offering any significant disclosures in relation to the queries raised, but dialogue continues. In 2023, the engagement will focus on improving disclosure.

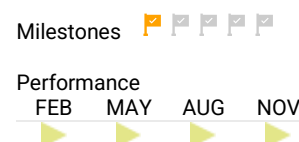


*Associated company: **ONGC Videsh Ltd.**

Page Industries Ltd. (India, 2020)

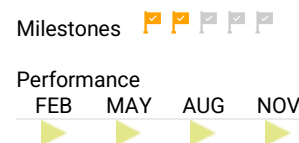
► Labour Rights

Engagement Commentary: Sustainalytics held one conference call with Page Industries in 2022, during which the company maintained its denial of all allegations of labour rights abuses. It stated that it provides its workers with many benefits but did not discuss issues such as supply chain oversight and freedom of association. The company did not agree to a second meeting, and Sustainalytics will continue to seek meaningful engagement in 2023.

**Petroliam Nasional Bhd.** (Malaysia, 2019)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Engagement activities with Petroliam Nasional stalled in the first half of 2022. Discussions focused on the form of engagement, with the company eventually expressing a preference for written queries. Sustainalytics issued the company with a set of queries in September 2022, and a response is expected in first-quarter 2023. Once this is received, Sustainalytics will assess the content and the best way forward for the dialogue.



*Associated companies: **Petronas Global Sukuk Ltd.** and **PETRONAS Energy Canada Ltd.**

POSCO STEELON Co., Ltd. (Myanmar, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Posco Steeleon in 2022, which focused on the delivery of human rights due diligence for the company's operations in Myanmar. With the de-listing of Posco C&C (Posco Steeleon's parent company), the engagement is with Posco Group. Disclosures are focused and relevant. We continue to seek the completion of its human rights due diligence.

*Associated company: **POSCO Holdings Inc.**

Milestones

Performance
FEB MAY AUG NOV

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

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

Engagement Commentary: Sustainalytics initiated engagement with Power Construction Corporation of China in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones

Performance
FEB MAY AUG NOV

PT FKS Food Sejahtera Tbk (Indonesia, 2019)

► Consumer Interests - Business Ethics

Engagement Commentary: In November 2022, after several reminders sent, Sustainalytics re-established contact with FKS. The company stated that it acquired the subsidiary involved in the controversy in 2020. It has since then appointed a new management team and board to ensure good governance. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

Milestones

Performance
FEB MAY AUG NOV

Tracker

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

► Land Use and Biodiversity

Engagement Commentary: Sustainalytics held one conference call with PT Indah Kiat Pulp & Paper Tbk in 2022 to discuss the company's approach to deforestation and biodiversity in its operations and supply chain. The company has been responsive, and a call will be arranged in February 2023.

Milestones

Performance
FEB MAY AUG NOV

*Associated company: **PT Sinar Mas Group**

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

► Emissions, Effluents and Waste

Engagement Commentary: Sustainalytics held one conference call with Inalum in 2022. During the call, we discussed Inalum's lack of ESG disclosures, as well as the need for the company to provide disclosures on the environmental performance of the Grasberg mine. In 2023, Sustainalytics will focus the engagement on aligning Inalum's practices with international standards.

Milestones

Performance
FEB MAY AUG NOV

PT Pabrik Kertas Tjiwi Kimia Tbk (Indonesia, 2021)

► Land Use and Biodiversity

Engagement Commentary: Sustainalytics held one conference call with PT Pabrik Kertas Tjiwi Kimia Tbk in 2022 to discuss the company's approach to deforestation and biodiversity in its operations and supply chain. The company has been responsive, and a next call will be arranged in February 2023.

Milestones

Performance
FEB MAY AUG NOV

*Associated company: **PT Sinar Mas Group**

PTT Exploration & Production Plc (Myanmar, 2022)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics initiated engagement with PTT Exploration & Production Plc in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones

Performance
FEB MAY AUG NOV

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

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

► Involvement With Entities Violating Human Rights

Engagement Commentary: The engagement with PTT Oil & Retail Business Public commenced in October 2022 with an email exchange with the company's investor relations department. No disclosures of any substance have so far been made. Sustainalytics will increase its efforts to engage with the company on a meaningful level in 2023.

Milestones

Performance
FEB MAY AUG NOV


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

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

► Incident(s) Resulting in Negative Human Rights Impacts

Engagement Commentary: Ratch Group was unresponsive to Sustainalytics requests for engagement in 2022. However, it reports on its human rights due diligence system and risk management governance structure, as well as improvements made in relation to community relations and how it learned from the dam collapse. We will continue to pursue contact with the company in 2023.

*Associated company: **RH International (Singapore) Corp. Pte Ltd.**Milestones 


Performance
FEB MAY AUG NOV


Rio Tinto Ltd. (Australia, 2020)

► Community Relations - Indigenous Peoples

Engagement Commentary: Sustainalytics held four conference calls with Rio Tinto in 2022. During the year, the company updated its Social Performance Standard and disclosed its performance towards its commitments regarding the Juukan Gorge remediation plan. In 2023, Sustainalytics will focus the engagement on how Rio Tinto safeguards the intangible cultural heritage of indigenous peoples.

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


Performance
FEB MAY AUG NOV


Samling Global Ltd. (Malaysia, 2019)

► Land Use and Biodiversity

Engagement Commentary: Despite our various attempts to organize a conference call throughout 2022, Samling Global has been unwilling to hold calls, preferring to communicate in writing. The company is making some progress, having a Responsible Forest Management policy that is partly in line with international recommended norms, disclosing a forest management planning process, and having forest operations certified under the Malaysian Timber Certification Scheme.

Milestones 


Performance
FEB MAY AUG NOV


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

► Accounting and Taxation

Engagement Commentary: Samsung Biologics has continued to disclose in line with its commitment to address bribery issues. Despite our various attempts to organize a conference call throughout 2022, the company has been unwilling to hold calls, preferring to communicate in writing. Sustainalytics will continue to argue for a call, together with investor clients.

Milestones 


Performance
FEB MAY AUG NOV


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

► Accounting and Taxation

Engagement Commentary: Samsung C&T has continued to disclose in line with its commitment to address bribery issues. Despite our various attempts to organize a conference call throughout 2022, the company has been unwilling to hold calls, preferring to communicate in writing. Sustainalytics will continue to argue for a call, together with investor clients.

Milestones 

Performance
FEB MAY AUG NOV


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

► Bribery and Corruption

Engagement Commentary: Samsung Electronics has continued to disclose in line with its commitment to address bribery issues. Despite our various attempts to organize a conference call throughout 2022, the company has been unwilling to hold calls, preferring to communicate in writing. Sustainalytics will continue to argue for a call, together with investor clients.

Milestones 


Performance
FEB MAY AUG NOV


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

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

Engagement Commentary: Sustainalytics initiated engagement with SDIC Power Holdings Co., Ltd. in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones 

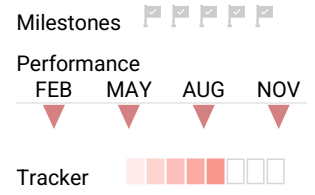
Performance
FEB MAY AUG NOV
 **New**

*Associated company: **State Development & Investment Corp., Ltd. (New)**

Shezan International Ltd. (Bangladesh, 2021)

► Child Labour

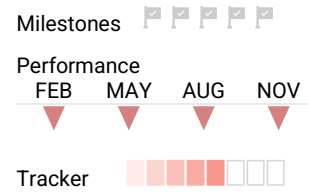
Engagement Commentary: Shezan did not respond to Sustainalytics throughout 2022, despite many efforts to contact the company since 2021, including a request via the Pakistan Stock Exchange. Shezan provides no information on ESG issues in its 2021 annual report or on its website. In 2023, we will escalate the case with an investor co-signed letter requesting information on Shezan’s due diligence procedure to protect human rights in its operations and supply chain. If no meaningful output is provided, we will reconsider the status of the case.



Shezan International Ltd. (Bangladesh, 2021)

► Occupational Health and Safety

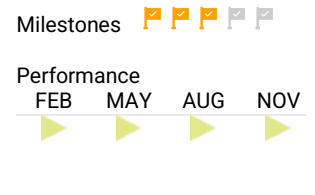
Engagement Commentary: Shezan did not respond to Sustainalytics throughout 2022, despite many efforts to contact the company since 2021, including a request via the Pakistan Stock Exchange. Shezan provides no information on ESG issues in its 2021 annual report or on its website. In 2023, we will escalate the case with an investor co-signed letter requesting information on Shezan’s due diligence procedure to protect human rights in its operations and supply chain. If no meaningful output is provided, we will reconsider the status of the case.



Sime Darby Plantation Bhd. (Malaysia, 2021)

► Forced Labour

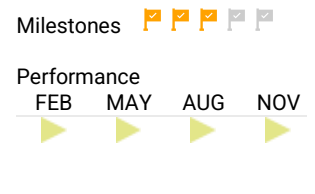
Engagement Commentary: Sustainalytics held one call with Sime Darby in 2022 to discuss the steps the company has been taking to improve labour conditions in its operations. In April 2022, the company submitted the IMPACTT report to US Customs and Border Protection, and a call with Sustainalytics is planned for January 2023 to discuss the company’s response to the RSPO Secretariat Decision, which was released in November 2022.



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

► Quality and Safety - Human Rights

Engagement Commentary: SK Discovery continues to prefer engagement in writing, with 2022 seeing the return of queries presented to the company and the issuance of new queries. The company also published a new ESG page on its website in 2022, the content of which we used to develop a new set of queries regarding product quality, product stewardship and compliance with the company’s business ethics policy.

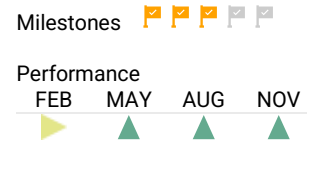


*Associated company: **SK Chemicals Co. Ltd.**

SK Inc. (Laos, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

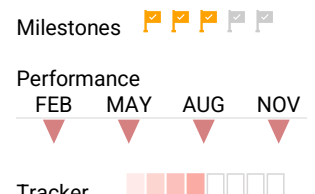
Engagement Commentary: Sustainalytics held one conference call with SK Inc. in 2022. During the year, the company continued to exercise influence on its subsidiaries, directing the Xe-Pian Xe-Namnoy Dam project company to make progress on the provision of permanent resettlement housing and providing livelihood support to affected communities. In 2023, Sustainalytics will focus the engagement on how communities are involved in emergency planning for dams.



