

QUARTERLY ENGAGEMENT REPORT

Q1 2018



This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the first quarter of 2018.



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ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 63.32bn (12/31/2017). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

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

OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

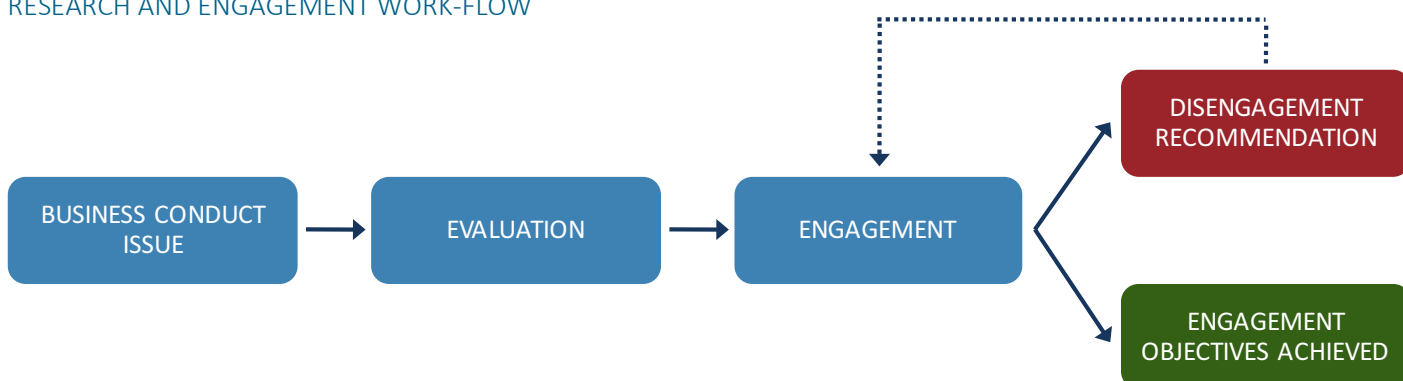
We believe that changes in business conduct drives changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

RESEARCH AND ENGAGEMENT WORK-FLOW



ENGAGEMENT BRIEF

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BARRICK GOLD CORP

Recurring pollution incidents



K Bruce Jackson

Senior Engagement Manager

Status: Resolved

Contribution to SDGs:



BARRICK GOLD CORP. (Barrick) has experienced a number of pollution incidents at three of its operations, Pueblo Viejo in the Dominican Republic, Veladero in Argentina and Pascua Lama, which straddles the border between Argentina and Chile. Several of the incidents involved the use of cyanide.

When Barrick, together with a joint venture partner, took over the former state-owned Rosario mine in the Dominican Republic in 2009, the company, as the operator, also took on the responsibility of ensuring the infrastructure was upgraded and numerous legacy issues relating to environmental pollution, including cyanide pollution, were addressed. At the time of the takeover, the local river water was a cloudy red colour.

Over the next few years, Barrick improved the water management and associated infrastructure, as well as a waste containment facility at Pueblo Viejo. The company also undertook remediation of both the river and the surrounding contaminated land. Barrick initiated a community consultation and investment programme to provide more training opportunities for local community members to help them benefit from the mine, either directly through employment or indirectly through the development of a local supply chain.

When three cyanide leakages occurred at Barrick's Veladero mine in Argentina, between September 2015 and March 2017, the authorities not only imposed fines but also ordered a temporary closure of the operations. Barrick developed a remedial action plan which was approved in May 2017, shortly after the company announced the formation of a 50:50 joint venture with a Chinese company at Veladero.

The site remedial plan was valued at USD 500 million and comprised the re-engineering of the heap leach facility with improved piping and a re-designing of secondary containment facilities to contain leaks within the facility in the future. The company also adopted a similar community consultation and investment programme with similar end goals for the local population, as it had at Pueblo Viejo. The Veladero community programme was estimated at a further USD 40 million, which would see the construction of training facilities in local communities to assist in the community consultation and training.

In early 2013, Barrick reported a number of non-compliances to the Chilean authorities with regard to its new Pascua Lama open pit mine. At the time, Barrick was in the process of removing the overburden prior to actually mining the ore body. Barrick's self-reporting led to an investigation by the Chilean environmental authorities, which identified 23 environmental violations (four of which were classified as 'serious' and one 'very serious'). Barrick undertook a number of remedial measures, including protecting the water supply of local communities and preventing chemical leaks from escaping off-site. However, the authorities imposed a USD 16 million fine on the company, the highest fine possible under Chilean legislation at the time.

Barrick took the decision to temporarily close the operation whilst it appealed the level of sanctions. Then, in January 2018, the Chilean authorities ordered that the operation remain permanently closed with no

surface operations permitted. They did, however, reduce the fine to USD 11.5 million. Barrick finally announced the cessation of all surface operations on the Chilean side of the border in February 2018, stating its intention of constructing an underground mine accessible from the Argentinian side of the border.

GES considers that Barrick has undertaken sufficient remedial measures at both Pueblo Viejo and Veladero. At Pascua Lama, the decision to mine the ore-body by underground block caving methods means that the environmental violations originally identified by the Chilean authorities cannot be repeated. GES, therefore, considers the case resolved.

BARRICK GOLD CORP

Environmental impacts from waste practices



K Bruce Jackson
Senior Engagement Manager

Status: Resolved

Contribution to SDGs:



The Porgera Gold Mine in Papua New Guinea is a joint venture between BARRICK GOLD CORP. (Barrick) and ZIJIN MINING CORP. (Zijin), who each own 47.5 per cent of the PORGERA JOINT VENTURE (PJV) which operates the site. Barrick initially acquired the site in 2006, as part of its acquisition of PLACER DOME (Placer), and Zijin bought into the operation in 2015.

This is one of only four mines in the world that operate the waste disposal practice known as riverine tailings disposal (RTD). This is the practice of discharging its process waste from the metals extraction direct into local rivers. The practice generally leads to a significant detrimental impact on river flora and fauna as well as landscape transformation when the sediment settles, in times of flooding this can even be used for agricultural purposes on land. The tailings historically tend to show high levels of metals, which alone can cause health problems.

The practice of using RTD at the Porgera mine was initiated by Placer in 1990. Barrick acquired the operation in 2006, when it purchased Placer. RTD impacts several hundred kilometres of the Fly and Strickland River systems as well as Lake Murray, Papua’s largest lake.

Barrick argues that the region’s high rainfall, geomorphology and seismicity makes a conventional tailings facility technically unfeasible. Arguably, at the start of operations this may have been true, with the financial cost making it also prohibitively expensive. However, the major concern with building a conventional tailings facility now is that it would have a large environmental footprint on currently unspoilt areas of native biodiverse habitats. It also has a long-term potential for failure, which would then lead to even greater environmental damage than the current practice. It is better to accept the damage that has already been done than potentially risk even more. Also, given that the mine will be closed in 2027, it is unlikely that any process to build a tailings facility would result in a noticeable improvement in the accumulated impact to date.

Following the acquisition of the mine, Barrick started a series of improvements to the operation. Annual environmental monitoring reports were first published in 2009 and are reviewed by Australia’s COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION (CSIRO). The first few reviews made numerous recommendations for improvement, which Barrick enacted over the subsequent few years.



The Porgera Mine, in Papua New Guinea

In 2011, Barrick introduced a new cyanide capture process which noticeably improved the water quality. Since then a large proportion of the tailings is reused to backfill mined out underground workings.

Furthermore, an assessment of the environmental monitoring data shows that metal accumulation is no longer a concern in the tailings. Whilst the main impact on the river is the high sediment load, which results in high turbidity levels (a measure of the water's cloudiness), only 20 per cent of the sediment derives from the tailings, with the remaining 80 per cent deriving from two soft rock erodible dumps. It should be noted that the quantity of material being deposited to the erodible dumps has been significantly reduced since the cessation of open-pit operations and the movement to an underground mine which results in more targeted excavations and, therefore, less waste rock being produced.

Barrick has been actively remediating the open-pit and has plans to address the erodible dumps, one of which is being allowed to naturally recolonise, which assists in stabilising the dump and lowering erosion rates.

The deposited tailings extending downriver are also being naturally recolonised and Barrick states it will address areas where this is not the case by top-soiling these areas to assist recolonisation.

Studies undertaken, following the shutdown of operations in 2011 due to a period of less than average rainfall, have enabled an extrapolation of data. This extrapolated data indicates the river would naturally rejuvenate some eight years after cessation of operations.

Although RTD is an unacceptable practice, GES considers that Barrick is managing the situation well and has practical measures in place to address the future remediation of the mine and potential legacy issues, such as acidification, which could, if not addressed, lead to acid rock drainage.

It should be noted that the case on Zijin Mining remains open until we see improvements in policies and procedures by the company.

CROWN HOLDINGS INC

Anti-union activities



K Bruce Jackson

Senior Engagement Manager

Status: Resolved

Following several reports by INDUSTRIALL GLOBAL UNION (IndustriALL) and an article by the CANADIAN LABOUR CONGRESS, GES opened a case on CROWN HOLDINGS INC. (Crown) with regards to alleged anti-union activities at several of its subsidiary operations in Canada, Turkey, Morocco and Ghana.

In November 2014, trade unions from Canada and Turkey turned to the US OECD National Contact Point (USNCP) alleging that Crown's subsidiaries in Weston, Canada and in Izmit and Osmaniye, Turkey acted inconsistently with the OECD Guidelines for Multinational Enterprises.

Crown's Canadian subsidiary CROWN METAL PACKAGING (CMP) was accused by the UNITED STEELWORKERS UNION (USW) of attempting to union bust; which resulted in a nearly two-year strike at its Toronto plant. During this time, however, Crown had successfully negotiated with other

Contribution to SDGs:



USW branches on terms and conditions similar to those rejected by the Toronto branch.

The Turkish union BIRLESIK METAL-ISCILERI SENDIKASI (BMIS) alleged that Crown's subsidiary companies, CMP and CROWN BEVCAN had denied their workers the right to join a union of their choice.

According to a statement by the USNCP of December 2015, the conflict in Canada had been settled. With the assistance of the Ontario Labour Relations Board, the parties came to an agreement in July 2015, and those who wished to return to work did so. A collective agreement was also ratified. However, the situation in Turkey still needed to be resolved. The USNCP offered to mediate, but Crown refused the offer.

In 2015 and 2016, IndustriALL also reported accusations of anti-union activities in Ghana by CROWN CANS GHANA LIMITED and in Morocco by CROWN PACKAGING MAROC.

Crown was very open in the dialogue with GES, which included a conference call in October 2016 and numerous emails. It provided detailed information and admitted that errors had been made in some areas.

Crown said it refused the offer of mediation from the USNCP in Turkey because the company felt it was already close to resolving the situation and the introduction of the USNCP would delay reconciliation. Two votes for union representation had occurred at its Turkish operations. Crown admitted that there had been bullying tactics from both pro- and anti-union agitators; in the end, the overwhelming majority at both locations in the country voted against having a union. Since then, worker relations have improved, with no recorded strikes and Crown has been expanding its operations in the country.

The issues in Ghana and Morocco arose after the acquisition of a Spanish company operating in the countries, which had duplicated Crown's own operations across Ghana and Morocco. Crown had to consolidate its holdings; the company stated that it had consulted with the workforces in the countries and agreed redundancy payments with worker representatives. However, the company acknowledged delays in paying redundancy money in Ghana, which resulted in unrest. In Morocco, Crown stated that a small group may have misunderstood the details of the closure and tried to prevent the removal of machinery from a factory – the company acknowledges that the police response was heavy-handed.

Further dialogue with IndustriALL confirmed that workers at the Ghana operation had received their belated redundancy payments, but the union was unable to provide any updates for the other operations. The trade unions, which posed allegations against the company, in Canada, Turkey, Ghana and Morocco also did not provide any new relevant information. No new allegations regarding similar problems at those or any other locations have emerged.

In 2016, Crown reported that the level of unionisation within the company was 74 per cent across its global operations. The figure is supported by its



Crown invented the ubiquitous crown bottle-top.

annual sustainability reports. This is an especially high rate of unionisation for a US-based company, where the legislation is generally seen to be aggressive toward unions.

GES has decided to resolve the case based upon the explanations provided and the reported levels of unionisation across the company globally, which appear to refute the anti-union label.

DEUTSCHE POST

Anti-union practices

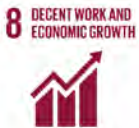


Ellinor Haggebrink

Engagement Manager

Status: Resolved

Contribution to SDGs:



Over recent years, GES has been engaging with DEUTSCHE POST (DP) over allegations of anti-union practices in several countries of operations. Positive developments and increased transparency from the company's side have lead GES to resolve the case.