Supermax Corp. Bhd. (Malaysia, 2021)

► Forced Labour

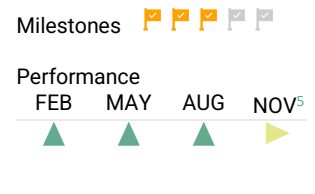
Engagement Commentary: After one year of non-response, Sustainalytics held a conference call with Supermax in November 2022. However, the company has not responded to any follow-up emails. Media reports and Supermax’s report show that it has started reimbursing workers’ recruitment fees and dormitory renovations are ongoing, but this information is insufficient to ensure that the rights of migrant workers are respected. We will continue to pursue contact with the company in 2023.



Suruga Bank Ltd. (Japan, 2019)

► Business Ethics

Engagement Commentary: Suruga Bank was unresponsive to Sustainalytics requests for engagement in 2022. However, in the company’s annual report, it reports on establishing and implementing a compliance charter as a standard benchmark of conduct for employees, as well as developing a new company vision statement which includes a commitment to improve compliance measures. We will continue to pursue contact with the company in 2023.



⁵ This case was impacted by the new Performance calculations in Nov 2022.

Tencent Holdings Ltd. (China, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Tencent in 2022. The company showed a willingness to engage but took time to understand internally how to respond to engagement requests. It also expressed a preference for speaking directly with Sustainalytics and for keeping its engagement with investors separate. In 2023, the dialogue will continue to probe the company's human rights due diligence and content moderation practices.

*Associated companies: **Tencent Music Entertainment Group, Sogou, Inc., Yixin Group Ltd. (New), Sumo Group Plc (New) and China Literature Ltd. (New)**

Milestones

Performance
FEB MAY AUG NOV

The Star Entertainment Group Ltd. (Australia, 2022)

► Money Laundering

Engagement Commentary: Sustainalytics initiated engagement with The Star Entertainment Group Ltd. in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones

Performance
FEB MAY AUG NOV

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

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

Engagement Commentary: Tokyo Electric Power Co (TEPCO) engaged reluctantly with Sustainalytics in early 2022, exclusively in writing, but through continued dialogue efforts the value of engagement was successfully communicated, resulting in a resumption of open conference calls. TEPCO have addressed a number of outstanding issues and the engagement continues with a focus on long term safety provisions at the Fukushima site.

Milestones

Performance
FEB MAY AUG NOV

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

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

Engagement Commentary: Sustainalytics initiated engagement with Tongling Nonferrous Metals Group Co., Ltd. in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones

Performance
FEB MAY AUG NOV

Top Glove Corp. Bhd. (Malaysia, 2021)

► Labour Rights - Operations

Engagement Commentary: Sustainalytics held two conference calls with Top Glove in 2022. The company has reimbursed all migrant workers for the recruitment fees, is working with an external company to operate a workers' grievance helpline, and has built new dormitories for migrant workers. In 2023, the engagement will focus on analyzing the results of its various efforts.

Milestones

Performance
FEB MAY AUG NOV

TOSHIBA Corp. (Japan, 2020)

► Accounting and Taxation

Engagement Commentary: Sustainalytics held one conference call with Toshiba in 2022. The company has a governance policy that also covers governance and control of its subsidiaries. In 2023, Sustainalytics will focus the engagement on culture reform and compliance.

Milestones

Performance
FEB MAY AUG NOV

Toyota Motor Corp. (Japan, 2022)

► Consumer Interests – Business Ethics

Engagement Commentary: Sustainalytics held one conference call with Toyota in 2022. Toyota has a subsidiary governance framework that provides for the risk management of its subsidiaries. In 2023, Sustainalytics will focus the engagement on compliance management.

Milestones

Performance
FEB MAY AUG NOV

UPL Ltd. (South Africa, 2021)

► Emissions, Effluents and Waste

Engagement Commentary: Sustainalytics held two conference calls with UPL in 2022, in addition to meaningful engagement via email. Engagement with the company has focused on understanding and assessing its response to the incident, and monitoring progress on its remediation activities. Activities planned for 2023 will focus on verifying the success of the remediation efforts.

Milestones

Performance
FEB MAY AUG NOV

Vedanta Ltd. (India, 2019)

► Community Relations

Engagement Commentary: Sustainalytics held three engagement meetings with Vedanta in 2022. Vedanta has appointed an independent panel to advise the company on its ESG strategy and ESG improvement plans, and to review its updated company standards. In 2023, Sustainalytics will continue to focus the engagement on monitoring Vedanta's social license to operate.

*Associated company: **Hindustan Zinc Limited**

Milestones

Performance
FEB MAY AUG NOV

Weibo Corp. (China, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Following Weibo's failure to respond to attempts at communication in 2021, Sustainalytics held one conference call with the company in late 2022. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

*Associated company: **SINA Corp.**

Milestones

Performance
FEB MAY AUG NOV

Tracker

Westpac Banking Corp. (Australia, 2020)

► Money Laundering

Engagement Commentary: Sustainalytics held three conference calls with Westpac in 2022. The company has so far attained 95% completion of the implementation phase of its Customer Outcomes and Risk Excellence Programme, which is independently assessed on a quarterly basis. In 2023, Sustainalytics will continue to monitor the progress towards Westpac's risk management targets.

*Associated company: **Westpac New Zealand Ltd.**

Milestones

Performance
FEB MAY AUG NOV

Wilmar International Ltd. (Indonesia, 2019)

► Community Relations - Indigenous Peoples

Engagement Commentary: Sustainalytics held one conference call with Wilmar in 2022. The company is working with Earthworm Foundation to consult Indigenous communities in West Sumatra. In the middle of 2022, Wilmar launched a best practice management manual for conservation to support its plantation managers. The meetings in 2023 will focus on the company's risk scoping and policy reviews.

*Associated companies: **Shree Renuka Sugars Ltd, Yihai Kerry Arawana Holdings Co., Ltd., Benso Oil Palm Plantation Ltd and Adani Wilmar Ltd. (New)**

Milestones

Performance
FEB MAY AUG NOV

Wockhardt Ltd. (India, 2019)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Wockhardt in 2022, focusing on quality management. The company has been responsive to queries posed by Sustainalytics. Additionally, the company started its ESG journey in 2022, with a view to releasing its first ESG report in early 2023. This will form the basis of a new set of queries from Sustainalytics, to be sent following the disclosure.

Milestones

Performance
FEB MAY AUG NOV

Xinjiang Xinxin Mining Industry Co., Ltd. (China, 2022)

► Forced Labour

Engagement Commentary: Sustainalytics initiated engagement with Xinjiang Xinxin Mining Industry Co., Ltd. in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones

Performance
FEB MAY AUG NOV

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

► Forced Labour

Engagement Commentary: Sustainalytics made multiple attempts to contact Xinjiang Zhongtai throughout 2022, but did not receive any response. The company publicly denied the accusation that it engages in forced labour practices. We will continue to pursue contact with the company in 2023.

Milestones

Performance
FEB MAY AUG NOV

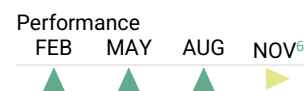
Tracker

YES BANK Ltd. (India, 2020)

► Business Ethics

Engagement Commentary: Sustainalytics held two conference calls with Yes Bank in 2022. We asked for improved disclosure on its bribery and corruption programme, training on bribery and corruption prevention, and worked on improving corporate culture with the ultimate aim of improving long term business ethics performance. We also received updates related to non-performing assets and legal issues.

Milestones

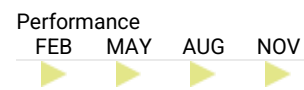


Zijin Mining Group Co., Ltd. (Papua New Guinea, 2015)

► Activities Resulting in Adverse Environmental Impacts

Engagement Commentary: Sustainalytics held two conference calls with Zijin in 2022. The company has made some progress on addressing environmental concerns, although questions remain around its plans to remediate the Porgera site after decommissioning. This issue has affected much of Zijin's new policy approach, with the firm committing to no longer use riverine tailings. Zijin continues to engage positively and has expanded its ESG team, which is increasingly proactive.

Milestones



*Associated company: **Guyana Goldfields Inc**

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

► Activities Resulting in Adverse Human Rights Impacts

Engagement Commentary: Sustainalytics held two conference calls with Zijin in 2022. The company has made significant progress on addressing human rights concerns. This legacy issue has affected much of Zijin's new policy approach, with the company making real efforts to ensure the policy is followed on the ground. Zijin continues to engage positively and has expanded its ESG team, which is increasingly proactive in its activities. The case is in the advanced stages of engagement.

Milestones



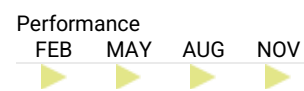
*Associated company: **Guyana Goldfields Inc**

ZTE Corp. (Iran, 2019)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics was in dialogue with ZTE in 2022. The company's responses to Sustainalytics have pointed to its work to improve sanctions compliance without providing substantive insight into whether it undertakes human rights due diligence in relation to its products or business relationships. In 2023, the engagement will focus on human rights due diligence.

Milestones



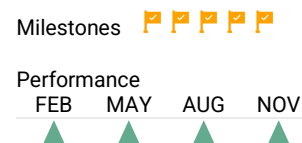
⁶ This case was impacted by the new Performance calculations in Nov 2022.

EUROPE

Barclays Plc (United Kingdom, 2019)
 ▶ Business Ethics

Engagement Commentary: Sustainalytics held one conference call with Barclays in 2022. The company provided details on its process for raising concerns and confirmed the independence of its whistleblowing hotline. It has also linked remuneration for employees and management to business ethics performance and compliance KPIs. The case is in the advanced stages of engagement.

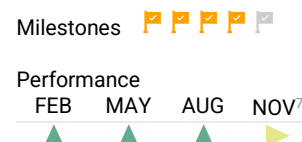
*Associated Companies: **Barclays Bank Plc (New)** and **Barclays Capital, Inc. (New)**



Bayer AG (United States, 2018)
 ▶ Quality and Safety - Human Rights

Engagement Commentary: In 2022, Sustainalytics held two conference calls with Bayer and participated in its OpenLabs360 event. We concentrated on asking the company to discontinue glyphosate-based products for the retail market worldwide, educate users of glyphosate products on safe use, speed up development for a replacement product for glyphosate, and enhance labelling.

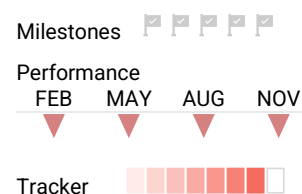
*Associated company: **Bayer CropScience Ltd. (India)**



Bolloré SE (Cameroon, 2019)
 ▶ Activities Resulting in Adverse Human Rights Impacts

Engagement Commentary: Bolloré’s response to our outreach has been limited. The company states that its vigilance plan for human rights issues does not apply to companies in which it does not have a “controlling” stake, and that it is thus exempt from its main source of controversy (via a minority stake in Socfin). In March 2022, we sent an official letter from Sustainalytics which led to our first conference call with Bolloré, but it did not prompt a material change in stance. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.

*Associated companies: **La Forestière Équatoriale SA, Compagnie de l’Odet SE and Compagnie du Cambodge**



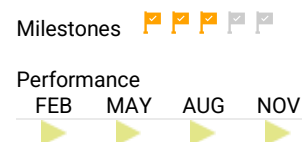
boohoo group Plc (United Kingdom, 2020)
 ▶ Labour Rights - Supply Chain

Engagement Commentary: Sustainalytics held two conference calls with Boohoo in 2022. While the company demonstrated that it has built a system to screen and register all suppliers and started to audit suppliers, it could strengthen its approach by further improving its sourcing practices and conducting risk assessments to reduce its over-reliance on audits.

Credit Suisse Group AG (Switzerland, 2019)
 ▶ Business Ethics

Engagement Commentary: Credit Suisse continues to be very open to our engagement. In 2022, we held three conference calls with the company and concentrated our efforts on changing its corporate culture, strengthening risk management functions, and revising compensation practices. We provided multiple detailed suggestions for improving its corporate culture to further strengthen business ethics performance, several of which the company has since implemented.

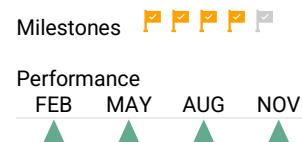
*Associated companies: **Credit Suisse AG (Guernsey) (New)** and **Credit Suisse (Schweiz) AG (New)**



Danske Bank A/S (Estonia, 2018)
 ▶ Money Laundering

Engagement Commentary: Sustainalytics held two conference calls with Danske Bank in 2022. We focused on strengthening corporate culture initiatives that improve business ethics performance. We worked to improve disclosure on Danske’s plan for fighting financial crime, which the company continues to make good progress on implementing. This is also partly reflected in the resolutions of investigations by US and Danish regulators in December 2022.

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



⁷ This case was impacted by the new Performance calculations in Nov 2022.

Deutsche Bank AG (Russia, 2019)

► Money Laundering

Engagement Commentary: Deutsche Bank has been a challenging engagement. For three years, the company was unwilling to discuss topics related to anti-money-laundering efforts. We eventually made progress with a conference call in May 2022, and Deutsche Bank joined our corporate culture roundtable with banks in November 2022. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

*Associated Companies: **Deutsche Bank México SA, Institución de Banca Múltiple, Deutsche Bank SAE (New)** and **DWS Group GmbH & Co. KGaA (New)**

Milestones

Performance

FEB	MAY	AUG	NOV

Tracker

EDP-Energias de Portugal SA (Portugal, 2020)

► Bribery and Corruption

Engagement Commentary: In 2022, EDP implemented the first phase of its Criminal Legal Risk Prevention Programme, approved the Integrity Policy and obtained the ISO 37001 Anti-bribery and UNE-ISO 37301 Compliance Management System certifications. In 2023, Sustainalytics will focus the engagement on the company's integrity management system.

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

Milestones

Performance

FEB	MAY	AUG	NOV

G4S Plc (Qatar, 2020)

► Forced Labour

Engagement Commentary: Two conference calls were held with G4S in 2022. G4S is responsive and open to sharing detailed information on measures taken to improve human rights management with regard to migrant workers and other risk areas. In 2022, the company provided insight into its work to improve conditions at UK detention facilities, as well as integrating and updating human rights and other ESG policies and practices across Allied Universal (following the G4S acquisition).

*Associated Companies: **Allied Universal Manager LLC and Allied Universal Holdco LLC (New)**

Milestones

Performance

FEB	MAY	AUG	NOV

GCM Resources Plc (Bangladesh, 2021)

► Controversial Project(s) - Human Rights Impacts

Engagement Commentary: Sustainalytics made several attempts to contact GCM Resources in 2022; however, the company has so far been unresponsive to our inquiries. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.

Milestones

Performance

FEB	MAY	AUG	NOV

Tracker

Glencore Plc (Switzerland, 2022)

► Bribery and Corruption

Engagement Commentary: In 2022, Sustainalytics initiated a new dialogue with Glencore focusing on bribery and corruption and held a conference call with the company in December 2022. During the year, Glencore implemented a new assurance process for its ethics and compliance programme. In 2023, Sustainalytics will focus the engagement on culture transformation and conduct risk.

*Associated company: **PolyMet Mining Corp. (New)**

Milestones

Performance

FEB	MAY	AUG	NOV
		New	

Glencore Plc (Bolivia, 2021)

► Child Labour

Engagement Commentary: Sustainalytics held two constructive conference calls with Glencore in 2022, focusing on its approach to child labour and artisanal and small-scale mining. The company described its risk-based approach to human rights due diligence at corporate, geography and asset level and during procurement. In the call held in December 2022, Glencore shared that it is buying ore from Bolivia and that it conducts human rights due diligence as part of the purchasing process.

*Associated company: **PolyMet Mining Corp.**

Milestones

Performance

FEB	MAY	AUG	NOV ⁸

⁸ This case was impacted by the new Performance calculations in Nov 2022.

Indivior PLC (United States, 2019)

► Consumer Interests - Business Ethics

Engagement Commentary: Following re-engagement with Indivior in 2021, Sustainalytics held a single conference call with the company in February 2022. Following this, the company expressed its desire for queries to be posed in writing for the foreseeable future. The company also expressed its view that the content of its first ESG report will provide information to support the disclosures that it made during the February meeting.

Milestones

Performance
FEB MAY AUG NOV

Koninklijke Philips NV (United States, 2022)

► Quality and Safety

Engagement Commentary: Sustainalytics initiated engagement with Koninklijke Philips NV in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

Milestones

Performance
FEB MAY AUG NOV
 New

Mallinckrodt Plc (United States, 2020)

► Quality and Safety - Human Rights

Engagement Commentary: The engagement with Mallinckrodt is at an advanced stage. In 2022, the company successfully emerged from its Chapter 11 bankruptcy process. We obtained better disclosure on its pharmacovigilance process and reporting structure, and we discussed corporate culture and what the company is doing to further emphasize product quality and safety and ethical sales and marketing practices.

Milestones

Performance
FEB MAY AUG NOV

Medtronic Plc (United States, 2022)

► Quality and Safety - Human Rights

Engagement Commentary: The engagement with Medtronic commenced in 2022, and after an initial stall, it proceeded constructively. The company expressed a preference for engagement to be in writing but is willing to consider conference calls as the engagement proceeds. Sustainalytics will develop a new set of queries in early 2023 and pursue a conference call with the company.

Milestones

Performance
FEB MAY AUG NOV
 New

* Associated companies: **Medtronic, Inc.** (**New**), **Medicrea International SA** (**New**) and **Intersect ENT, Inc.** (**New**)

Orpea SA (France, 2022)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics' engagement with Orpéa was established in June 2022, but the company has since been postponing appointments. In November 2022, Orpéa published its re-foundation plan, which includes commitments to eliminating financial malpractice, strengthening financial transparency and improving human resource management.

Milestones

Performance
FEB MAY AUG NOV
 New

* Associated companies: **Orpea Belgium SA** (**New**)

Sanofi (Philippines, 2020)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Sanofi in 2022. While the company is willing to meet regularly and provide disclosures on how it addresses product quality and safety, it remains adamant that it did not mishandle the Dengvaxia issue. In 2022, we focused on encouraging Sanofi to enhance its transparency on payments made to healthcare professionals, and to better educate the public on the use of its products.

Milestones

Performance
FEB MAY AUG NOV

*Associated companies: **Sanofi India Ltd.**, **Principia Biopharma, Inc.**, **Kiadis Pharma N.V.**, **Sanofi-Aventis Participations SAS**, **Translate Bio, Inc.** (**New**) and **Kadmon Holdings, Inc.** (**New**)

Siemens Gamesa Renewable Energy SA (Western Sahara, 2018)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Siemens Gamesa Renewable Energy in 2022. The company continues to declare that human rights due diligence is not required for the delivery of its activities in Western Sahara. However, the company undertakes comprehensive risk management activities as well as local community development projects indicating that it does have an organizational response to understanding some aspects of human rights due diligence.

Milestones

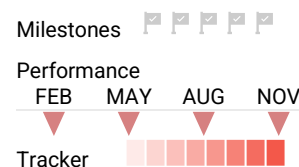
Performance
FEB MAY AUG NOV

*Associated company: **Siemens Energy AG**

Société Financière des Caoutchoucs SA (Cameroon, 2019)

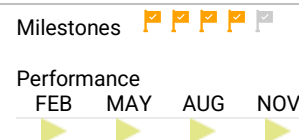
▶ Activities Resulting in Adverse Human Rights Impacts

Engagement Commentary: Socfin did not respond to our many attempts to engage throughout 2022. The company has made some progress and public disclosures, such as obtaining membership and certification in the Roundtable on Sustainable Palm Oil. However, it remains significantly exposed to community relations issues and faces an unusually high number of land rights disputes and community grievances. We will continue to work towards establishing contact in early 2023; however, if no meaningful output is provided, we will reconsider the status of the case.

*Associated companies: **Société de Caoutchoucs de Grand-Bereby, Socfinaf SA and Socfinasia S.A.****Syngenta AG** (Thailand, 2019)

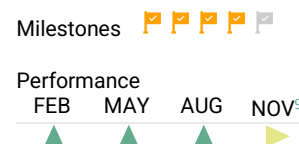
▶ Quality and Safety

Engagement Commentary: Sustainalytics held two conference calls with Syngenta in 2022. These calls focused on product stewardship with the company confirming the use of sustainability criteria to ensure safety of products. Alongside this, the company provided details of the delivery of extensive user 'product application' training to ensure that users are aware of risks and can effectively use protective equipment.