Between 2010 and 2012, DP was accused of international labour law violations at subsidiaries in Turkey and Colombia. The company however reached a settlement with the INTERNATIONAL TRANSPORT WORKERS' FEDERATION (ITF) and UNI GLOBAL UNION (UNI) in January 2014, through the mediation of the German National Contact Point (NCP) and the complaint mechanism of the OECD Guidelines for Multinational Enterprises.

In 2015, ITF commissioned a report alleging various anti-union practices at the company's supplier DHL India. These included managers threatening and discriminating against pro-union workers, as well as relocating such workers. This is considered a strategy to undermine existing unions. The company also allegedly reclassified the employment status of some couriers to low-level management, without any change in their duties, to make them ineligible to join a union.

In the dialogue with GES, DP underlined its commitment to respect employees' rights to join a union, which is also clearly stated in its Code of Conduct. Regarding the situation in India, DP stated that the ITF report was inaccurate and that employees who have different duties than normal workers and, as per local law, are allowed to form and join unions that represent such types of workers. At this point, none of them have set up a union, according to the company.

Throughout the dialogue, DP strongly denied any wrong-doings and dismissed the allegations as false and biased. DP referred to its Code of Conduct, which covers freedom of association in all parts of its operations. However, DP was reluctant to share detailed information with GES on how it works to ensure this is implemented in its global operations, referring to confidentiality.

In July 2016, the company together with the ITF and UNI agreed to a protocol committing to continued dialogue on employment and industrial relations. This was an outcome of the complaint to the German NCP back in 2014. The parties agreed to meet four times a year and to attempt to resolve issues in a mutually acceptable manner, therefore avoiding future problems. In September 2017, all parties agreed to extend the protocol, as it considered this a constructive atmosphere and solution-oriented approach which provided effective mutual benefit. In a conference call with the ITF in



A Deutsche Post lorry in the streets of Bonn.

October 2017, the union confirmed to GES that it does not consider there to be any outstanding issues.

In the dialogue with GES, DP asked for feedback to improve its sustainability reporting. GES gave detailed input, encouraging the company to be more transparent on the implementation of the Code of Conduct throughout operations, in light of the allegations of recent years. The newly released Corporate Responsibility Report 2017 shares more information in this regard than previously, such as the company having revised its Code of Conduct by, among other things, refining the part on human rights protection and fair labour conditions, stressing that suppliers should ensure employees have the right to freedom of association.

As there are no reported outstanding issues and Deutsche Post has increased transparency on its human rights due diligence system, GES deems the company's response to the situation as satisfactory and regards the case as resolved.

DEUTSCHE TELEKOM, T-MOBILE US

Association to anti-union practices



Izabela Żurowska

Engagement Manager

Status: Resolved

Contribution to SDGs:



Over the last couple of years, GES has been engaging with Deutsche Telekom (DT), a majority shareholder in T-Mobile US (TMUS), on the allegations of hindering the freedom of association by TMUS in the US. Given the extensive dialogue on various aspects of the application of freedom of association in the US and due to the positive development in the long-lasting litigation against TMUS' workplace policies, which the company won in the US Court of Appeals in July 2017, GES decided to resolve both cases in March 2018.

Throughout the engagement, DT and TMUS emphasised that the allegations brought by HUMAN RIGHTS WATCH and COMMUNICATIONS WORKERS OF AMERICA (CWA), a union that tried to unionise TMUS since 2001, referred to the misconduct that happened many years ago (between 2001-2010) and was immediately corrected. In the companies' view, the few isolated incidents of violating workers' rights took place at individual sites and were never an endemic problem at TMUS. In 2003, TMUS had a manual suggesting active surveillance of employees promoting unionisation by the management and in 2008 there was a company-wide memo on how to deal with union activists. Both these instances were amended, and no such materials are now in place. TMUS' managers are now trained how to communicate with workers about unions.

From the start and through the dialogue, DT and TMUS told GES that, in line with the US National Labor Relations Act of 1935 (NLRA), TMUS decided to not engage in dialogue with the CWA, but it would not shy away from expressing its view on the CWA's activities. GES discussed in detail the differences between the requirements of the ILO Conventions and the US law since the US has not ratified the ILO Conventions no. 87 and 98 (Freedom of Association and Protection of the Right to Organise and Right to Organise and Collective Bargaining) and the American workers willing to organise are protected by the national labour laws grounded in NLRA. DT asked ILO about the compatibility of freedom of expression and freedom of association, and what is expected in that regard from the US company in light of the UN Global Compact. The company provided GES with the ILO Standards Department's assessment confirming that both freedoms are

complimentary and as long as TMUS complies with US law and does not interfere with workers' right to unionise, it can exercise its freedom of expression. In addition to the ILO's statement, the companies shared with GES the independent third-party assessment, which confirmed TMUS' compliance with the NLRA in terms of the training provided to the managers, the company's policies and the performance of the managers. The assessment also stated that TMUS' workforce is well aware of their rights and how to execute them.

The NLRA obligates a US company to engage in negotiations and sign a collective bargaining agreement (CBA), binding on the entire workforce, with the union that is supported by the majority of the workforce. The CWA was never the exclusive bargaining representative of the TMUS' employees, so the company has not deemed it as the official representative of its workers. Nonetheless, in 2011, TMUS' employees in Connecticut established a union and in 2012 signed the CBA with the company and two elections took place at TMUS between 2010-15. One was lost by the union in voting and the other was withdrawn. The voting processes were conducted in strict compliance with US law and the results were confirmed by the NATIONAL LABOR RELATIONS BOARD (NLRB). Recently, the Connecticut union requested an election to remove the union representation. The process of decertification has not been finalised yet, so currently, TMUS is in dialogue with the two unionised groups in Connecticut and New York.

Nevertheless, out of approximately 50,000 TMUS employees only around 40 joined unions, which seems questionably low, but the low level of unionisation is typical to the entire US private sector. In 2017, the union membership rate in the private sector was 6.5 per cent, edged up by only 0.1 percentage point comparing to 2016, according to the Bureau of LABOR STATISTICS OF THE US DEPARTMENT OF LABOR.

In relation to cases filed against TMUS by CWA, in March 2018, ten cases related to individual employees claiming the breach of NLRA were still pending. However, from around 70 cases filed between 2006-2017 the vast majority was either settled or withdrawn.

In 2015, the NLRB consolidated 13 separate cases filed across the US against TMUS and its workplace policies and ruled that the TMUS' Employee Handbook comprised illegal provisions, in particular, a clause which required workers to maintain a positive workplace environment. TMUS complied with the ruling but stated that the decision related to policies that are common to companies across the country and were no longer in place so had no impact on TMUS' employees. The company appealed against annulling four policies and in July 2017, the US COURT OF APPEALS ordered TMUS to rescind one illegal workplace rule found in the company's work rules. TMUS notified all workers about it and corrected the employee handbook as well as other work rules. The verdict concluded the dispute that TMUS' workplace guidelines may have created an environment discouraging the company's employees from forming a union. The judgement highlighted that a reasonable employee of TMUS would not be negatively influenced by the policies and would not interpret the debated provisions as halting freedom of association.

It is GES’ understanding that the ruling resolved the allegations published by HRW and CWA. In the course of the engagement, TMUS has been rigorously obeying the NLRA and complying with the subsequent decisions of the NLRB. The company has also significantly improved the call centre employees’ turnover with 23 per cent in February 2018 compared to 43 per cent of an industry average. Furthermore, DT implemented the Employee Relations Policy at TMUS with annual updates and revised its Code of Human Rights & Social Principles which applies to all the Group’s companies in accordance with internationally recognised norms and standards, in particular ILO Core Conventions, the OECD Guidelines, the UN Global Compact and the Guiding Principles on Business and Human Rights.

Given that the low level of unionisation at TMUS is multi-layered and has to be considered in the US context, over the years, CWA has not proved that TMUS had been blocking unionisation either by harassing individual employees or by introducing policies that created a union-hostile workplace. In GES’ view, the dispute with CWA will continue but it seems that the nature of the outstanding claims is lesser than in the past and does not merit to continue engaging with the companies. Both DT and TMUS committed to immediately correct any potential case of a misconduct.

FREEMPORT MCMORAN, RIO TINTO

Environmental impacts from waste practices



K Bruce Jackson
Senior Engagement Manager

Status: Resolved

Contribution to SDGs:



The Grasberg Mine in Indonesia’s West Papua is majority owned by FREEMPORT MCMORAN (Freeport) and operated by its subsidiary PT FREEMPORT INDONESIA (PTFI). RIO TINTO bought into the operation in 1995 and initially held a 14 per cent equity stake in PTFI, as well as a share of the production.

This is one of only four mines in the world that operate the waste disposal practice known as riverine tailings disposal (RTD). This is the practice of discharging its process waste from the metals extraction direct into local rivers. The practice generally leads to a significant detrimental impact on river flora and fauna as well as transforming the landscape when the sediment settles. In times of flooding, the tailings sediment can even affect land used for agricultural purposes. The tailings historically tend to show high levels of metals, which themselves can cause health problems.

Freeport initiated the practice at Grasberg in the early 1990s, which resulted in uncontrolled discharges impacted three river systems and some 280 square kilometres of lowland forests; now it only impacts the Ajkwa River in Indonesia’s West Papua.

Freeport argues that the region’s high rainfall, geomorphology and seismicity make a conventional tailings facility technically unfeasible. Arguably, at the start of operations this may have been true, with the financial cost also making it prohibitively expensive. However, the major concern with building a conventional tailings facility now is that it would have a large environmental footprint on currently unspoilt areas of native biodiverse habitats. It also has the long-term potential for failure which would then lead to even greater environmental damage than the current practice. It is better to accept the damage already done than potentially risk even more.



The Grasberg Mine, in Indonesia's West Papua.

Since 1997, several improvements have been made to the waste disposal practices, including the construction of a system of levees along the Ajkwa River, which prevent two other river systems from being impacted. Monitoring has also been improved and will soon be published online twice a year.

Most importantly, several studies have been undertaken to assess the impact of tailings in the river, marine and terrestrial environments. These show that the rivers previously impacted by tailings recover within five to ten years and, at that point, reflect the natural biodiversity and abundance of unaffected rivers. An assessment of the marine environment also indicates recovery within a similar period. In addition, a recent report published by the Nature journal indicates that the sediment deposition is having a positive impact on developing mangrove habitats near the river mouth. Finally, field surveys on the deposited tailings highlight that natural recolonisation occurs without any detriment to plant growth and crop studies on some 150 to 180 crops show that metal uptake is not a risk to human consumption. An assessment of the geochemistry and water quality results also indicates that the presence of toxic metals is not a concern.

Freeport and Rio Tinto have also identified that some of the tailings waste in the future will have the potential to form acid mine drainage. The companies have, therefore, designed a new tailings management system for these specific tailings, which involves the tailings being piped to new lagoons to be built on the containment area and stored under water thus preventing oxidation and the formation of acid. It is estimated that this would also improve the chemistry of the river by 85 per cent.

Rio Tinto has prohibited the use of RTD in future operations. Although Freeport has not made a similar commitment, in practice it appears none of its other operations have utilised RTD in the last 30 years.

Although RTD is an unacceptable practice, GES considers that Freeport and Rio Tinto are managing the situation well and have practical plans in place to address the changing chemistry of the tailings in the future. Studies have also shown that the deposited tailings and the river are likely to recover in ten to 15 years following cessation of operations.

GLENCORE PLC

Environmental impacts from pollution incidents



K Bruce Jackson

Senior Engagement Manager

In 2008, a study on the blood lead levels of children at Mount Isa city in Queensland, Australia identified that eleven per cent of the children had levels above World Health Organisation recommendations. The residents are neighbours to a lead, zinc and silver mine operated by MOUNT ISA MINES LTD, a wholly-owned subsidiary of GLENCORE PLC (Glencore). At elevated levels in children, lead can detrimentally impact brain and nervous system development, resulting in learning difficulties and irreversible impaired brain development.

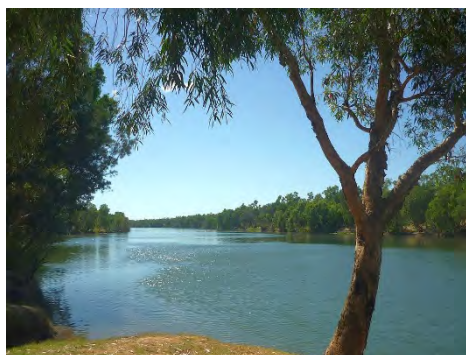
In 2013, at a zinc, lead and silver mine operated by the Glencore-owned McArthur River Mine in the Northern Territories of Australia, a waste rock dump spontaneously combusted, producing clouds of toxic gases including sulphur dioxide, an irritant which can lead to long-term respiratory

Status: Resolved

Contribution to SDGs:



Operating since 1924, Mt Isa Mines (1940) is one of Australia's oldest working mines.