*Associated companies: **China National Chemical Corp. and Sinochem Group Co., Ltd.****Telefonaktiebolaget LM Ericsson** (Sweden, 2020)

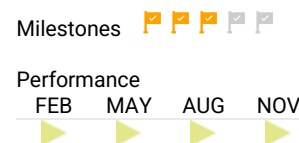
▶ Bribery and Corruption

Engagement Commentary: Ericsson and Sustainalytics met once in-person in 2022. Ericsson remains open to dialogue, but escalating bribery and corruption controversies during 2022 made it more circumspect in scheduling calls. It still demonstrates good progress on its anti-corruption programme, and all signs suggest that its investments will help to remediate the year's controversies. In 2023, we will continue to focus on its compliance strategy and performance metrics.

*Associated company: **Vonage Holdings Corp. (New)****Teleperformance SA** (France, 2021)

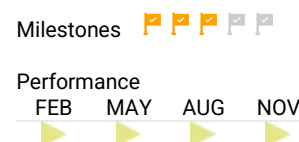
▶ Freedom of Association

Engagement Commentary: Sustainalytics held three conference calls with Teleperformance in 2022, during which the company stated its interest in responding to employee issues and supporting employee representation. In December 2022, it signed a global framework agreement with UNI Global Unions, which directly addresses freedom of association concerns at the company. In 2023, the focus will be on understanding the implementation of this agreement.

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

▶ Community Relations

Engagement Commentary: Sustainalytics held three engagement meetings with Vedanta in 2022. Vedanta has appointed an independent panel to advise the company on its ESG strategy and ESG improvement plans, and to review its updated company standards. In 2023, Sustainalytics will continue to focus the engagement on monitoring Vedanta's social license to operate.

⁹ This case was impacted by the new Performance calculations in Nov 2022.

LATIN AMERICA AND CARRIBEAN

BRF SA (Brazil, 2019)

► Consumer Interests - Human Rights

Engagement Commentary: Sustainalytics held one conference call with BRF in 2022. The company has been responsive and open in dialogue, though personnel changes in 2022 precluded a second meeting. It has provided updates on its efforts to ensure a food safety culture. The focus in 2023 will be on encouraging BRF's progress and enhancing its disclosure and targets in relation to this topic.

Milestones 

Performance

FEB	MAY	AUG	NOV
			





Centrais Elétricas Brasileiras SA (Brazil, 2020)

► Controversial Project(s) - Human Rights Impacts

Engagement Commentary: Sustainalytics held one conference call with Eletrobras in 2022. The company has developed human rights mitigation plans for all Eletrobras special-purpose entities (SPEs), and in 2022, it appointed a consultant to assess the human rights impacts of its operations. In 2023, Sustainalytics will focus the engagement on the company's progress in implementing the human rights mitigation plans at its SPEs.

Milestones 

Performance

FEB	MAY	AUG	NOV
			





Empresas Públicas de Medellín ESP (Colombia, 2019)

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

Engagement Commentary: Sustainalytics made several attempts to contact Empresas Públicas de Medellín in 2022. However, the company remained unresponsive. In 2022 the company improved its Disaster Risk Management Plan and Contingency Plan and at the end of the year tested its Evacuation Plan. We will make further attempts to re-establish the dialogue in 2023 in order to learn about the outcome of the Evacuation Plan and the social and environmental actions of the Specific Action Plan.

Milestones 

Performance

FEB	MAY	AUG	NOV ¹⁰
			





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

► Freedom of Association

Engagement Commentary: Grupo Mexico engaged very positively during 2022. The company has demonstrated very good progress on labour relations, with new policies introduced in 2021 proving effective. No further industrial disputes have arisen, and the company does not foresee any in the near future. It is also maintaining a more positive relationship with labour unions. Its employee turnover rate is now within industry norms and satisfaction surveys show improvements. The case is in the advanced stages of engagement.

Milestones 

Performance

FEB	MAY	AUG	NOV
			

*Associated companies: **GMéxico Transportes SAB de CV** and **Mexico Generadora de Energia S de RI**





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

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

Engagement Commentary: Grupo Mexico has continued to improve the environmental controls and management systems at its sites. The company held one conference call with Sustainalytics in 2022. The evidence suggests that the improved environmental management systems have been successful, and the company has not reported any new incidents.

Milestones 

Performance

FEB	MAY	AUG	NOV
			

*Associated companies: **GMéxico Transportes SAB de CV** and **Mexico Generadora de Energia S de RI**

JBS SA (Brazil, 2017)

► Bribery and Corruption

Engagement Commentary: Sustainalytics held four conference calls and one face to face meeting with JBS in 2022. We asked for and received improved disclosure on compliance measures, hires to the compliance team, reporting structures, whistleblowing mechanisms, monitoring activities and training. We also worked on corporate governance, advocating for shortened term limits for board members, and specific training on bribery and corruption.

Milestones 

Performance

FEB	MAY	AUG	NOV
			

JBS SA (United States, 2020)

► Business Ethics

Engagement Commentary: Sustainalytics held four conference calls and one face to face meeting with JBS in 2022. We spoke about setting 'tone from the top' and prioritizing ethical behaviour. The company has improved its disclosure on training on business ethics and compliance, as well as on hires to the compliance team, and has enhanced its related policies. We asked JBS to consider revising the remuneration structure for its salespeople and to improve its disclosure on whistleblower statistics.

Milestones 

Performance

FEB	MAY	AUG	NOV
			

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

¹⁰ This case was impacted by the new Performance calculations in Nov 2022.

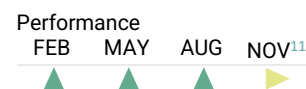
JBS SA (Brazil, 2021)

► Land Use and Biodiversity

Engagement Commentary: Sustainalytics held four conference calls and one face to face meeting with JBS in 2022. The company continues to make progress with mapping and traceability for indirect suppliers and has improved on its deforestation related commitments. It is also working to take up new technology to address 'cattle laundering', which is a scheme where cattle are moved between ranches that contribute to deforestation and "deforestation-free" ranches, to obscure the origins of the cattle.

*Associated company: **JBS USA Food Co.**

Milestones

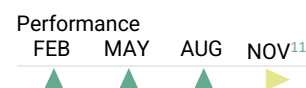


Petróleos Mexicanos EPE (Mexico, 2015)

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

Engagement Commentary: Sustainalytics held four conference calls with Petróleos Mexicanos (PEMEX) in 2022. The company has maintained the level of pipeline fuel theft at approximately the same levels since 2019. In 2023, Sustainalytics will focus the engagement on critical control management and safety leadership.

Milestones

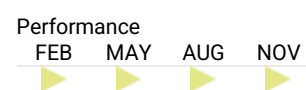


SLC Agricola SA (Brazil, 2021)

► Land Use and Biodiversity

Engagement Commentary: In 2022, SLC Agricola provided Sustainalytics with key details on its relatively new Zero Deforestation Policy. This policy is a step in the right direction, particularly the fact that it covers not just illegal but also legal deforestation. However, we still await a copy of the full policy. SLC also clarified the nature of its fines from Brazilian regulators, stating that these did not relate to actual deforestation but rather other technicalities.

Milestones



Vale SA (Brazil, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Engagement Commentary: Sustainalytics held 10 engagement meetings, scheduled one roundtable and attended one company event with Vale in 2022. Vale has so far achieved 99% completion of compensation payments and 58% completion of the execution of the judicial reparation agreement. In 2023, Sustainalytics will continue to focus the engagement on monitoring the commitments in its remediation plan.

Milestones



¹¹ These cases were impacted by the new Performance calculations in Nov 2022.

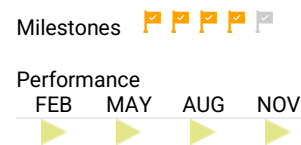
UNITED STATES AND CANADA

3M Co. (United States, 2019)

► Activities Resulting in Adverse Environmental and Human Rights Impacts

Engagement Commentary: Sustainalytics held one conference call with 3M in 2022. The engagement during the year focused on 3M’s development of improved remediation techniques to deal with the contamination of soil and groundwater with per- and polyfluoroalkyl substances (PFAS). It also focused on the company’s response to stakeholder engagement in relation to the cleanup of contamination in Belgium.

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

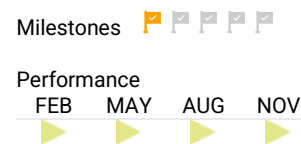


Activision Blizzard, Inc. (United States, 2021)

► Discrimination and Harassment

Engagement Commentary: In 2022, Activision was willing to communicate in a limited capacity and the tone was friendly and encouraging. However, the company did not disclose anything beyond what was in the public domain. Microsoft is set to acquire the company, and Activision stated that it is unable to speak in a call with Sustainalytics until the merger is completed.

*Associated Company: **King Digital Entertainment Plc**

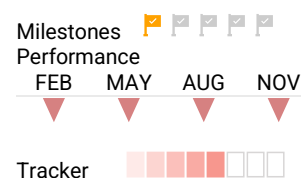


Amazon.com, Inc. (United States, 2021)

► Freedom of Association

Engagement Commentary: Sustainalytics’ engagement with Amazon.com produced limited results in 2022, though contact with the company was maintained. We raised more detailed points for the engagement discussion with the company and will pursue a conference call in 2023 to discuss those.

*Associated Company: **Whole Foods Market, Inc.**

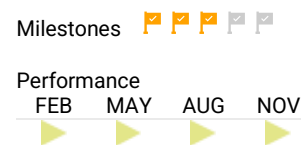


Amazon.com, Inc. (United States, 2020)

► Occupational Health and Safety

Engagement Commentary: Sustainalytics’ engagement with Amazon.com produced limited results in 2022, though contact with the company was maintained. Amazon’s disclosure indicated investment in H&S monitoring innovations and an improvement in lost-time and recordable injury rates. We raised more detailed points for the engagement discussion with the company and will pursue a conference call in 2023 to discuss those.

*Associated Company: **Whole Foods Market, Inc.**

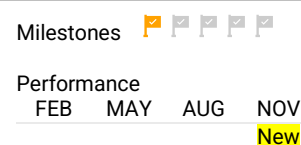


Blackstone, Inc. (Australia, 2022)

► Money Laundering

Engagement Commentary: Sustainalytics initiated engagement with Blackstone, Inc. in November 2022. The case is in early stages of engagement, with the change objective identified and initial contacts with the company conducted.

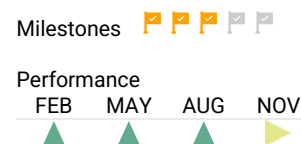
* Sustainalytics also engages with Crown Resorts Ltd. which was acquired by Blackstone in June 2022.



Bunge Ltd. (Brazil, 2021)

► Land Use and Biodiversity

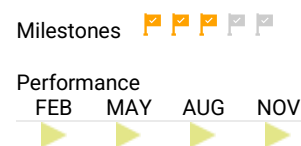
Engagement Commentary: Bunge has relatively good reporting and transparency on commitments related to deforestation, and it is demonstrating some progress: it has achieved 100% mapping of direct suppliers and is improving traceability for both direct and indirect suppliers. However, it has demonstrated poor performance in our engagement, repeatedly postponing a call in 2022.



Cargill, Inc. (Brazil, 2020)

► Land Use and Biodiversity

Engagement Commentary: Sustainalytics held two conference calls with Cargill in 2022. The company continued to demonstrate progress in supplier mapping and traceability. We also closely scrutinized the process of establishing traceability for indirect suppliers, which remains a challenge.



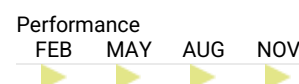
Caterpillar, Inc. (Myanmar, 2020)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held a conference call with Caterpillar in November 2022. The company is reluctant to discuss its approach to human rights beyond its current disclosures, and it rejects the notion that its responsibility extends to the end use of its products. Sustainalytics provided good practice examples (approach and disclosures) to raise Caterpillar’s awareness on the insufficiency of its disclosures and approach to human rights.

*Associated company: **Caterpillar Financial Services Corp.**

Milestones



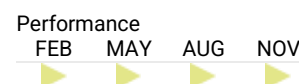
Citigroup, Inc. (United States, 2019)

► Business Ethics

Engagement Commentary: Sustainalytics held two conference calls with Citigroup in 2022, and the company was present at a Sustainalytics Roundtable on Culture in the Banking Sector in November 2022. Citigroup has completed the foundational elements of its three-year transformation plan and defined its target culture state. In 2023, Sustainalytics will focus the engagement on progress with Citigroup’s culture change projects.

*Associated companies: **Associates First Capital Corporation, Citigroup Global Markets Holdings Inc., Banco Nacional de México SA, and Citibank NA (New York) (New)**

Milestones



CoreCivic, Inc. (United States, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Engagement Commentary: CoreCivic remains engaged on its human rights impacts, and two conference calls were held with the company in 2022. CoreCivic shared insights into the results of its human rights assessment and related action plan, including policy updates, facility-level assessments, training and communication improvement, and the development of performance indicators. The engagement in 2023 will focus on action plan implementation, further requirements, and disclosure.

Energy Transfer LP (United States, 2016)

► Community Relations - Indigenous Peoples

Engagement Commentary: Sustainalytics held three conference calls with Energy Transfer in 2022. During the year, the company initiated the development of a human rights policy and completed training on human rights-related issues. In 2023, Sustainalytics will focus the engagement on community relations with First Nations people and on the importance of Free, Prior and Informed Consent.

*Associated companies: **PennTex Midstream Partners LP, ETC Sunoco Holdings LLC and Enable Midstream Partners LP (New)**

Milestones



FirstEnergy Corp. (United States, 2021)

► Bribery and Corruption

Engagement Commentary: Sustainalytics held one conference call with FirstEnergy in 2022. The company acknowledges its failings leading to the incident and intends to tackle the issues. It is aware of decreased investor and public trust and understands that fixing this will take time. It has already begun staff training, including on bribery and corruption. Sustainalytics has recommended that its whistleblower system should be more robust and operated by a third party.

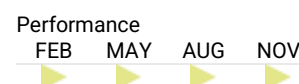
Johnson & Johnson (United States, 2018)

► Quality and Safety - Human Rights

Engagement Commentary: Johnson & Johnson stated that its preference for engagement is in writing. In 2022, Sustainalytics reached out via emails to seek clarification on outstanding issues on quality and product recall. In late 2022, the company disclosed that it was discontinuing its talc-based products. It also provided comprehensive commentary in response to detailed queries about product quality.

*Associated companies: **Actelion Ltd, Momenta Pharmaceuticals, Inc. and Hansen Medical, Inc.**

Milestones

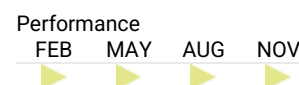


Lockheed Martin Corp. (Saudi Arabia, 2020)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held one conference call with Lockheed Martin in 2022 to seek confirmation of continuous engagement calls. This request was rejected. Instead, the company opted to proceed in writing only. In response to detailed queries submitted in mid-2022, the company made reference to its human rights report (released in November 2022).

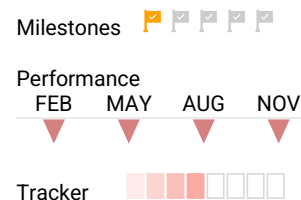
Milestones



Mattel, Inc. (United States, 2021)

► Quality and Safety - Human Rights

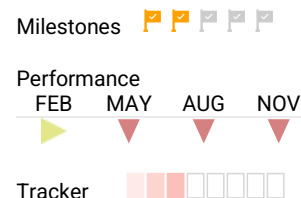
Engagement Commentary: Mattel declined to engage during 2022 on the basis that it was dealing with litigation and did not see that engaging would provide insight beyond its public disclosure. The company does provide disclosure concerning product management and internal bodies that oversee quality management. The focus in 2023 will be on establishing a productive dialogue with the company to discuss its product governance strategy.



McDonald's Corp. (United States, 2015)

► Labour Rights

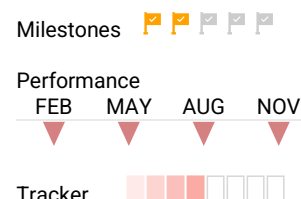
Engagement Commentary: Despite various Sustainalytics attempts to organize a conference call with McDonald's in 2022, the company refused to hold a call with us. Although the company claims to have established a set of global brand standards that would apply to all McDonald's franchisees, their implementation cannot be found. McDonald's 2022 reports on gender and equality include workforce data on its franchisees. Sustainalytics will seek to arrange a call with McDonald's in 2023.



McKesson Corp. (United States, 2019)

► Consumer Interests - Human Rights

Engagement Commentary: Engagement with McKesson proved very challenging in 2021, and Sustainalytics took measures in 2022 to re-energize the engagement via direct contact with the CEO. This proved successful, and the company entered into a constructive engagement with Sustainalytics. Following a conference call in 2022, McKesson indicated its preference for engagement to be in writing only. In November 2022 it provided a written response to outstanding queries. As the company has expressed willingness to enter into dialogue, which we welcome, we will re-assess the case's performance in early 2023.

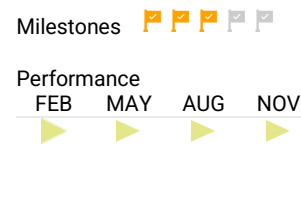


*Associated company: **McKesson Europe AG**

Meta Platforms, Inc. (United States, 2018)

► Data Privacy and Security

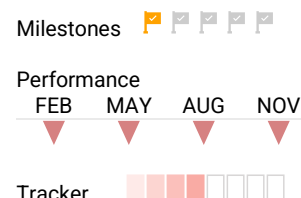
Engagement Commentary: Meta did not participate in dialogue during 2022. Sustainalytics is aware that the company has also not been responsive to other investor initiatives. Open dialogue would provide insight, but it is clear that the company invests in its privacy management practices and 2022 brought the publication of its first human right report with an explicit privacy component. In 2023, Sustainalytics will continue working to overcome the company's reluctance to engage.



Meta Platforms, Inc. (United States, 2018)

► Social Impact - Products

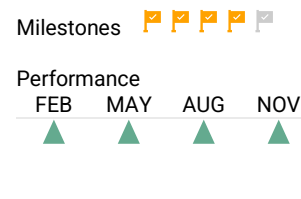
Engagement Commentary: Meta did not participate in dialogue during 2022. Sustainalytics is aware that the company has also not been responsive to other investor initiatives, although it does conduct content moderation activities and includes its human rights policy team and its oversight board as active participants in its strategy. In 2023, Sustainalytics will continue working to overcome the company's reluctance to engage.



Pan American Silver Corp. (Guatemala, 2019)

► Community Relations - Indigenous Peoples

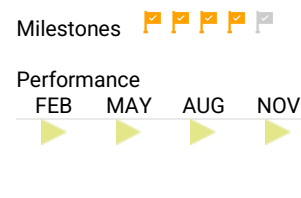
Engagement Commentary: Sustainalytics held five conference calls with Pan American Silver (PAS) in 2022. During the year, the company was accepted as a member of the Voluntary Principles on Security and Human Rights. In 2023, Sustainalytics will focus the engagement on how PAS undertakes adaptive social monitoring of its mining operations.



PG&E Corp. (United States, 2019)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held three calls with PG&E in 2022. For the past few years, the company has issued Wildfire Mitigation Plans annually. These plans and their implementation used to contain serious gaps, but with each successive year, the plan and the execution have improved. In 2022, rollout of the plan was generally on track, although wildfire risks remain very high in California and are likely endemic to the region.



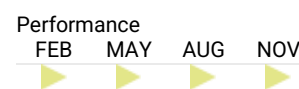
Raytheon Technologies Corp. (Saudi Arabia, 2020)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held one conference call with Raytheon Technologies in June 2022, with a follow-up planned for January 2023. The company is progressing on developing its commitments to delivering on human rights due diligence and is in the process of embedding company-wide responses to human rights risks. Future engagement efforts will focus on improving its overall disclosure on human rights activities.