The McArthur River, Northern Territories.

problems. The incident was due to poorly maintained waste rock piles that allowed water and oxygen to circulate, which caused the phosphorous in the rock to spontaneously combust. The company wished to expand the mine, so the state government requested an Environmental Impact Statement (EIS), which was to consider management of the waste rock piles and the long-term post-closure planning and monitoring of the mine.

Following the 2008 Mount Isa study, the company commenced several initiatives. A series of pathway studies were undertaken to identify the sources of lead contamination and make recommendations on how to minimise the exposure. In addition, the 'Living with Lead' initiative was set up to educate the residents on preventative forms of hygiene. The company also sponsors voluntary blood tests.

The land pathway studies identified an area of former mine waste beneath part of a river and very close to a school. The waste was removed, and the area remediated. Due to the risk of airborne lead-containing dust, the company monitors the weather and, if necessary, closes specific operations where the conditions are detrimental to the residents. In 2016, a mobile phone application was also introduced to enable residents to get real-time air quality measurements.

One identified source of lead from the mine complex, the Black Star zinc mine, has been closed since 2016, but all of the reports state that naturally occurring rock outcrops located in and around the city are also potential sources. This supports a judgement from 2013, when some residents took the company to court following the 2008 study and the judge ruled that there was insufficient evidence to suggest that mining operations were the source of the lead.

At the McArthur River mine, the EIS was published in early 2017. It was an extensive study. Its two most relevant provisions were: firstly, a more detailed categorisation of the waste rock with instructions on how to store and handle it; secondly, a detailed post-closure remediation plan to deal with the most acidic rock waste and remove the risk of acid mine drainage impacting the surrounding area.

In December 2017, the media reported on problematic seepages from the rock piles at the McArthur River mine, but the company has already dealt with the issue and is putting further controls in place during the mine expansion works.

The dialogue with Glencore has been very constructive over the last two years, with the company responding positively to enquiries.

Based upon the actions taken and the proposed measures to be implemented in the future, GES considers the case to be resolved.

HSBC HOLDINGS

Recurring incidents of money laundering in various countries



Kate Jalbert

Engagement Manager

Status: Resolved

Contribution to SDGs:



GES started an engagement with HSBC HOLDINGS (HSBC) in 2016 on recurring incidents of money laundering. The key incidents that were of particular concern included:

- HSBC's US/UK Deferred Prosecution Agreement (DPA) from 2012 in relation to anti-money laundering (AML) and sanctions violations;
- the HSBC Swiss private bank files that were leaked and the associated investigations by various governments (specifically Argentina, India, France and Belgium) into HSBC's alleged facilitation of tax evasion; and
- the Panama Papers leak that indicated that HSBC had created 2,300 shell companies for MOSSACK FONSECA and its clients.

GES' engagement objective was to ensure that HSBC has robust systems and controls to prevent financial crime and money laundering.

Over the past five years, HSBC has overhauled its financial crime compliance systems and processes. Much of the work has been dictated by the terms of its DPA, which clearly outlined the remedial actions that the bank must take in order to not face criminal prosecution and/or the revocation of its US banking licence. In addition, the bank's work in this area has been overseen by a court-appointed monitor.

GES had four meetings in person and one conference call with HSBC, in which the company was very open to discussing the various actions that it has taken to address these issues. HSBC also provides comprehensive disclosure on financial crime risk management on its website and in its 2017 Annual Report.

A key issue that HSBC has sought to address over the years has been the uniform application of its AML policies. In 2017, HSBC put in place a new anti-money laundering and sanctions framework. 'Know Your Customer' is a key part of this framework, as the bank wants to ensure that the economic purposes of its clients are aligned with its risk appetite – both at the point of bringing on a new client and on a periodic basis. All four lines of HSBC's business are using its new customer due diligence on-boarding tool. Transaction monitoring and client screening (particularly in relation to politically-exposed persons) are also elements of the framework.

The implementation of this new framework was accompanied by a major upgrade of HSBC's compliance IT systems in 2017. The bank uses a combination of both internal and external software for this monitoring.

In terms of training, HSBC has an in-depth education and training programme regarding compliance and financial crime, which involves front, back and middle office staff, as well as the CEOs of their banks and subsidiaries. HSBC also has enterprise-wide risk assessments that are conducted at each bank/subsidiary, which pertain to the various risks that are particularly acute and relevant within that jurisdiction.

In addition to the compliance aspects, the bank has focused on improving its corporate culture. In 2016, HSBC introduced a charter on ethical banking. The charter is part of a broader programme to encourage employees to speak up and to raise awareness about financial crime risk.

HSBC has also developed a specific risk management framework for financial crime. In 2016, HSBC created an internal new financial crime risk function and appointed a Group Head of Financial Crime Risk, who reports to the Group Chief Executive. There is also a board sub-committee that provides oversight of financial crime, the Financial System Vulnerabilities Committee (FSVC) attended also by the Group Head of Financial Crime Risk.

The bank has told GES that many of the issues raised by the Swiss tax leaks and the Panama Papers are historical. HSBC has said that it now has a much more restrictive appetite for the types of accounts that were exposed in the Swiss Tax and Panama Papers leaks.

Finally, on 12 December 2017, HSBC announced that the US DEPARTMENT OF JUSTICE decided to end its DPA, noting that the bank has made significant improvements to its AML systems and processes. The dismissal of the DPA removes any threat of criminal prosecution for the bank and provides another level of assurance that the bank has adequately addressed prior AML failings.

Given HSBC's extensive work on improving its AML procedures and systems and the closure of its DPA with the US authorities, GES decided to resolve its engagement with HSBC in February 2018. GES will continue to monitor the situation and reassess the conclusion should any new developments occur in this area.

KGHM

Recurring fatal accidents



K Bruce Jackson

Senior Engagement Manager

Status: Resolved

Contribution to SDGs:



KGHM is a Polish company primarily involved in the mining, processing and trading of copper, non-ferrous metals and precious metals. Aside from facilities in Poland, the company operates in Canada, the United States and Chile. According to its 2015 Annual Report, the company employs 34,000 people.

GES opened a case on KGHM in 2013, following two years of rising fatality numbers. KGHM rolled out a new health and safety programme in 2013/14, however there was little noticeable improvement in fatality figures. In 2016, the company suffered seven different fatal incidents, with 19 associated fatalities, all at its Polish operations. The last one, in November 2016, was the worst in KGHM's history. Based upon this significant increase in the number of incidents and associated fatalities, GES upgraded the case to engage in January 2017.

The November 2016 incident resulted in eight fatalities at the Rudna Mine, due to an underground rock fall caused by an earth tremor. At the time of the tremor, the workers were in a maintenance area that had been assessed as being of only 'moderate risk'.

It is not scientifically possible to predict the time, size or location of earth tremors or earthquakes, therefore alternative safety precautions must be introduced.

KGHM has undertaken the following measures to reduce the number of fatalities at its operations:

1. Increased training in health and safety awareness as a continuation of the roll-out of the previously introduced health and safety programme.
2. A review of its risk assessments, which resulted in a decrease in the number of people permitted to congregate in risky areas underground.
3. A recognition that it will increase the levels of mechanisation in high-risk operations and when the mine extends a further 400 metres in depth.
4. The new CEO introduced a zero-tolerance policy on infringements of health and safety procedures.
5. A former mine-rescue worker is also on the board of directors, indicating the level of commitment by senior management to improve health and safety at the company's operations.

These measures have resulted in a significant decrease in the number of deaths with three fatal accidents since November 2016, with causes unrelated to those of the previous incidents.

Despite these recent incidents, GES considers the measures detailed above, and the overall reduction in the number of fatal accidents since November 2016 an indication that KGHM is substantially improving its health and safety performance and preparedness. Thus, GES considers the case resolved. KGHM will, however, continue to be monitored within GES news coverage.

PEGATRON

Poor working conditions



Izabela Żurowska

Engagement Manager

Status: Resolved

Contribution to SDGs:



GES has been engaging with PEGATRON since 2013 in relation to recurring allegations of poor working conditions at the company's factories. Pegatron is one of APPLE INC. 's key suppliers in China and like the other major suppliers to the company, Pegatron has frequently been reported by CHINA LABOR WATCH (CLW) and other NGOs investigating labour rights' violations in the country. CLW has been publishing reports on Pegatron's working conditions every year since 2013, and, in 2017, it finally noted that it did not find any problems at the factories that were the focus of its previous investigations. This assessment is consistent with our engagement with Pegatron. Due to the company's continuous commitment to addressing and improving labour rights in its operations, GES decided to resolve the case in January 2018.

In the last few years, there has been an increased scrutiny of responsible business practices in the IT sector. Therefore, key players and the main sector initiatives have been pushing for the improved performance and compliance with industry codes. Pegatron is a member of the RESPONSIBLE BUSINESS ALLIANCE (RBA), which created an industry-wide standard on social, environmental and ethical issues. The company complies with the RBA's Code of Conduct and, in dialogue with GES, as well as publicly, committed to adhere to the best practice and to collaborate with peers to enhance labour standards within the sector.

At first, Pegatron was rather defensive in acknowledging labour issues and argued that CLW's allegations misrepresented its practices and standards. The company informed GES that it had tried to engage with the NGO, but CLW was not interested. Nonetheless, over the years, Pegatron introduced many measures to tackle the most severe concerns, such as those with forced and unpaid overtime. It also enhanced its policies, which initially

contained very limited information and significantly increased the number of audits and introduced more comprehensive checks, prioritising the high-risk factories. Pegatron improved channels of communications with its employees and enhanced the quality of reporting. In addition, the company has regularly been updating its website and including material information about its activities, which was also one of GES' recommendations.

Some of the issues, such as over-crowded dormitories or the wage structure, still seem to be problematic, but Pegatron explained the roots of its shortcomings and elaborated on its strategy to resolve them. In general, these are endemic industry-wide problems that will not be easily solved, but GES believes that Pegatron is working to improve the conditions and is committed to mitigating the risks.

In GES' view, the company recognises key concerns and risks related to its operations and has developed a strategy to alleviate the outstanding problems. GES expects this to continue as Pegatron demonstrates an increasing focus on sustainability. However, many of the challenges are industry-wide and need a collaborative effort. While reports of labour issues will most likely continue to arise due to complexities in the supply chain, GES believes that Pegatron will respond to them and rectify any issues found.

WELLS FARGO & CO

Workplace harassment and retaliation

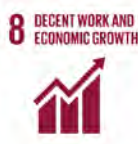


Kate Jalbert

Engagement Manager

Status: Resolved

Contribution to SDGs:



In September 2016, WELLS FARGO & CO (Wells Fargo) was issued a record fine by the US CONSUMER FINANCIAL PROTECTION BUREAU – USD 185 million – for employees opening more than two million deposit and credit card accounts without customers' permission between 2011 and 2016. In October 2016, the media reported allegations of Wells Fargo employees being wrongfully dismissed for not meeting aggressive sales quotas and that the company retaliated against employees that reported misconduct in relation to the sales practices issue.

GES started engaging with Wells Fargo in November 2016 in relation to labour rights issues as part of the GES Business Conduct Engagement and more broadly on the sales practices issue as part of the GES Corporate Governance Engagement. In the past year, GES has had an intensive dialogue with Wells Fargo. We had four conference calls with the company, including one with former Chairman Stephen Sanger and one with the current Chairman Elizabeth Duke. The company has been proactive in reaching out to GES whenever there was a new announcement and has provided us with access to executives and board members.

Wells Fargo has made comprehensive changes to its employment practices and general employee relations to address the employment allegations that arose out of the sales practices issue. Most prominently, Wells Fargo had a complete shake-up of senior leadership, with Timothy Sloan taking over as CEO in October 2016 and Mary Mack taking over as Head of the Community Bank, the retail banking unit of Wells Fargo where most of the employee allegations of mistreatment arose in July 2016. In September 2016, the bank stopped using cross-sales as a key measure of success for the retail bank. In addition, Wells Fargo's board commissioned an independent third party to

carry out a review of sales practices and published a report on the investigation in April 2017.

Wells Fargo completely restructured how it incentivises staff, which was considered a key driver in staff setting up fake accounts. Prior to October 2016, employees had to reach certain product sale goals to receive incentives. In October 2016, Wells Fargo eliminated product sales goals for retail banking employees in branches and call centres. Incentives were restructured to focus on customer service and experience.

Between 2011 and 2016, approximately 5,300 employees were terminated for engaging in improper sales practices. Wells Fargo has made it possible for former employees to request a termination review by the bank's employee relations team if a termination or resignation was allegedly due to sales performance or cultural reasons. The CEO reported in his written testimony to the US CONGRESS that, as of October 2017, Wells Fargo had re-hired 1,780 employees who had left the bank between 2011 and 2016.