*Associated companies: **Raytheon Co.** and **Raytheon Missiles & Defense**

Milestones



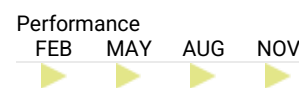
Southern Copper Corp. (Mexico, 2020)

► Freedom of Association

Engagement Commentary: Sustainalytics held one conference call with Southern Copper in 2022. The company demonstrated very good progress on labour relations, with new policies introduced in 2021 proving effective. No further industrial disputes have arisen, and the company does not foresee any in the near future. It is maintaining a positive relationship with labour unions. The employee turnover rate in 2022 was within industry norms and satisfaction surveys show improvements. The case is in the advanced stages of engagement.

*Associated company: **Minera Mexico SA de CV**

Milestones



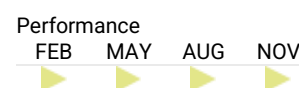
Southern Copper Corp. (Mexico, 2020)

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

Engagement Commentary: Southern Copper held one engagement call with Sustainalytics in 2022. The company has continued to improve the environmental controls and management systems at its sites. The evidence suggests that the improved environmental management systems have been successful, and the company has not reported any new incidents.

*Associated company: **Minera Mexico SA de CV**

Milestones



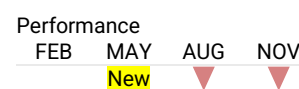
Starbucks Corp. (United States, 2022)

► Freedom of Association

Engagement Commentary: Engagement with Starbucks on freedom of association issues began in 2022. While Sustainalytics has contacted the company, it has responded only to indicate that it would not participate and referred Sustainalytics to its existing ESG disclosures. In 2023, we plan to escalate the engagement process, with the aim of establishing a constructive dialogue.

*Associated company: **Minera Mexico SA de CV**

Milestones



Tracker

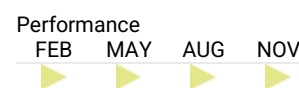
Stryker Corp. (United States, 2019)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held one conference call with Stryker in May 2022. In 2022, the company comprehensively expanded the quality-focused pages on its website, the content of which was used to drive the focus of the engagement. In 2023, the engagement will focus on improving the company's disclosures of its approach to delivering product quality.

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

Milestones



Tesla, Inc. (United States, 2022)

► Discrimination and Harassment

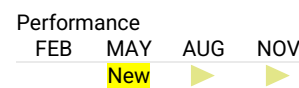
Engagement Commentary: Sustainalytics held an introductory call with Tesla in August 2022 and a follow-up call in September 2022. During these calls, the company communicated its intent to tackle issues related to labour and discrimination. Sustainalytics will pursue a conference call in 2023 to discuss these issues in detail.

The Boeing Co. (United States, 2019)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Boeing in 2022. The company improved disclosure on implementation of its safety management system, the Seek, Speak & Listen Campaign, and the quality and product safety metrics included in executive compensation plans. We sought answers to the Australian Broadcasting Corporation's investigation into the US Federal Aviation Administration incident reports and the US Congress' audit. The case is in the advanced stages of engagement.

Milestones



Milestones



¹² This case was impacted by the new Performance calculations in Nov 2022.

The Chemours Co. (United States, 2018)

► Activities Resulting in Adverse Environmental and Human Rights Impacts

Engagement Commentary: No engagement activity with The Chemours Co. has taken place since April 2022, when the company disclosed that a decision had been made internally not to engage with Sustainalytics. In 2023, we plan to escalate the engagement process, with the aim of establishing a constructive dialogue.

Milestones

Performance
 FEB MAY AUG NOV

Tracker

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

► Incident(s) Resulting in Negative Human Rights Impacts

Engagement Commentary: Sustainalytics held two conference calls with Geo Group in 2022. The company was very willing to engage and provided insight into the human rights assessment it conducted in 2022. The assessment will form the basis of an action plan for updating its related policy, training, and audit practices to capture aspects relevant to human rights. Dialogue in 2023 will monitor the implementation of this strategy.

Milestones

Performance
 FEB MAY AUG NOV¹³

Thermo Fisher Scientific, Inc. (China, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held one conference call with Thermo Fisher in 2022. The company provided insight into its commercial controls to prevent inappropriate use of products, although its related public disclosure on human rights due diligence has not appreciably improved. Dialogue in 2023 will focus on clarifying best practice and disclosure.

Milestones

Performance
 FEB MAY AUG NOV

*Associated company: **PPD, Inc.** (New)

Uber Technologies, Inc. (United States, 2019)

► Data Privacy and Security

Engagement Commentary: Sustainalytics held two conference calls with Uber in 2022. Uber's investment in strengthening its privacy practice has been productive. This work was on display in 2022 when the company experienced a significant cybersecurity breach. While the breach was damaging, Uber's response was considered strong and ultimately supported the credibility of its investments. Dialogue in 2023 will look at further lessons Uber has taken from the experience.

Milestones

Performance
 FEB MAY AUG NOV

Wells Fargo & Co. (United States, 2019)

► Business Ethics

Engagement Commentary: Sustainalytics held two conference calls with Wells Fargo in 2022. We focused our efforts on improving its corporate culture, with the end goal of improving business ethics performance. The company improved its disclosure on culture-related items ranging from compensation design to feedback mechanisms. We also discussed whistleblowing-related issues, such as requesting improved whistleblower disclosure.

Milestones

Performance
 FEB MAY AUG NOV

¹³ This case was impacted by the new Performance calculations in Nov 2022.

Disengage

Disengage due to low performance

AFRICA / MIDDLE EAST	Elbit Systems Ltd. ¹⁴	► Involvement With Entities Violating Human Rights	Palestinian Authority
ASIA / PACIFIC	63 Moons Technologies Ltd.	► Fraud (New)	India
	Aviation Industry Corporation of China, Ltd.	► Involvement With Entities Violating Human Rights (New)	China
	*Associated company: Avic (Chengdu) UAS Co., Ltd. (New)		
	AviChina Industry & Technology Co., Ltd.	► Involvement With Entities Violating Human Rights	China
	*Previously as AviChina Industry & Technology Company Limited		
	China Huarong Asset Management Co., Ltd.	► Bribery and Corruption (New)	China
	*Associated companies: Huarong International Financial Holdings Ltd., Huarong Investment Stock Corp. Ltd. and Huarong Real Estate Co., Ltd.		
	China National Petroleum Corp.	► Involvement with Entities Violating Human Rights (New)	China
	*Associated company: PetroChina Co., Ltd.		
	China Northern Rare Earth (Group) High-Tech Co., Ltd.	► Activities Resulting in Adverse Environmental and Human Rights Impacts (New)	China
	CH. Karnchang Public Co. Ltd.	► Controversial Project(s) - Environmental and Human Rights Impacts	Laos
	*Previously as CH. Karnchang Public Company Limited		
	CK Power Public Co. Ltd.	► Controversial Project(s) - Environmental and Human Rights Impacts (New)	Laos
	Coal India Ltd.	► Occupational Health and Safety	India
	*Previously as Coal India Limited		
	Export-Import Bank of India	► Controversial Project(s) - Environmental and Human Rights Impacts	Bangladesh
	Inner Mongolia Baotou Steel Union Co. Ltd.	► Emissions, Effluents and Waste (New)	China
	Metallurgical Corp. of China Ltd.	► Emissions, Effluents and Waste	
	*Associated companies: China Metallurgical Group Corp. and China Minmetals Group Corp. Ltd.		Papua New Guinea
	Punjab National Bank	► Fraud (New)	India
	Steel Authority of India Ltd.	► Occupational Health and Safety	India
	*Previously as Steel Authority of India Limited		
	Unitech Ltd.	► Consumer Interests - Business Ethics (New)	India
LATIN AMERICA AND CARIBBEAN	Petróleos de Venezuela SA	► Bribery and Corruption	
	► Leaks, Spills and Pollution		Venezuela
	► Occupational Health and Safety		
UNITED STATES AND CANADA	Motorola Solutions, Inc.	► Involvement With Entities Violating Human Rights	Palestinian Authorities

¹⁴ The status of this case is under review. Sustainalytics has re-entered into dialogue with the company, with the first introductory call taking place at the end of September, 2022. The company stated that it is willing to engage with Sustainalytics and the first engagement meeting, where our change objectives will be discussed, is planned for Q1 2023.

Disengage due to no publicly traded securities or significant distress

AFRICA / MIDDLE EAST	Mumias Sugar Co. Ltd.	
	▶ Accounting and Taxation (New) <i>*Previously as Mumias Sugar Company Limited</i>	Kenya
	Uchumi Supermarkets Ltd.	
	▶ Business Ethics (New) <i>*Previously as Uchumi Supermarkets Limited</i>	Kenya
ASIA / PACIFIC	1MDB Global Investments Ltd.	Malaysia
	▶ Business Ethics (New)	
	China North Industries Corp.	
	▶ Involvement With Entities Violating Human Rights (New)	China
	Chongqing Energy Investment Group Co., Ltd.	
	▶ Occupational Health and Safety (New)	China
	Cox & Kings (India) Ltd.	
	▶ Fraud (New)	India
	Hanergy Mobile Energy Holding Group Co., Ltd.	
	▶ Accounting and Taxation (New)	Hong Kong
	Kangde Xin Composite Material Group Co., Ltd.	
	▶ Accounting and Taxation (New)	China
	Kangmei Pharmaceutical Co., Ltd.	
	▶ Accounting and Taxation (New)	China
	Serba Dinamik Holdings Bhd.	
	▶ Accounting and Taxation (New)	Malaysia
EUROPE	NMC Health Plc	
	▶ Accounting and Taxation (New) <i>*Associated company: NMC Health (Jersey) Ltd.</i>	United Kingdom
	Endo International Plc	
	▶ Marketing Practices - Human Rights (New) <i>*Associated companies: Endo Ltd. (New) and Par Pharmaceutical, Inc. (New)</i>	United States
	Wirecard AG	
	▶ Fraud (New)	Germany