Wells Fargo carried out an extensive review of its whistleblowing facility, EthicsLine and enhanced the relevant procedures. The company improved its Speak up and Nonretaliation Policy, which sets expectations for all employees to raise concerns and for managers to help them feel supported when they do. Wells Fargo has also brought in an Allegations Management Policy, which defines how it deals with allegations about a specific team member.

The company has also made changes to the oversight of these policies and employment-related issues. A large problem with the sales practices issue was that the board and some executives were not aware of the scale of the employment and cultural problems, partially due to the decentralised structure of the bank.

Wells Fargo has changed the reporting lines for the control function groups to report to their central control groups rather than the lines of business that they support. The newly created Conduct Management Office deals with any conduct-related risks and combines the company's sales practices oversight, global ethics and integrity programme, complaints oversight and internal investigations groups. The Conduct Management Office reports to the Chief Risk Officer, who reports to the board's risk committee. In addition, the board's human resources committee now receives enhanced reporting on allegations. In February 2017, the board expanded the human resources committee's charter to cover oversight of human capital management, culture and the effectiveness of its ethics programme. The risk committee's remit was also expanded to cover oversight of the Conduct Management Office, enterprise conduct risk and risk culture more widely. This should all help to improve information flow between various lines of business, executives and the board.

Finally, Wells Fargo has taken a number of measures to strengthen its corporate culture. In May 2017, the bank had an independent academic carry out a culture survey, which involved all 269,000 employees. Wells Fargo measures its culture via different methods on a regular basis, including executives leading listening sessions with employees, live online

chats and pulse surveys of employee sentiment. Wells Fargo also measures behavioural metrics, such as data from exit interviews; team member engagement and turnover figures; and figures on ethics-related allegations and disciplinary actions (including terminations). In the company's Q3 2017 earnings call, the CEO explained that total team member attrition was at its lowest level in six years, which is an initial indicator that the company is managing its employee relations better. This was also the same for the Community Bank, which improved its employee turnover figures every quarter in the past year.

Wells Fargo has made a significant effort to address the underlying employment relations problems that originated out of the sales practices issue. We are aware that, in February 2018, the US FEDERAL RESERVE announced a cap on the growth of the bank's consolidated assets and put the bank under a Consent Order, which dictates that the bank must undertake further efforts to improve its governance and risk management. However, there have been no new allegations raised in connection with the Consent Order and the actions required under the Order are not specifically focused on employment issues, but more widely on governance and internal controls. Given the lack of new allegations and the fact that the bank has been proactive in addressing employment and cultural issues, GES decided to resolve this case in February 2018. We will continue to monitor the situation and will continue to engage with the company under the GES Corporate Governance Engagement programme.

EQUIFAX

Major data breach



Kate Jalbert

Engagement Manager

Status: Engage

Contribution to SDGs:



In September 2017, EQUIFAX, a global consumer credit reporting agency, announced that the company had experienced a data breach that occurred between May and July 2017, which compromised the personal data of over 143 million US customers. In October 2017, the company announced that it had concluded its forensic investigation and that it had identified an additional 2.5 million US customers that were affected, bringing the total to 145.5 million. The personal data of 693,665 British consumers and 8,000 Canadian consumers were also stolen. The leaked data included Social Security Numbers (SSN) and credit card numbers, as well as names, birth dates, addresses and driving licence numbers.

A SSN is a single number used to identify a person in the US. An SSN coupled with personal details, such as name and address, means that a criminal could very easily steal a person's identity. In general, data breaches that involve hard-to-change personal data and SSNs, like the one experienced by Equifax, are usually considered more serious than ones that involve just email addresses and passwords. To put the scale of the data breach in perspective, 145.5 million consumers represent over 44 percent of the total US population in 2016.

GES upgraded its Evaluate case on Equifax to Engage in February 2018, given the scale of the incident and the company's seemingly slow response to the issue. Equifax was criticised in the media for the delay in announcing the breach – it waited almost a month to disclose the nature of the breach after it had been discovered. In addition, Equifax initially announced no resignations or personnel changes, and then, seemingly due to pressure,

announced over a series of days the resignation of key staff, including the then Chairman and CEO Richard Smith. Finally, the company's remediation efforts have been criticised as being ill-thought out. The company directs potential consumers affected by the breach to a separate domain instead of its own website, which is less familiar to the consumer and therefore potentially less trusted. Furthermore, following the breach announcement, the company's Twitter account accidentally sent out a phishing-link instead of the link to the remediation website.

Nonetheless, Equifax has written to most of the potentially affected customers and offered varying remedial options (depending on the legal regimes in different countries). These options include offering various tools free-of-charge for consumers to monitor their credit ratings and lock their credit reports, if they suspect suspicious activity. In addition, Equifax offered all US consumers identity theft protection and credit report monitoring free for one year.

GES' engagement objective is that Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks. The breach was preventable and occurred predominantly due to a break-down in internal controls. Equifax was warned about a vulnerability and the need to apply a software patch in March 2018 by C-CERT, an agency within the US DEPARTMENT OF HOMELAND SECURITY. However, the patch was not properly applied due to human error and then Equifax's regular security scans did not pick up on this.

GES had an initial conference with Equifax in March 2018, in which the company provided a detailed overview of both the breach and its efforts to remedy the situation thus far. Additional information about the breach will be published in the company's Proxy Statement for its upcoming AGM, which takes place in May 2018.

PETROTRIN

Recurring pollution incidents



K Bruce Jackson

Senior Engagement Manager

Status: Confirmed violation

Since 2013, PETROTRIN, the state-owned oil producer of Trinidad and Tobago, has experienced several oil leaks and spills from its offshore and on-shore operations.

One of the most recent was in April 2017, when Tank 70 ruptured at the Ponte-a-Pierre refinery, located on the coast of the Gulf of Paria to the east of Trinidad. Petrotrin initially reported that only some 20 barrels of oil had escaped. This was later reported as 300 and then later at 800 barrels. The quantity was then questioned in parliament, when it was noted that Tank 70 could hold up to 123,850 barrels, following the leak, only about 12,500 barrels remained adjacent – the inference being that several thousand barrels of oil may have escaped.

The company was criticised for its lack of response in the initial phase of the leak. Although it had three oil skimmers available, these were not deployed. Moreover, booms (floating barriers that trap oil) were not placed across the mouth of the Guaracara River, where the oil first entered the water environment.

Contribution to SDGs:



The oil was picked up by ocean currents in the southern Caribbean. In May 2017, Trinidad and Tobago’s MINISTRY OF ENERGY AND ENERGY INDUSTRIES confirmed that the leak had impacted beaches in Venezuela. PETROLEOS DE VENEZUELA (PDSVA) reportedly cleaned up the oil, but some 61 Venezuelan NGOs are demanding compensation from Petrotrin stating that the impacts could last up to ten years. In July, Mexican authorities reported that crude oil from Petrotrin’s April leak had washed up on beaches of the Yucatan coast.

Petrotrin’s maintenance of its facilities has been criticised, with Petrotrin’s president claiming that TTD 16 billion (USD 2.4 billion) is required over the next four years for essential maintenance. Petrotrin has been in deficit since 2014.

The lack of maintenance has arguably been the main cause of multiple leaks and spills which have impacted both beaches and residents in Trinidad and Tobago every year since 2013. These incidents include eleven leaks and spills in December 2013, which resulted in the Trinidad and Tobago ENVIRONMENTAL MANAGEMENT AUTHORITY fining Petrotrin USD 20 million.

A leak of 5,000 barrels of slop oil (a mixture of oil, water and solids), which entered a local river in July 2014, resulted in both environmental and health impacts to the local population.

In 2016, numerous beaches, in both Trinidad and Tobago, were impacted by oil washing onto them.

Also, in March 2017, residents of Fortin in Trinidad had to be evacuated due to ‘a strong hydrocarbon odour’ which caused several people to suffer respiratory problems.

GES has upgraded the case to a Confirmed violation based upon its poor emergency response being a violation of Article 194 of the Law of the Sea. GES has reached out to Petrotrin on several occasions seeking to address its maintenance programme, there has been no response to date.



Petrotrin’s Ponte-a-Pierre refinery, Trinidad.

STATE OIL COMPANY OF THE AZERBAIJAN REPUBLIC

Recurring fatal accidents



K Bruce Jackson
Senior Engagement Manager

Status: Confirmed violation

Since 2014, the STATE OIL COMPANY OF AZERBAIJAN REPUBLIC (SOCAR), the state-owned oil producer of the Azerbaijan republic has had a number of fatal accidents. It has reportedly averaged 18 deaths a year up to the end of 2016, with as many as 34 in 2015. It should be noted that the company does not actually provide coherent annual health and safety statistics, it does not even have a publicly available health and safety policy. The list of accidents is therefore, not surprisingly, quite long. All the following reported deaths are in Azerbaijan, or its territorial waters.

In June 2014, two workers died in a gas explosion whilst cleaning old wells in Gala. In October 2014, four workers were killed during repairs when part of the offshore unit they were standing on collapsed into the Caspian Sea. Only three of the four bodies were recovered. A similar accident in November 2014 resulted in one of five workers being killed whilst another worker went missing and three were rescued.

Contribution to SDGs:



SOCAR's futuristic head office in Baku.

In November 2015, a crane collapsed into the sea, its operator was killed. There were two fatal incidents in December 2015. The first a fire on a SOCAR-operated oil platform in the Gunashli oil field, of the Caspian. The bodies of 14 killed were retrieved, another 16 people were listed as missing. SOCAR had initially reported that everyone had been safely evacuated. On the same day, an accident occurred on a platform within the Oil Rocks field, operated by the Oil and Gas Production Division of SOCAR which resulted in three workers missing.

Following the December 2015 accidents, an Azeri NGO, OIL WORKERS' RIGHTS PROTECTION ORGANISATION PUBLIC UNION published a report, based on eye-witness statements, indicating that safety rules were seriously violated for maintenance and construction work. It also stated that life-jackets were unavailable to workers during the rescue works and in one instance a lifeboat broke upon contact with the sea.

During 2016, GES has gathered reports on eleven fatalities. In July 2016, an employee of SOCAR fell into the sea and drowned during repair works at the Palchig Pilpilyasi field and in December 2016, a 150-metre long trestle or bridge was blown into the sea, resulting in a further ten fatalities.

There was some improvement in 2017, in January there was an explosion and fire at its main gas fired plant, although no one was reportedly injured. In May, a gas leak led the CEO of SOCAR, who was on the rig, to order a partial evacuation. Then in June 2017, five people were injured when a SOCAR seismic vessel crashed in one of its own Caspian Sea own oil rigs.

GES upgraded the case to a Confirmed violation based upon its poor health and safety practises as well as equipment is indicative of a violation of Article 18 of the ILO convention C155 on Occupational Safety and Health.

GES has reached out to SOCAR on several occasions seeking to address its health and safety preparedness, there has been no response to date.

TRANSCANADA CORP

Environmental and human rights violations on proposed pipeline



K Bruce Jackson
Senior Engagement Manager

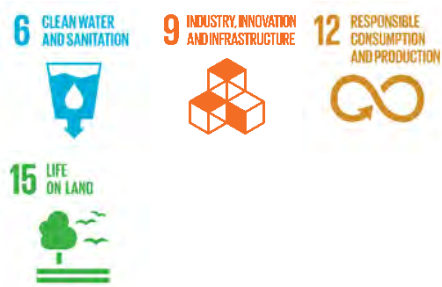
Status: Engage

TRANSCANADA CORP.'s (Transcanada) Keystone XL project is a proposed pipeline that would run from the tar sands production wells in Alberta, Canada, to refineries in the US and the Gulf of Mexico. It is expected to have a capacity of some 830,000 barrels per day of heavy crude oil.

The pipeline was first proposed in 2008 and, to date, only the construction of the southern length of the pipeline, from Cushing Oklahoma to the Gulf of Mexico, has been completed. The three northern states of the pipeline route: South Dakota, Montana and Nebraska, have been the source of some controversy.

The pipeline was vetoed by the Obama Administration and the State Department formerly ruled against the cross-border permit required to construct the remainder of the pipeline. However, in early 2017, President Trump signed an executive order which effectively removed any federal ban on the pipeline construction. This was followed by the US STATE DEPARTMENT reversing its decision on the cross-border permit. The decision is one of many being challenged in the US court system. The thrust

Contribution to SDGs:



of the appeal is that the State Department reversed its decision to deny a cross-border permit without undertaking a complete and current review of the pipeline’s many threats including: climate-change, endangered species and water supplies for communities along the route. The situation is only exacerbated by the decision of Nebraska’s PUBLIC SERVICES COMMISSION (PSC) made in November 2017. Nebraska was the last state to approve the pipeline and gave its approval in a split (3:2) vote. The decision was controversial as the PSC did not approve TransCanada’s preferred route, but a different route which has since been dubbed the ‘Mainline Approved Route’. During the PSC hearings, TransCanada’s own expert highlighted a number of concerns with the route alignment, most noticeably: threats to additional endangered species, an increased number of river crossings, and an increase in the pipeline length over the Ogallala Aquifer. The Ogallala Aquifer is part of the High Plains aquifer system, one of the world’s largest groundwater sources that supplies some two million households with water and 30 per cent of the US’s irrigation water.