Disengage due to involvement in controversial weapons

AFRICA / MIDDLE EAST	Israel Aerospace Industries Ltd.	
	▶ Cluster Weapons	Israel
	Makina VE Kimya Endustrisi Kurumu Genel Mudurlugu	
	▶ Cluster Weapons <i>*Previously as Makina Ve Kimya Endustrisi Kurumu</i>	Turkey
	Roketsan Roket Sanayii ve Ticaret AS	
	▶ Cluster Weapons	Turkey
ASIA / PACIFIC	Abdul Qader Khan Research Laboratories (AQRL)	
	▶ Nuclear Weapons	Pakistan
	Aerospace Long-March International Trade Co., Ltd.	
	▶ Cluster Weapons	China
	Anhui GreatWall Military Industry Co., Ltd.	
	▶ Cluster Weapons	China
	Bharat Dynamics Ltd.	
	▶ Nuclear Weapons <i>*Previously as Bharat Dynamics Limited</i>	India
	China Aerospace Science & Technology Group Co., Ltd.	
	▶ Cluster Weapons <i>*Previously as China Aerospace Science & Technology Corp.</i>	China
	China North Industries Corp.	
	▶ Cluster Weapons	China
	China Spacesat Co., Ltd.	
	▶ Cluster Weapons	China
	Defense Research & Development Organization	
	▶ Cluster Weapons ▶ Nuclear Weapons	India

	Larsen & Toubro Ltd.	
	▶ Nuclear Weapons	
	<i>*Previously as Larsen & Toubro Limited</i>	India
	<i>*Associated companies: L&T Finance Holdings Ltd, L&T Technology Services Ltd. and Larsen & Toubro Infotech Limited</i>	
	LIG Corp.	
	▶ Cluster Weapons	South Korea
	LIG Nex1 Co., Ltd.	
	▶ Cluster Weapons	South Korea
	Mindtree Ltd.	
	▶ Nuclear Weapons	India
	<i>*Previously as MindTree Limited</i>	
	National Development Complex	
	▶ Cluster Weapons	Pakistan
	Nityanand Udyog Pvt Ltd.	
	▶ Anti Personnel Mines	India
	Poongsan Corp.	
	▶ Cluster Weapons	South Korea
	<i>*Previously as Poongsan Corporation</i>	
	POONGSAN HOLDINGS Corp.	
	▶ Cluster Weapons	South Korea
	<i>*Previously as Poongsan Holdings Corporation</i>	
	SNT DYNAMICS Co., Ltd.	
	▶ Anti Personnel Mines	South Korea
	SNT Holdings Co., Ltd.	
	▶ Anti Personnel Mines	South Korea
	Synthetic Moulders Ltd.	
	▶ Anti Personnel Mines	India
	Tata Advanced Systems Ltd.	
	▶ Nuclear Weapons	India
	Tata Sons Pvt Ltd.	
	▶ Nuclear Weapons	
	<i>*Previously as Tata Sons Private Limited.</i>	
	<i>*Associated companies: Tata Consultancy Services Ltd. and Tata Investment Corp. Ltd.</i>	India
	Walchandnagar Industries Ltd.	
	▶ Nuclear Weapons	India
EUROPE	Aeroteh SA	
	▶ Cluster Weapons	Romania
	Compania Nationala ROMARM SA	
	▶ Cluster Weapons	Romania
	Rostec Corp.	
	▶ Cluster Weapons	Russia
	<i>*Previously as Rostec Corporation</i>	
	RPA Splav named after A.N. Ganichev JSC	
	▶ Cluster Weapons	Russia
	Tactical Missiles Corp. JSC	
	▶ Cluster Weapons	Russia
LATIN AMERICA AND CARIBBEAN	Avibras Indústria Aeroespacial SA	
	▶ Cluster Weapons	Brazil
UNITED STATES AND CANADA	Mil-spec Industries Corp	
	▶ Anti Personnel Mines	
	▶ Cluster Weapons	United States
	The Day & Zimmermann Group, Inc.	
	▶ Cluster Weapons	United States

Disengage due to state-owned enterprises complicit in human rights abuses

AFRICA / MIDDLE EAST

Saudi Arabian Oil Co.

▶ Involvement With Entities Violating Human Rights

**Associated companies: Saudi Basic Industries Corp, S-Oil Corp. and Motiva Enterprises LLC (New)*

Saudi Arabia

LATIN AMERICA AND CARIBBEAN	Petróleos de Venezuela SA ▶ Involvement With Entities Violating Human Rights	Venezuela
EUROPE	Academician V.P. Makeyev State Rocket OJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	ALROSA PJSC ▶ Involvement with Entities Violating Human Rights (New) *Associated company: ALROSA-Nyurba PJSC (New)	Russia
	Development Bank of The Republic of Belarus ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Gazprombank OJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Gazprom PJSC ▶ Consumer Interests - Business Ethics (New) ▶ Involvement with Entities Violating Human Rights (New) *Associated companies: Gazprom Neft PJSC (New) , NIS AD (New) , Mosenergo OAO (New) , Territorial Generating Co. No 1 PJSC (New) , The Second Generation Co of the Wholesale Power Market PJSC (OGK-2) (New) and VK Co., Ltd. (New)	Russia
	Irkut Corp. ▶ Involvement with Entities Violating Human Rights (New), *Previously as Irkut Corporation	Russia
	Promsvyazbank PJSC ▶ Involvement with Entities Violating Human Rights (New),	Russia
	Rosneft Oil Co. ▶ Involvement with Entities Violating Human Rights (New) *Associated company: Bashneft PJSOC (New)	Russia
	Rostec Corp. ▶ Involvement with Entities Violating Human Rights (New) *Previously as Rostec Corporation	Russia
	Rostelecom PJSC ▶ Involvement with Entities Violating Human Rights (New) *Associated company: Central Telegraph PJSC (New)	Russia
	RPA Splay named after A.N. Ganichev JSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Russian Agricultural Bank OJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Russian Railways OJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Sberbank Russia PJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	State Development Corp. VEB.RF ▶ Involvement with Entities Violating Human Rights (New) *Previously as Bank for Development & Foreign Economic Affairs	Russia
	State Space Corp. Roscosmos ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Tactical Missiles Corp. JSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Tatneft PJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Transneft PJSC ▶ Involvement with Entities Violating Human Rights (New) *Associated company: Novorossiysk Commercial Sea Port PJSC (New)	Russia
	United Aircraft Corp. PJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	VTB Bank PJSC ▶ Involvement with Entities Violating Human Rights (New) *Associated company: Vozrozhdenie Bank PJSC (New)	Russia
Disengage due to other reasons		
EUROPE	MMC Norilsk Nickel PJSC ▶ Leaks, Spills and Pollution - Environmental and Human Rights Impacts (New)	Russia

Resolved

AFRICA / MIDDLE EAST

Steinhoff International Holdings NV (South Africa, 2019)

Sustainalytics decided to resolve the case as the company had shown significant progress with addressing its fraud and accounting irregularities. It provided disclosures to us on its Remediation Plan, which it fully executed. The company improved corporate governance, restructured, strengthened compliance, controls and risk management, and has strengthened relevant policies. While its public disclosures on all the above could be a bit better, we also take into consideration the size of the company and its ability to devote resources to this, while working to emerge from a financially strained position.

*Associated companies: **Pepkor Holdings Ltd.** and **Mattress Firm, Inc.**

ISSUE

► Accounting and Taxation

MILESTONES

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ASIA / PACIFIC

Commonwealth Bank of Australia (Australia, 2019)

In the past three years, Commonwealth Bank of Australia was not involved in any money laundering incidents. The company strengthened its AML/CFT processes and implemented improvements in accordance with the prudential regulatory requirements. The company implemented robust internal controls and risk management and there is sufficient and effective board oversight. Changes were made to the board and executive management and significant improvements are visible in the risk controls, accountability and culture.

ISSUE

► Money Laundering

MILESTONES

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Mitsubishi Materials Corp. (Japan, 2019)

Sustainalytics decided to resolve the case as the company had shown significant progress with addressing its quality control structures. Mitsubishi Materials Corp. (MMC) regained its ISO 9001 certification and the Japanese Industrial Standards certification. Requiring audit by third-party assessors to regain these certifications demonstrated that MMC obtained independent verification of the steps it has taken to improve the quality control framework. The company achieved this by refreshing and restructuring the board, including improving oversight and linking board remuneration to controls.

ISSUE

► Consumer Interests - Business Ethics

MILESTONES

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Olympus Corp. (United States, 2019)

Olympus had significantly reduced deaths and complications associated with contamination of its duodenoscopes over the past few years. Deaths in the last twelve months have been nil with 14 reported potential complications. The company has demonstrated concrete steps to remedy the quality and safety concerns associated with its duodenoscopes, via comprehensive training to health care professionals on how to properly sterilize duodenoscopes, developing and launching a new duodenoscope with a fixed end cap that effectively addresses contamination concerns, and demonstrating appropriate QMS, incident tracking and other internal policies and processes.

*Previously as **Olympus Corporation**

ISSUE

► Quality and Safety - Human Rights

MILESTONES

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EUROPE

ING Groep N.V. (Russia, 2019)

ING Groep successfully executed most of its Global KYC Enhancement programme, implementing strong risk management systems and internal controls that prevent financial crime and money laundering. We also consider the company to be a leader in developing corporate culture to become more ethical – it took the innovative step of creating a Behavioral Risk Management team that does groundbreaking work measuring culture and creating interventions to shape desirable behaviours.

ISSUE

► Money Laundering

MILESTONES

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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 had 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.

*Associated company: **Swedbank Hypotek AB**

ISSUE

► Money Laundering

MILESTONES

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Volvo AB (Israel, 2019)

Volvo demonstrated leadership in the industry by adopting a responsible sales policy framed by the UNGPs and has embedded it across the company. With its UNGP aligned policy framework and comprehensive risk assessment processes, including for high risk and conflict affected regions, Volvo has demonstrated substantial progress. The company had also taken specific actions in conflict-affected areas. Although such measures do not exclude all possible human rights- related risks and impacts, we assess such risks as having been reduced and deem measures sufficient to resolve the case.

ISSUE

► Involvement with Entities Violating Human Rights

MILESTONES

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UNITED STATES AND CANADA

Dow, Inc. (United States, 2019)

Chlorpyrifos is no longer produced nor purchased by Dow, resulting in a complete removal of associated health and safety and waste management risks. In general Dow adopts a lower acceptable level of contaminants in effluent discharge than required by the regulator. Dow also has committed to producing chemicals that are 'sustainable for people and planet', meaning that it is focusing on the production of benign chemicals, which although still posing a risk, indicate a move towards a greater degree of awareness and responsibility for managing hazardous chemicals. In terms of risk management, the company adopts a hands-on approach to ensure products are managed appropriately cognizant of the health and safety risks. This includes banning certain products, training of suppliers and subsequent auditing to ensure compliance with the required practices. Internally, the company employs strong product stewardship with decision making for the release of new chemicals involving a number of company 'gatekeepers', sustainability being one of the key measures.