It should be noted that the pipeline will transport Canadian heavy crude, from the Alberta tar sands. This crude is particularly viscous and although it will be thinned using naphtha, if a leak occurs, the volatile naphtha will evaporate leaving a thicker, heavier crude. This is problematic when remediating both water courses and groundwater. Whereas lighter crudes would float on the surface of the water, making clean-up easier; the crude from the Canadian tar sands would sink below surface waters, making conventional clean-up methods (surface booms and skimmers) ineffective.

There have also been complaints from Native American tribes that they have not been properly consulted regarding the pipeline. Although the pipeline route does not cross their land, they state that the pipeline crosses upriver from their main water treatment plant and that any leak could have a profound impact on the availability of potable water. In addition, any leak into the groundwater would also have detrimental consequences to their way of life.

Although GES has held one meeting with TransCanada, there are still many more questions to be answered. The lack of a complete Environmental and Social Impact Assessment is serious and not aligned with normal practices for such a project. Thus, GES has decided to upgrade the case to Engage.

NUTRIEN

Operations in occupied territory



Linda Björk
Senior Engagement Manager

Status: Confirmed violation (update)

On 2 January 2018, AGRIMUM INC. and POTASH CORPORATION OF SASKATCHEWAN (PotashCorp) announced the completion of their merger. The new company is known as NUTRIEN. GES had been engaging with PotashCorp for nearly ten years and with Agrium since it started phosphate imports from Western Sahara (WS) in 2013. Following the merger completion, GES continues to conduct these cases under the new entity.

Nutrien, through the legacy companies Agrium and PotashCorp, accounts for half the global purchases of phosphate from WS, according to WESTERN SAHARA RESOURCE WATCH. In an opinion issued in 2002 by the UN Under-Secretary General for Legal Affairs, the exploitation of natural resources in non-self-governing territories, WS in particular, was declared illegal if conducted in disregard of the interests and wishes of the people of WS.

Contribution to SDGs:



Following the merger, Nutrien's CEO announced that the company's goal is to no longer source from Western Sahara. He added that the contract between the Moroccan state-owned phosphate company OCP and the part of Nutrien that used to be called Agrium is to end in 2018. In addition, the company will make a decision, by mid-2018, on what to do with PotashCorp's imports from the territory.

There have been legal developments related to commercial activity in WS both in international and national courts, with a recent ruling of the EUROPEAN COURT OF JUSTICE (ECJ) establishing that a fishery deal between the EU and Morocco cannot include the territory of the WS, annexed by Morocco. In December 2016, the ECJ also ruled in favour of the POLISARIO FRONT an indigenous Saharawi independence movement which has proclaimed the Saharawi Arab Democratic Republic (SADR) when ruling that the EU's association agreement with Morocco could not apply to WS without the consent of the people of WS. The Polisario Front, recognised by the UNITED NATIONS as the legitimate representative of the Saharawi people, is now planning to claim EUR 240 million per year in compensation for damages due to the export of products from WS to the European Union that has taken place after the EU ruling in 2016.

Companies operating in WS are also facing an increased legal risk. The Polisario Front has taken legal steps in national courts in France and Spain against companies importing sand and agricultural products, as well as an airline company. In 2017, a shipment heading to Agrium was detained in Panama but was later released after a bond was placed. However, in February this year, the SOUTH AFRICAN HIGH COURT ruled that the Saharawi Arab Democratic Republic is the owner of a shipment of phosphate which was detained in South Africa after being sold by OCP to a New Zealand based farmers' cooperative BALLANCE AGRI-NUTRIENTS.

Although Nutrien does not believe that it is in breach of human rights, it does acknowledge that there are concerns related to sourcing phosphate from WS that have been raised by its shareholders. The company also gives commercial reasons for wanting to end its imports from the territory, since there is a cost benefit to sourcing material from its own integrated source in the US. GES is engaging with Nutrien on a complete halt of imports from the territory.

Companies in the oil and gas industry have also been announcing exits from WS. In December last year, GLENCORE PLC informed GES that the company had exited its two offshore exploratory licenses in the territory. GES continues to engage on Glencore's human rights risk preparedness, specifically with regards to high-risk locations. In February this year, KOSMOS ENERGY and CAIRN ENERGY also announced their withdrawal from WS. Kosmos Energy has assigned the contract to the Moroccan state-owned oil company OFFICE NATIONAL DES HYDROCARBURES ET DES MINES (ONHYM) for the ongoing seismic programme but will provide ONHYM with consulting support on the interpretation of the resultant data. GES will follow up on the exit of these two companies, with the seismic studies estimated to continue until mid-2018.

CHANGING TIDES FOR THE SOUTH KOREAN CHAEBOL?

Travel update from Emerging Markets Engagement programme



Anders Planck-Hendriksen

Engagement Manager

Contribution to SDGs:



In December 2017, GES travelled to South Korea to meet with some of the country's largest companies as part of Business Conduct Engagement and the Emerging Markets Engagement programme. A key issue for engaging with South Korean companies relates to the general low level of transparency, as well as the understanding of, and preparedness to manage, ESG risks. This is especially the case for the large, family-controlled conglomerates, often referred to as *chaebols*. These conglomerates – including SAMSUNG, HYUNDAI, LG, SK and LOTTE - were central to the country's post-war transformation into an Asian 'miracle economy', and account today for half of the KOSPI (South Korea's primary stock board). The massive economic power of these conglomerates, combined with little transparency and often complex ownership structures, have seen the chaebols become the centre of the debate about corporate governance in South Korea.

The chaebols were central to the corruption scandal which erupted in December 2016 and led to the fall of President Park Geun-hye. The scandal involved corporate donations paid by as many as 53 companies to two of Choi Soon-sil's foundations; Choi Soon-sil was a confidante of President Park Geun-hye. The National Assembly described the donations as bribes personally benefiting Ms. Choi and paid in return for favours ranging from lucrative licenses to presidential pardons and corporate mergers. During Park's tenure as President, she granted pardons to the chairmen of SK GROUP and CJ GROUP, respectively. Both had been imprisoned on corruption charges. Top officials from Lotte, Hyundai and Samsung have also been investigated on charges related to tax evasion, embezzlement and bribery. In February 2017, Lee Jae-yong, vice chairman of Samsung electronics, was sentenced to five years in prison for bribing President Park. The sentence was then appealed and suspended in February 2018. However, it should come as no surprise that Lee is only the most recent case of a chaebol business leader being pardoned or having a prison sentence suspended.

Coinciding with the latest corruption scandal in December 2016, the KOREA CORPORATE GOVERNANCE SERVICE published the Korean Stewardship Code (the Code) intended to promote active ownership and greater transparency. Originally, the FINANCIAL SERVICES COMMISSION (FSC) tried to introduce the Code in 2014, but opposition from the business community blocked it until a private voluntary agreement was adopted in December 2016. Although the Code initially received a lukewarm welcome from asset owners and asset managers, much-needed traction was gained when South Korea's largest institutional investor, the NATIONAL PENSION SERVICE (NPS), announced the intention to implement the Code by 2018. This is expected to be a game changer since roughly 70 per cent of the fund's stock portfolio is in large caps, mainly chaebol stocks. The reform of big conglomerates was a key election pledge by the current President Moon Jae-in, who also promised to abandon what he refers to as South Korea's "chaebol-focused growth strategy"; a strategy leaving many small and medium-sized enterprises (SMEs), which supply products to conglomerates, feeling squeezed by unreasonable demands and excessively low prices.

In response to the increased scrutiny of recent years, several of the dominant conglomerates have announced new measures to increase

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Bloomberg: Moon's chaebol coma (10 January 2018), South Korean scandal may force change of chaebol ways (5 January 2018)

Nikkei Asian Review: Samsung heir's release will not kill South Korea's reform drive (9 February 2017); South Korea's chaebol show shareholders some respect (2 February 2018)

Pulse News: Korea's National Pension Service to introduce stewardship code in 2018 (12 March 2017)

Reuters: Changes in chaebol governance culture could diminish the Korea discount (30 October 2017)

The Economist: South Korea's antitrust tsar has a good shot at taming the chaebol (6 January 2018)

The Korea Times: President vows to reform chaebol (10 January 2018)

The New York Times: Money, power, family: Inside South Korea's chaebol (17 February 2017)

transparency and improve governance. For instance, Samsung Electronics in 2017 announced measures to increase accountability in managing financial donations and monetary support for CSR-related activities and funds. Meanwhile, several SK entities intend to stop holding their general meetings on the same day starting this year – a common practice in Korea which is highly disadvantageous for minority shareholders. Last year, more than 40 per cent of listed South Korean companies held their general shareholders meetings on March 24 and only a fraction allowed electronic voting.

During our engagement trip to Seoul, we met with thirteen Korean companies, including several dominant chaebol entities, and discussed issues ranging from ESG disclosure, corporate governance, labour relations and environmental performance. In several cases, we identified the development of a stakeholder-informed ESG materiality analysis as a critical starting point to guide the company's efforts. Other governance aspects of focus include Board diversity and selection, and an effective whistle blower system for internal and external stakeholders to voice complaints without fear of reprisal. Besides a general push for increased transparency and ESG disclosure, we also placed emphasis on labour relations, which have been an ongoing topic in the country with long-standing union disputes at many companies. Regular strikes and work stoppages caused by annual wage negotiations are causing measurable production losses for several companies. In our recommendations, we encourage companies to engage relevant stakeholders (including unions), to reduce the risk of labour disputes.

GES recommendations are well aligned with the spirit of the Korean Stewardship Code. The announcement from NPS to implement the Code this year will inevitably put pressure on the chaebols to reign in complex ownership structures and increase accountability and transparency. Already, a few chaebols have brought more far-flung businesses into simpler holding-company structures, and others are looking into paying larger dividends to shareholders. It will be interesting to see if this year's annual shareholder meeting season in Korea will shed further light on how the chaebols respond to increasing pressure from politicians, investors and the general public.

500 FACE-TO-FACE MEETINGS ON EMERGING MARKETS

What have we learned?



Palle Ellemann

Lead Emerging Markets Engagement

During 2017, GES reached a milestone of 500 face-to-face meetings with companies in emerging markets (EM). This significant engagement effort has been driven by the Emerging Markets Engagement (EME) programme set up in 2009 as a pilot and later expanded to cover more than 120 active engagement processes in 14 different EMs.

The EME is GES' largest and oldest risk-driven engagement programme, where we select companies for engagement based on client holdings and risk analysis. The EME programme fits well with OECD Guidelines on Responsible Business Conduct for Institutional Investors, because it is risk-driven and focuses on EMs, where investors often find elevated ESG risks compared to developed markets.

The overall learning point from the many meetings in EMs is that meeting companies face-to-face in their local contexts is hugely beneficial for the engagement process. We recognise that it is a significant investment of resources and a creation of a carbon footprint to make all these trips, but it is essential to achieve our goals with the programme; to support investors in getting a better insight to ESG risks and opportunities in EMs and drive positive change in how EM companies mitigate these ESG risks. The 500 meetings have taught us that:

A) Understanding political context and culture is key for engagement dialogue. It is important for the ESG risk assessment of a company and the calibration of the engagement objectives that we understand the context in which it operates. The companies we engage with typically respond very positively when they experience that we have actually spent time researching the contextual factors and this provides a framework for having a constructive dialogue. Our ability to push for change in the companies we engage with is highly influenced by the way we deliver the engagement message.

B) Preparation and respect work everywhere. Despite cultural differences, we have not yet engaged in a market where it did not pay off to prepare the meetings well and treat people with respect. Before any meeting, we conduct a full review of available ESG disclosure and prepare an extensive meeting guide. The review allows us to focus on areas with an engagement potential, without forgetting to acknowledge the companies for good practices as well. In the engagement situation, we often find ourselves in a position where we need to help people build a business case for the change we want the company to make. In these cases, we need to think how we can provide good arguments and a goal that people can commit to internally.

C) Face-to-face interactions and consistency build trust that produces engagement results. Face-to-face interactions cannot be replaced by video, phone or email. The whole setting of a face-to-face meeting is full of opportunities to build trust in greetings, body language and small talk, while other means of communication are more transactional. Face-to-face interactions and consistency in how a meeting is followed up with a debriefing and a subsequent requesting of another meeting are factors that build trust in the engagement process, which will allow for more open discussions on difficult topics. Consistency also ensures that the engagement continues to build on the previous progress made instead of revisiting the same positions.

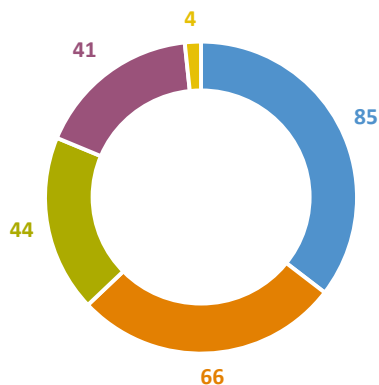
D) Poorly rated companies are not necessarily poor companies. Over the years, the first engagement meeting with GES has often been the first conversation that EM companies have had on ESG. We still meet companies with very limited ESG disclosure and these companies obviously have a very poor ESG rating. This does not mean that these companies are necessarily poor in managing ESG issues. While using ESG as a framework for managing risks may be new to these companies, most are already familiar with traditional risk management and have strong value systems based on a long history. Many EM companies are controlled by one majority shareholder and little attention is paid to minority shareholders and public disclosure. These companies, however, often have a very important position in the local

community and the value system and image of the company is linked with the shareholder. So, these companies may have significant CSR-activities covering employee and community-related issues, but they have not been considered from an ESG/investor perspective. In various cases, GES engagement has been instrumental in getting companies to start to publish sustainability/ESG reports.

Over the years, GES has experienced increased client interest for the risk-driven engagement approach, among other things reinforced by OECD Guidelines for Institutional Investors. The EME is, therefore, continuing to expand the scope of the programme and include UN Sustainable Development Goals (SDGs) impact mapping as well as UN Guiding Principles during 2018.

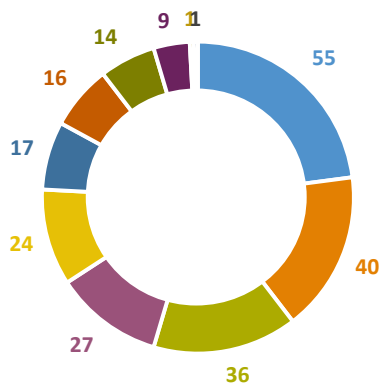
ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



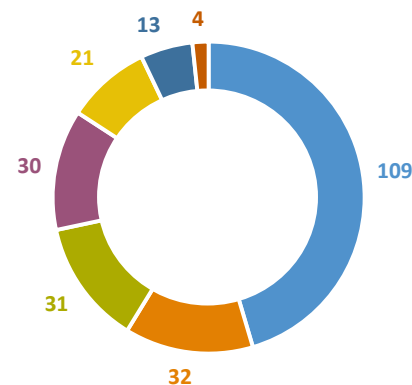
- Labour Rights
- Human Rights
- Environment
- Corruption
- Inhumane Weapons

INDUSTRY SECTOR BREAKDOWN



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

GEOGRAPHIC BREAKDOWN



- Asia
- Central / South America
- Africa
- North America
- Europe
- Middle East
- Oceania

ENGAGEMENT MAP



During Q1 2018 GES has been in active dialogue with companies as well as external sources associated to **240** business conduct issues.

In **89** *Engage* cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **151** *Evaluate* cases the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or, to further engage with the company – if it is a case with severe consequences for the environment or humans.

COMPANY DIALOGUE & PROGRESS SUMMARY

HOW TO READ THIS REPORT

Country The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.

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

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

- excellent
- good
- standard
- poor
- none

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

- ↑ excellent
- ↗ good
- standard
- ↘ poor
- ↓ none

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

- ▲ High performance: good or excellent response and / or progress of the business conduct issue
- ▶ Medium performance: standard level of response and progress
- ▼ Low performance: poor or no response in combination with poor or no progress

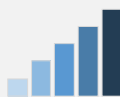
new, same, better or worse – indicates the change in either Response or Progress since the last quarterly report.

Time The indicator describes the time elapsed with low performance. One piece equals three months.



After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective

Milestone The indicator describes the milestone achieved.



- Milestone 1: Initial communication sent to the engagement company
- Milestone 2: Dialogue established
- Milestone 3: Company commits to address issue
- Milestone 4: Company develops a strategy to address issue(s)
- Milestone 5: Issue(s) resolved / strategy effective

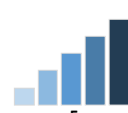
AFRICA

EVALUATE LIST

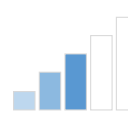
ANGLOGOLD ASHANTI, SIBANYE-STILLWATER, TIGER BRANDS

ASIA

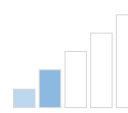
RESOLVED LIST

PEGATRON (2015) <i>Poor working conditions</i>	China	<p><i>Change objective</i></p> Pegatron ensured following the industry standards, such as the Responsible Business Alliance's (formerly EICC) Code of Conduct to prevent the labour rights violations. The company is transparent about actions it takes towards incidents, enforcement and remedial measures as well as audits. Pegatron also strengthened its reporting practices and discloses more viable information.	 <p>milestone 5 achieved</p>
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ENGAGE LIST

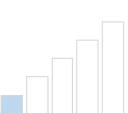
ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015) <i>Environmental and human rights violations in port project</i>	India	<p><i>Change objective</i></p> APSEZ should adhere to the court's orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra port. APSEZ should improve local fishermen's livelihood and engage in stakeholder dialogue. All the company's efforts in Mundra should be clearly communicated to stakeholders.	 <p>milestone 3 achieved</p>
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● standard → standard ► same

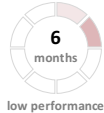
BANGKOK BANK PUBLIC (2014) <i>Financing of a dam project with environmental and human rights risks</i>	Laos	Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.	 <p>milestone 2 achieved</p>
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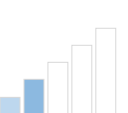
● poor ↘ poor ▼ same



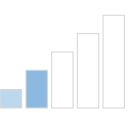
BHARAT HEAVY ELECTRICALS LIMITED (2017) <i>Project with environmental and human rights risks</i>	Bangladesh	BHAL should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.	 <p>milestone 1 achieved</p>
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● none ↘ poor ▼ same

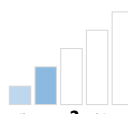


CHINA COMMUNICATIONS CONSTRUCTION CO (2017) <i>Fatal workplace accident</i>	China	China Communications Construction Company should improve its existing health and safety policies and practices across the company, including the subsidiaries, to prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174.	 <p>milestone 2 achieved</p>
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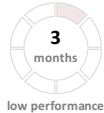
● standard → standard ► same

CHINA RAILWAY CONSTRUCTION CORP (2011) <i>Forced evictions</i>	Ecuador	CRCC should be transparent and inform its stakeholders on how it views the allegations surrounding the Mirador mining project in Ecuador. Furthermore, the company should demonstrate that it has implemented the necessary policies and programmes to properly assess and mitigate social and environmental risks of all its projects, including of its subsidiaries.	 <p>milestone 2 achieved</p>
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● standard ↘ poor ► same

CHINA RAILWAY GROUP (2014) <i>Recurring fatal workplace accidents</i>	China	China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.	 <p>milestone 2 achieved</p>
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● poor ↘ poor ▼ same



<p>COAL INDIA LIMITED (2017) <i>Human rights violations</i></p>	<p>India</p>	<p>Coal India should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.</p>		
<p>● poor → poor ▼ same</p>				
<p>COAL INDIA LIMITED (2016) <i>Recurring fatal accidents</i></p>	<p>India</p>	<p>Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.</p>		
<p>● poor → standard ► same</p>				
<p>FAST RETAILING CO (2016) <i>Labour rights violations in supply chain</i></p>	<p>China</p>	<p>Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk and addressing any shortcomings in this area.</p>		
<p>● standard → standard ► same</p>				
<p>FELDA GLOBAL VENTURES (2017) <i>Labour rights abuses</i></p>	<p>Malaysia</p>	<p>Felda should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>		
<p>● good ↗ good ▲ same</p>				
<p>HON HAI PRECISION INDUSTRY CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.</p>		
<p>● standard → standard ► same</p>				
<p>HON HAI PRECISION INDUSTRY CO (2017) <i>Poor working conditions</i></p>	<p>China</p>	<p>Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.</p>		
<p>● standard → standard ► same</p>				
<p>HYUNDAI HEAVY INDUSTRIES CO LTD (2016) <i>Recurring workplace accidents</i></p>	<p>South Korea</p>	<p>Hyundai Heavy Industries should fully address and improve gaps in the company's health & safety management systems. It should also be more transparent with regards to publicly available information on its HSE performance</p>		
<p>● good → standard ▲ same</p>				
<p>KASIKORNBANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Kasikornbank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>		
<p>● good → standard ▲ same</p>				
<p>KRUNG THAI BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>		
<p>● poor ↓ none ▼ same</p>				

<p>NINTENDO CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>		<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ worse</p>				
<p>NTPC (2017) <i>Project with environmental and human rights risks</i></p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	<p>6 months low performance</p>	<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>				
<p>NTPC (2018) <i>Recurring workplace accidents</i></p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>		<p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>				
<p>PETROCHINA (2017) <i>Corrupt practices</i></p>	<p>China</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>		<p>milestone 2 achieved</p>
<p>● poor ↘ poor ► worse</p>				
<p>POSCO (2012) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>		<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>				
<p>POSCO (2010) <i>Environmental and human rights violations in steel project</i></p>	<p>India</p>	<p>POSCO should conduct comprehensive environmental and human rights impact assessments in consultation with local communities and ensure that it takes all steps to become aware of, prevent and address the adverse environmental and human rights impacts linked to the Odisha project. It should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights.</p>		<p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>				
<p>POSCO (2010) <i>Human rights and environmental violations in a pipeline project</i></p>	<p>Burma/ Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>		<p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>				
<p>POSCO DAEWOO (2010) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p>	<p>Daewoo should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>		<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>				
<p>POSCO DAEWOO (2010) <i>Human rights and environmental violations in a pipeline project</i></p>	<p>Burma/ Myanmar</p>	<p>Daewoo should prevent negative human rights and environmental impacts of the Shwe Project as well as ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>		<p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>				

<p>PTT PCL (2011) <i>Project with environmental and social risks</i></p>	<p>Laos</p>	<p>PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.</p>	<p>milestone 2 achieved</p>
<p>● poor → standard ► same</p>			
<p>SAMSUNG ELECTRONICS (2017) <i>Corrupt practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>SAMSUNG ELECTRONICS (2014) <i>Poor working conditions in various countries</i></p>	<p>China</p>	<p>Samsung should ensure that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and its suppliers. The company should strengthen its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company should be more transparent with reporting.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>SIAM COMMERCIAL BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Siam Commercial Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	<p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>SINGAPORE TECHNOLOGIES ENGINEERING (2017) <i>Corrupt practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>SUN HUNG KAI PROPERTIES (2016) <i>Human rights violations in various countries</i></p>	<p>Nauru</p>	<p>Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR’s recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.</p>	<p>milestone 3 achieved</p>
<div style="text-align: center;"> <p>18 months low performance</p> </div>			
<p>● poor ↘ poor ▼ same</p>			
<p>THAI UNION GROUP (2017) <i>Labour rights violations</i></p>	<p>Thailand</p>	<p>TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>TOKYO ELECTRIC POWER COMPANY (2011) <i>Unsafe nuclear power production</i></p>	<p>Japan</p>	<p>TEPCO should ensure it operates its nuclear power plants safely, safely decommissions Fukushima Dai-ichi and that the negative effects from the Fukushima Dai-ichi nuclear accidents are remediated and compensated. Ensure that the company considers all options for future power production in order for nuclear to get a balanced role.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>WILMAR INTERNATIONAL LIMITED (2017) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.</p>	<p>milestone 2 achieved</p>
<p>● good → standard ▲ same</p>			

<p>YAHOO JAPAN CORP (2016) <i>Environmental impact caused by online trade of endangered species</i></p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>ZIJIN MINING GROUP (2015) <i>Environmental impacts from waste practices</i></p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera as well as ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>ZIJIN MINING GROUP (2015) <i>Human rights violations in mining operation</i></p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>ZTE CORP (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>ZTE should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<div style="display: flex; align-items: center;">  <p>12 months low performance</p> </div>			

EVALUATE LIST

AGRICULTURAL BANK OF CHINA LTD, ALUMINUM CORPORATION OF CHINA, BYD COMPANY, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CHINA STEEL CORPORATION, CK HUTCHISON HOLDINGS, CLP HOLDINGS, ELECTRICITY GENERATING, EVERGREEN MARINE, FORMOSA PLASTICS CORP, HABIB BANK, HANWHA CHEMICAL CORP, HONDA MOTOR CO LTD, HYUNDAI MOTOR COMPANY, INDIAN OIL CORPORATION LIMITED, INDOFOOD SUKSES MAKMUR, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, KEPPEL CORP, KOREA AEROSPACE INDUSTRIES, KOREA ELECTRIC POWER CORPORATION, KOREAN AIR LINES CO LTD, LARSEN & TOUBRO, LG CHEMICAL, LG CORP, LG ELECTRONICS, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, OLYMPUS CORP, PANASONIC CORPORATION, POSCO, POSCO DAEWOO, PT WASKITA KARYA, QUANTA COMPUTER, RELIANCE INDUSTRIES, SAMSUNG C&T, SAMSUNG ELECTRONICS, SAMSUNG HEAVY INDUSTRIES, SAMSUNG SDI, SINA CORP, SK HOLDINGS, SUMITOMO CORP, TATA POWER, TATA STEEL, TDK CORP, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, VEDANTA LIMITED, WILMAR INTERNATIONAL LIMITED

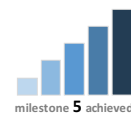
DISENGAGE LIST

HANWHA CORPORATION South Korea
Involvement in cluster munitions

CENTRAL / SOUTH AMERICA

RESOLVED LIST

		<i>Change objective</i>
GERDAU PN (2015) <i>Corrupt practices</i>	Brazil	Gerdau is cooperating with the investigating authorities. Its anti-corruption programme has been strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme have been communicated.