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

ISSUE

► Quality and Safety - Human Rights

MILESTONES

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

DuPont has provided a significant level of disclosure. The company has committed to green chemistry principles for delivery by 2030 and is compliant not only with the American Chemical Council but also the European REACH organization, providing oversight of the use of chemicals of concern in the products DuPont produces. The company has disclosed a robust approach to product stewardship and risk assessment, activities that are third party audited. The company confirmed that all its contamination liabilities sit with another entity arising from the de-merger, Corteva (Chemours). Furthermore, it does not produce PFAS (the main family of chemicals of concern). The company has also disclosed a strong internal 'responsible care management system', which is externally audited. It has also adopted an internal risk screening process to evaluate and screen out products that are considered to have an unacceptable impact on the environment and human health.

ISSUE

► Activities Resulting in Adverse Environmental and Human Rights Impacts

MILESTONES

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Walmart, Inc. (United States, 2006)

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

ISSUE

► Labour Rights

MILESTONES

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Archived

AFRICA / MIDDLE EAST

Ashot Ashkelon Industries Ltd. (Palestinian Authority, 2020)

Ashot is no longer a subsidiary of Elbit Systems, a company directly involved in the controversy. Thus, due to the change in the company's ownership structure Sustainalytics decided to Archived the case.

ISSUE

- ▶ Involvement with Entities Violating Human Rights

Empresa Moçambicana de Atum S.A (Mozambique, 2019)

Due to corporate action changes, Empresa Moçambicana de Atum S.A is deemed as a private entity without active securities and therefore ineligible in Sustainalytics' research coverage. Hence Sustainalytics has decided to archive the Disengage case regarding business ethics issue.

ISSUE

- ▶ Business Ethics

ASIA / PACIFIC

Air Weapons Complex (Pakistan, 2020)

Due to corporate action changes the company was removed from Sustainalytics' Universe and as a consequence also archived from Disengage list.

ISSUE

- ▶ Cluster Weapons

Dewan Housing Finance Corp. Ltd. (India, 2021)

Dewan's acquisition by Piramal Capital and Housing Finance Limited (Piramal Capital), a subsidiary of Piramal Enterprises Ltd (Piramal) was finalized in September 2021 and triggered a complete management change at DHFL, while its regular employees have been retained. In September 2021, Piramal announced that an agreed amount of outstanding debt (around 46% of the total amount) was paid to DHFL's creditors, which has decreased the stakeholder impact of the misconduct. Moreover, as part of the acquisition process, Piramal Capital undertook efforts to strengthen its business-ethics related procedures, including internal audit, risk and fraud risk management, and internal financial controls. Piramal Capital has an anti-money laundering policy, Know Your Customer procedures, a whistleblower policy and a code of business ethics, and it provides training on business ethics to its employees. Due to the acquisition and the fact that the management of the company was changed and outstanding debt was paid, Sustainalytics decided to archive the case.

ISSUE

- ▶ Fraud

National Engineering & Scientific Commission (Pakistan, 2019)

Due to corporate action changes, National Engineering & Scientific Commission is deemed as a governmental entity and not eligible in Sustainalytics' research coverage. Hence, Sustainalytics has decided to archive the two Disengage cases with regard to its involvement in controversial weapons.

ISSUE

- ▶ Involvement in Cluster Munitions
- ▶ Nuclear Weapons Development

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

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

ISSUE

- ▶ Quality and Safety - Human Rights

For more detailed information, please see the full case profiles on Global Access.

Global Standards Engagement Overview

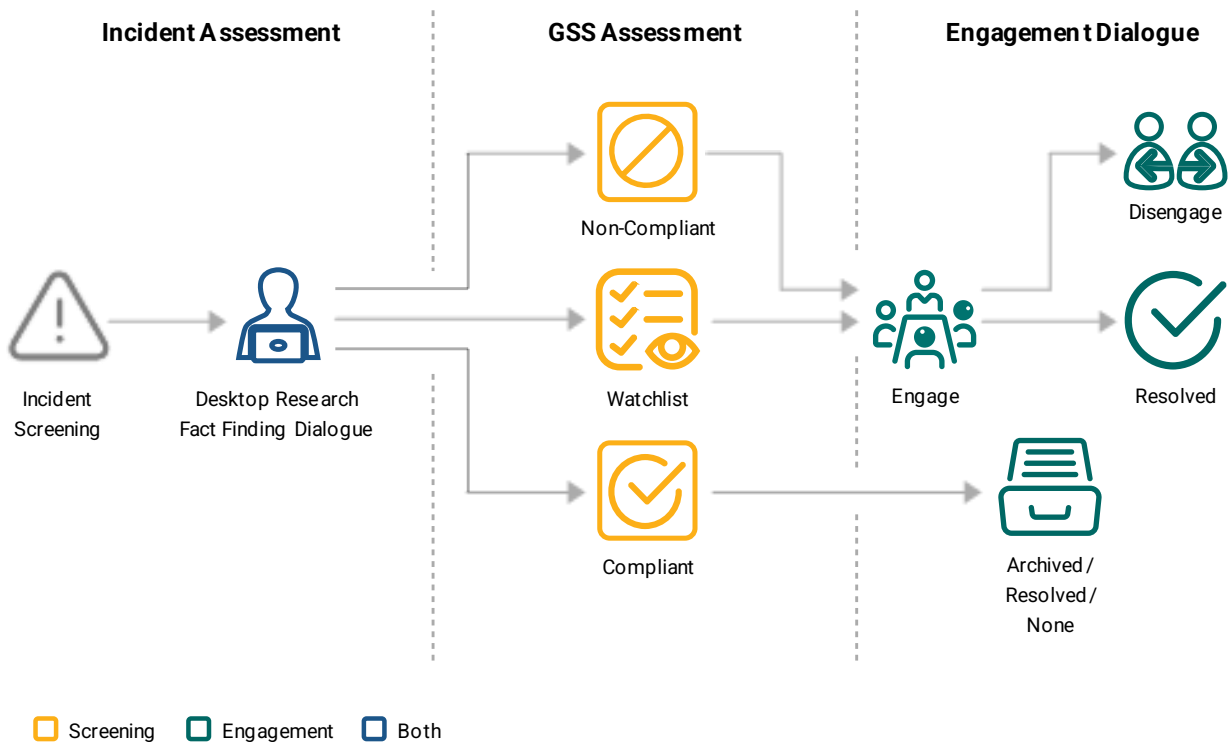
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment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

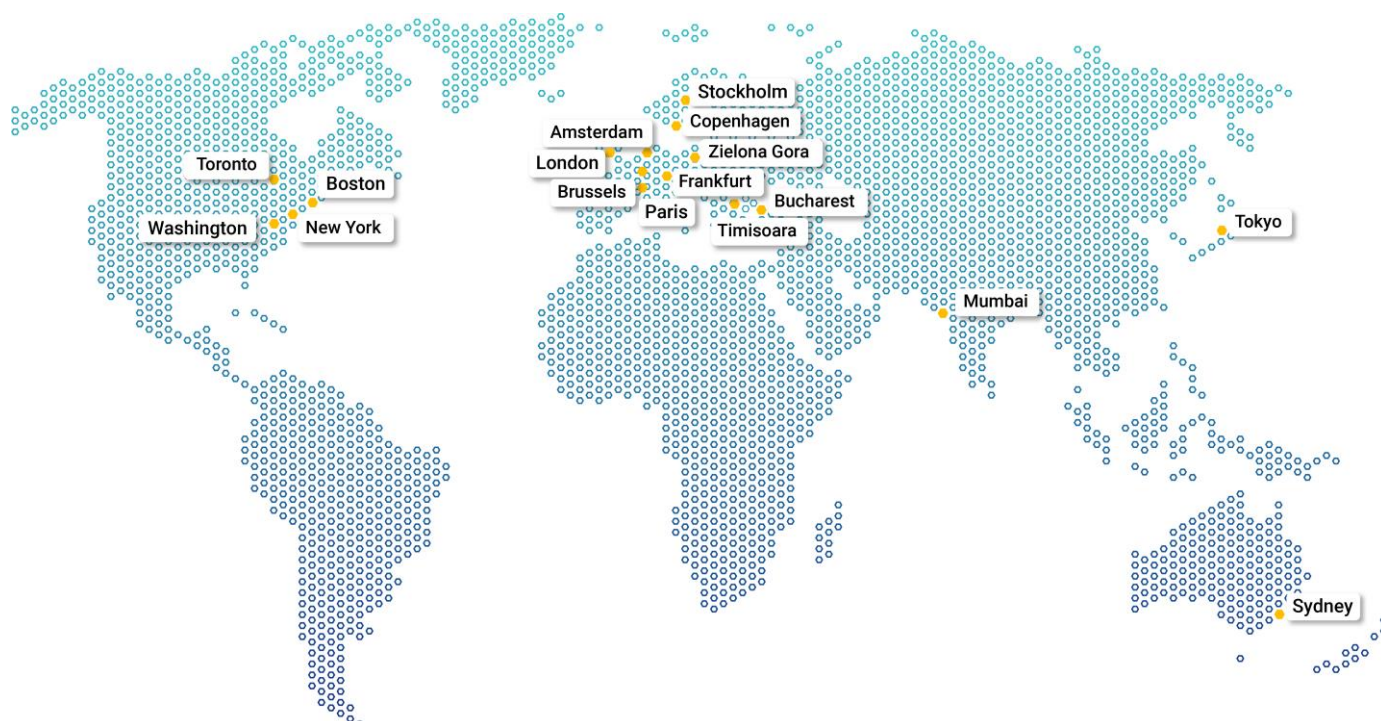
- Engagement is currently not warranted, and the case will be continuously assessed for any future changes.

About Sustainalytics

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and stewardship 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, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds which incorporate ESG and corporate governance information and assessments into their investment processes. Morningstar 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, Morningstar Sustainalytics has more than 1,800 staff members, including more than 800 analysts and over 40 Engagement Managers with varied multidisciplinary expertise across more than 40 industry groups.

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