ENGAGE LIST

		<i>Change objective</i>
BRASKEM SA (2017) <i>Corrupt practices</i>	Brazil	Braskem should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.

● good ↑ excellent ▲ better



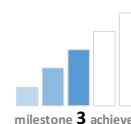
CEMEX (2016) <i>Supporting illegal settlements in occupied territories</i>	Palestine	Cemex should demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.
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● good ↗ good ▲ same



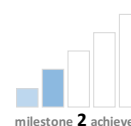
ELETROBRAS (2016) <i>Corrupt practices</i>	Brazil	Eletrobras should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.
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● good ↗ good ▲ better



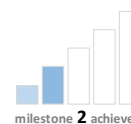
GRUPO MEXICO (2016) <i>Human rights violations in mining project</i>	Peru	Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.
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● standard → standard ► same



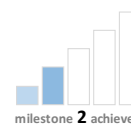
JBS SA (2017) <i>Corrupt practices</i>	Brazil	JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.
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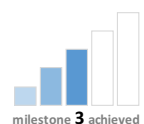

● standard → standard ► same



JBS SA (2015) <i>Repeated labour rights violations</i>	United States	JBS should take responsibility for addressing the frequent health and safety (H&S) incidents at its subsidiaries. It should further develop H&S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.
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● standard ↘ poor ► same



<p>PETROBRAS (2015) <i>Corrupt practices</i></p> <p>● excellent ↑ excellent ▲ better</p>	<p>Brazil</p>	<p>Petrobras should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 4 achieved</p>
<p>SOUTHERN COPPER CORPORATION (2016) <i>Human rights violations in mining project</i></p> <p>● standard → standard ► better</p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 3 achieved</p>
<p>VALE SA (2016) <i>Environmental and human rights violations caused by dam collapse</i></p> <p>● good ↗ good ▲ better</p>	<p>Brazil</p>	<p>Vale should identify the cause(s) of the dam failure, assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.</p>	 <p>milestone 4 achieved</p>

EVALUATE LIST

BANCO SANTANDER BRASIL, BRF SA, COMPANHIA SIDERURGICA NACIONAL, ECOPETROL, ELETROBRAS, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SAB DE CV, PETROBRAS, SUZANO PAPEL E CELULOSE

EUROPE

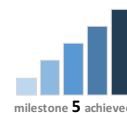
RESOLVED LIST

Change objective

DEUTSCHE POST (2010)
Anti-union practices

India

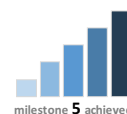
Deutsche Post has ensured its Code of Conduct is observed throughout its global operations, including subsidiaries. This refers to the Code of Conduct generally and freedom of association specifically. DP has shown it has accurate processes to manage employee complaints, and improved transparency in reporting how it ensures compliance with the Code.



DEUTSCHE TELEKOM (2010)
Anti-union practices at subsidiary

United States

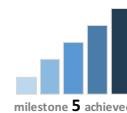
Deutsche Telekom ensured that the alleged practices of hindering freedom of association at T-Mobile US (TMUS) cease and the subsidiary would engage in a dialogue with employees supporting unionisation. Deutsche Telekom assured that TMUS' management of labour rights is aligned with the US National Labor Relations Act 1935.



GENCORE PLC (2013)
Environmental impact from pollution incidents

Australia

Glencore has introduced many practical solutions for both the company and residents to deal with lead. McArthur River Mine has prepared a practical remediation plan for the mine which addresses the waste rock piles and potential legacy issues of acid rock discharge. EIS was amended and the most potentially acid rock forming waste will be placed in the base of the mine on closure and the mine flooded.



HSBC HOLDINGS (2015)
Recurring incidents of money laundering in various countries

United States

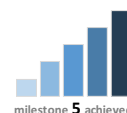
HSBC has implemented systems and controls that prevent financial crime and money laundering and demonstrated that they are robust and universally applied.



KGHM (2016)
Recurring fatal accidents

Poland

KGHM has taken effective mitigation to reduce the number of fatalities at the mine and has adopted a risk-adverse approach to its future mine expansion



ENGAGE LIST

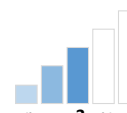
Change objective

ANDRITZ AG (2010)
Supplying to dam projects resulting in breaches of international standards

Turkey

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

● standard ↘ poor ▶ same



BARRY CALLEBAUT AG (2010)
Child labour in the cocoa industry

Ivory Coast

Barry Callebaut should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● standard → standard ▶ same



<p>BRITISH AMERICAN TOBACCO (2017) <i>Labour rights violations on tobacco farms</i></p>	<p>United Kingdom</p>	<p>BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>ENI (2015) <i>Corrupt practices</i></p>	<p>Nigeria</p>	<p>ENI should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>GLAXOSMITHKLINE (2015) <i>Corrupt practices</i></p>	<p>China</p>	<p>GlaxoSmithKline should improve its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	<p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>GLENCORE PLC (2015) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Glencore should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>HEIDELBERGCEMENT (2015) <i>Natural resources extraction on occupied territories</i></p>	<p>Palestine</p>	<p>HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	<p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>LEONARDO SPA (2013) <i>Corrupt practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>LINDT & SPRUENGLI AG (2011) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Lindt and Sprungeli should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2009) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Nestlé should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2017) <i>Labour rights violations</i></p>	<p>Thailand</p>	<p>Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	<p>milestone 4 achieved</p>
<p>● standard ↗ good ▲ same</p>			

<p>NORDEA BANK (2015) <i>Money laundering</i></p>	<p>Sweden</p>	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	<p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>NORILSK NICKEL (2010) <i>Environmental and health impacts from metal extraction operations</i></p>	<p>Russian Federation</p>	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>NOVARTIS AG (2017) <i>Corrupt practices</i></p>	<p>Turkey</p>	<p>Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level as well as reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>ROYAL DUTCH SHELL (2015) <i>Corrupt practices</i></p>	<p>Nigeria</p>	<p>Shell should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>ROYAL DUTCH SHELL (2009) <i>Human rights violations resulting from pollution and environmental damage</i></p>	<p>Nigeria</p>	<p>Shell should have a detailed programme in place to address the recommendations of the UNEP's Environmental Assessment of Ogoniland and demonstrate that regular progress is being made towards achieving the objectives. The company should communicate the plan and progress transparently to shareholders. Shell should also exert its influence on all stakeholders to counter oil theft activity and its related social and environmental impacts.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>SIEMENS (2017) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	<p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>VOLKSWAGEN (2016) <i>Environmental impact caused by emissions defeat device</i></p>	<p>United States</p>	<p>VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>VTB BANK (2011) <i>Financing of project with environmental risks</i></p>	<p>Armenia</p>	<p>VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			

EVALUATE LIST

AIRBUS SE, ALROSA, ALSTOM, AP MOELLER MAERSK, BANCO SANTANDER SA, BRITISH AMERICAN TOBACCO, DASSAULT AVIATION, ELECTRICITE DE FRANCE, ENEL, ENI, FIAT CHRYSLER AUTOMOBILES, GLENCORE PLC, GRUPA AZOTY AS, HEIDELBERGCEMENT, HUGO BOSS AG, IBERDROLA, LAFARGEHOLCIM, NESTLE SA, NEXT, NORILSK NICKEL, NORSK HYDRO, PKN ORLEN, RECKITT BENCKISER, RENAULT, ROSNEFT, SAINSBURY, SHIRE PLC, SIEMENS GAMESA RENEWABLE ENERGY SA, TESCO PLC, THALES, THYSSENKRUPP, TOTAL SA, UNILEVER, WARTSILA OYJ ABP, VEOLIA ENVIRONNEMENT SA

DISENGAGE LIST

AIRBUS GROUP

France

*Nuclear weapons programmes***BAE SYSTEMS**

United Kingdom

*Nuclear weapons programmes***LEONARDO SPA**

France

*Nuclear weapons programmes***SAFRAN GROUP**

France

Nuclear weapons programmes

MIDDLE EAST

ENGAGE LIST

Change objective

AKBANK (2010)
Financing of controversial hydropower project

Turkey

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

● standard ↘ poor ▶ same

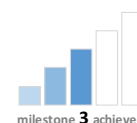


BANK HAPOALIM (2010)
Financing of illegal settlements in occupied territories

Palestine

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

● good ↓ none ▶ same

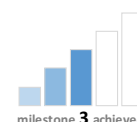


BANK LEUMI (2010)
Financing of illegal settlements in occupied territories

Palestine

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

● good ↓ none ▶ same

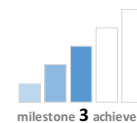


MIZRAHI TEFAHOT BANK LTD (2010)
Financing of illegal settlements in occupied territories

Palestine

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

● good ↓ none ▶ same



TURKIYE GARANTI BANKASI (2010)
Financing of a dam project resulting in breaches of environmental standards

Turkey

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

● good ↗ good ▲ same



EVALUATE LIST

GLOBAL TELECOM HOLDING SAE

DISENGAGE LIST

ELBIT SYSTEMS
Security systems for illegal separation barrier in occupied territories

Palestine

TURKIYE HALK BANKASI
Financing of a dam project resulting in breaches of environmental standards

Turkey

NORTH AMERICA

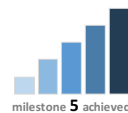
RESOLVED LIST

Change objective

BARRICK GOLD CORP (2017)
Recurring pollution incidents

Argentina

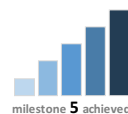
Barrick had already remedied the immediate concerns regarding the release of contaminated water at Pascua Lama and has remedial action plans in place agreed with the authorities at both Pueblo Viejo and Veladero. The company has used the same model for community consultation and investment from its Pueblo Viejo operation at its Veladero mine and will roll out a similar plan at Pascua Lama on the Argentine side of the border.



BARRICK GOLD CORP (2009)
Environmental impacts from waste practices

Papua New Guinea

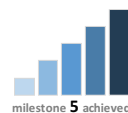
Barrick has undertaken many measures to manage its tailings at Porgera responsibly and commit to remediating the impacted environment. Barrick is currently allowing natural recolonization of one dump and has plans to actively revegetate the second on closure of the mine. Barrick publicly discloses its general Mine Closure Management Plan, but specifics regarding Porgera will not be disclosed until agreement is reached with the PNG authorities.



CROWN HOLDINGS INC (2016)
Anti-union practices in several countries

Turkey

Crown Holdings shows that its global workforce has the right to free association and the right to collective bargaining as stipulated in the ILO conventions through its sustainability reports, which show 74 per cent unionisations across its global operations.



FREEPORT MCMORAN (2009)
Environmental impacts from waste practices

Indonesia

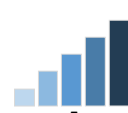
Freeport McMoRan has undertaken noticeable improvements in health and safety awareness and training both at Grasberg and globally. The number of fatalities has decreased significantly since the case was opened, and the nature of the accidents in 2015, were not due to the systems in place.



T-MOBILE US (2016)
Anti-union practices

United States

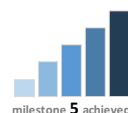
T-Mobile US (TMUS) ended the alleged practices of hindering freedom of association and engaged in a dialogue with employees supporting unionisation. The company adhered to the US National Labor Relations Board's decisions. TMUS' management of labour rights is aligned with the US National Labor Relations Act 1935.



WELLS FARGO & CO (2016)
Workplace harassment and retaliation

United States

Wells Fargo has implemented and is monitoring systems and procedures that protect employees from workplace harassment and from retaliation in cases where misconduct is reported. To support these systems and procedures, Wells Fargo has taken steps to re-align its corporate culture so as to regain a sense of purpose and integrity, to redefine banking and restore trust with customers, employees and other stakeholders.



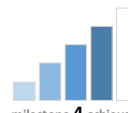
ENGAGE LIST

Change objective

APPLE INC (2009)
Labour rights violations at suppliers


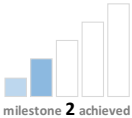
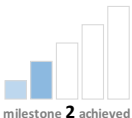
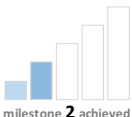
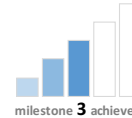
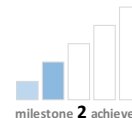

Taiwan

Apple should prevent labour rights violations in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.



● standard ↗ good ▲ better

<p>BRISTOL-MYERS SQUIBB CO (2017) <i>Corrupt practices</i></p>	<p>China</p>	<p>Bristol-Myers Squibb should update anti-corruption policies to reflect its risk exposure in this area globally. It should ensure that the policy is implemented globally, including at the subsidiary level. The anti-bribery programme should be transparent in terms of allocated resources, implementation, monitoring mechanisms, whistle-blowing policy, corrective actions and external verification.</p>	<p>milestone 2 achieved</p>
<p>● poor → standard ► same</p>			
<p>BUNGE LIMITED (2017) <i>Deforestation</i></p>	<p>Brazil</p>	<p>Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>ENBRIDGE (2016) <i>Violations of indigenous peoples' rights</i></p>	<p>United States</p>	<p>Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>EQUIFAX (2018) <i>Major data breach</i></p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	<p>milestone 2 achieved</p>
<p>● good → standard ▲ new</p>			
<p>FREEMPORT MCMORAN (2009) <i>Human rights violations by security forces</i></p>	<p>Indonesia</p>	<p>Freeport should demonstrate that its regular payments to Indonesian police and military are being administered in a fully transparent manner and do not contribute to human rights abuses. The company should demonstrate implementation of the Voluntary Principles on Security and Human Rights.</p>	<p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>HERSHEY (2010) <i>Child labour in cocoa industry</i></p>	<p>Ivory Coast</p>	<p>Hershey should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>MATTEL (2010) <i>Poor working conditions at supplier factories</i></p>	<p>China</p>	<p>Mattel should prevent labour rights violations in its supply chain through effective implementation and proactive enforcement of its Responsible Supply Chain Standards at all Mattel-owned factories as well as vendors. The company should also be more transparent about the auditing process and findings.</p>	<p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p>MCDONALD'S CORP (2015) <i>Labour rights violations at franchisees</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>	<p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>MONDELEZ INTERNATIONAL (2009) <i>Child labour in the cocoa industry</i></p>	<p>Ghana</p>	<p>Mondelez should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			

<p>MONSANTO CO (2017) <i>Concealing data on product-related toxicity</i></p>	<p>United States</p>	<p>Monsanto should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.</p>		
<p>● poor ↓ none ▼ same</p>				
<p>NUTRIEN (2018) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Nutrien should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>		
<p>● standard → standard ► new</p>				
<p>PHILLIPS 66 (2016) <i>Violations of indigenous peoples' rights</i></p>	<p>United States</p>	<p>Phillips 66 should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>		
<p>● standard → standard ► same</p>				
<p>TRANSCANADA CORP (2018) <i>Environmental and human rights violations</i></p>	<p>United States</p>	<p>Transcanada should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. It should also disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon the natural resources. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.</p>		
<p>● standard → standard ► new</p>				
<p>TWENTY-FIRST CENTURY FOX (2017) <i>Sexual harassment and discrimination</i></p>	<p>United States</p>	<p>Twenty-First Century Fox should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.</p>		
<p>● standard → standard ► same</p>				
<p>WAL-MART STORES (2017) <i>Labour rights violations in various countries</i></p>	<p>United States</p>	<p>Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.</p>		
<p>● standard → standard ► same</p>				

EVALUATE LIST

ALLERGAN PLC, AMAZON.COM, ARCHER DANIELS MIDLAND, BOMBARDIER INC, CHEMOURS COMPANY, CHEVRON CORP, COLGATE-PALMOLIVE, COSTCO WHOLESALE CORP, DOWDUPONT INC, DUKE ENERGY CORP, EMERA INC, FACEBOOK, GENERAL ELECTRIC, GENERAL MOTORS, GOODYEAR TIRE & RUBBER, HASBRO, JOHNSON & JOHNSON, KELLOGG CO, KINDER MORGAN INC, MERCK & CO, PEPSICO, PROCTER & GAMBLE CO, RESTAURANT BRANDS INTL INC, ROCKWELL COLLINS, TESLA INC, WALMART INC., WYNN RESORTS, ZIMMER BIOMET HOLDINGS INC

DISENGAGE LIST

BOEING CO <i>Nuclear weapons programmes</i>	United States
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CHEVRON CORP <i>Environmental damage in Amazon jungle</i>	Ecuador
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FLUOR CORP <i>Nuclear weapons development</i>	United States
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GENERAL DYNAMICS <i>Nuclear weapons programmes</i>	United States
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HONEYWELL INTERNATIONAL <i>Nuclear weapons programmes</i>	United States
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HUNTINGTON INGALLS INDUSTRIES <i>Nuclear weapons development</i>	United States
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INNOPHOS HOLDINGS <i>Operations in occupied territory</i>	Western Sahara
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JACOBS ENGINEERING GROUP <i>Nuclear weapons programmes</i>	United Kingdom
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LOCKHEED MARTIN <i>Nuclear weapons programmes</i>	United Kingdom
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MOTOROLA SOLUTIONS <i>Human rights violations in occupied territories</i>	Palestine
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NORTHROP GRUMMAN CORP <i>Nuclear weapons programmes</i>	United States
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RAYTHEON COMPANY <i>Nuclear weapons programmes</i>	United States
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TEXTRON <i>Involvement in cluster munitions</i>	United States
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OCEANIA

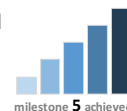
RESOLVED LIST

RIO TINTO (2008)
Environmental impacts from waste practises

Indonesia

Change objective

Rio Tinto has been actively involved in the responsible management of the tailings at Grasberg; it has been involved in the environmental monitoring, mitigating the potential for acid rock drainage, and in the design of a new management system for anticipated high-sulphur tailings. In 2012, adopted a policy of prohibiting the future use of riverine tailings disposal.



ENGAGE LIST

BHP BILLITON (2016)
Environmental and human rights violations caused by dam collapse

Brazil

Change objective

BHP needs to identify the cause(s) of the dam failure; assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.

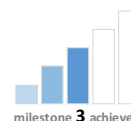


● good ↗ good ▲ same

INCITEC PIVOT LTD (2009)
Operations in occupied territory

Western Sahara

IPL should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.



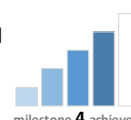
● poor ↓ none ▼ same



WESFARMERS (2007)
Operations in occupied territory

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.



● standard ↗ good ▲ same

EVALUATE LIST

NEWCREST MINING LTD, RIO TINTO, SOUTH32 LTD



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QUARTERLY ENGAGEMENT REPORT

Q2 2018



This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the second quarter of 2018.

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OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

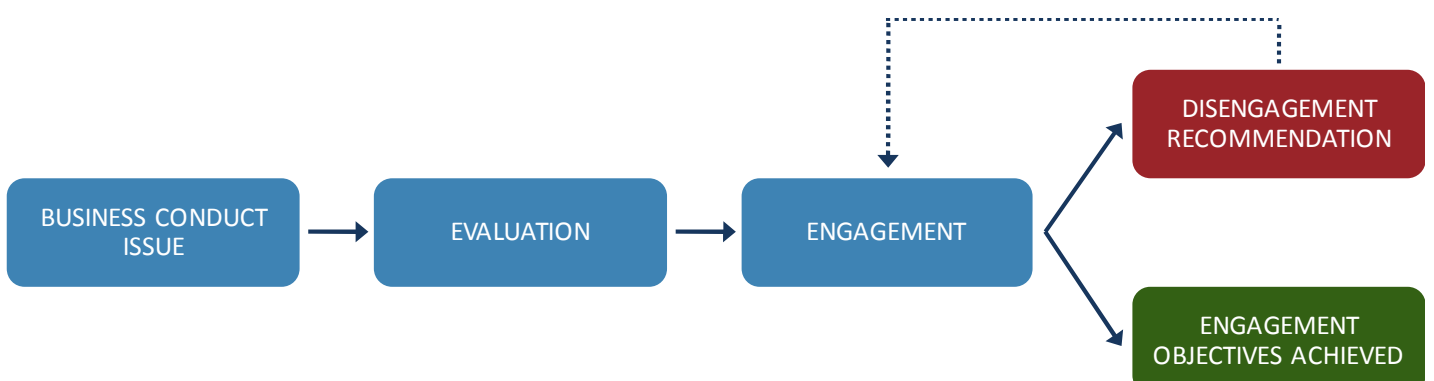
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

RESEARCH AND ENGAGEMENT WORK-FLOW



ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 63.32bn (12/31/2017). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

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

ENGAGEMENT BRIEF

EXECUTIVE SUMMARY

During this year's second quarter, GES advanced several Business Conduct Engagement (BCE) cases, with changed statuses and conclusions as a result.

In Q2, four cases received the Resolved status; three of them were corruption cases focused on incidents that had occurred in Brazil. In the last few years, Brazil has been hit by several corruption scandals, with subsequent high-profile investigations such as Operation Car Wash, Operation Zealots and Operation Weak Flesh. GES has performed various research and engagement efforts in relation to those developments.

The largest of the abovementioned scandals was revealed to the public in 2014, when the media reported on unusual bank transactions involving the state-owned oil company Petrobras. The related Car Wash investigation involved more than a dozen Brazilian and foreign companies and resulted in mass layoffs, billions of dollars paid in fines, long prison sentences for top executives and politicians and the resignation of the Brazilian president. The scandal is still having substantial political and economic consequences in various Latin American countries.

Among the companies involved were PETROBRAS, ODEBRECHT and BRASKEM. GES' engagement with the companies started in 2014 and focused on their preparedness to manage ethics and compliance risks. However, after a significant period of time, GES assessed the magnitude of changes introduced by the companies as adequate to resolve the cases, despite the companies' presence in countries with a high risk of corrupt practices. This conclusion has also been confirmed by the NGO Transparency International, which works against corruption globally. It should however be noted that Odebrecht's and Braskem's anti-corruption efforts are still being monitored by US and Brazilian legal authorities. Should any major irregularities arise, GES will consider this information.

Furthermore, at the end of March 2018 (Q1), GES resolved another case focused on corruption in Brazil, on the Brazilian company GERDAU, accused of corruption, money laundering and influence peddling. The incident was a part of a tax evasion investigation named Operation Zealots. In the course of GES' engagement, several positive steps were identified, and the case was consequently resolved.

In May 2018, GES resolved a case on FREEPORT MCMORAN, a company associated with human rights violations through payments to Indonesian military forces protecting its Grasberg mine in West Papua. Following extensive dialogue, GES' conclusion is that the company has made a number of significant changes, including improved disclosure in relation to human rights and security issues.

In addition, in Q2 GES confirmed three cases and started engagement with eight companies from different sectors and linked to various types of violations.

Following continuous media reports accusing the South African company ESKOM of corruption incidents (engagement started in 2017), GES confirmed the case. The Public Protector's *State of Capture* report, which concluded that over several years, the executive management at Eskom were willing to use their positions to benefit third parties closely linked to the president of the country, was the basis for the confirmation.

During Q2, GES started engagement with KOREA ELECTRIC POWER, which has been allegedly involved in several bribery and corruption scandals.

GES started engaging with two US companies, CHEMOURS and DOW-DUPONT, which have been allegedly involved in the systematic under-reporting of numerous, long-term pollution incidents arising from their operational practices in at least three states: North Carolina, New Jersey and West Virginia. Based on the findings of North Carolina's Department of Environmental Quality's investigation regarding the undisclosed and/or under-reported discharges of the chemical Gen-X, which can have negative impacts on human health, GES confirmed the cases.

In March 2018, a whistle-blower formerly working for CAMBRIDGE ANALYTICA revealed that the company had improperly obtained personal information of around 50 million FACEBOOK users. In April 2018, Facebook said that the number of affected users was around 87 million. The number of privacy concerns has been growing and the company's approach to the problem raises a lot of questions about its commitment to protecting privacy and data security. The abovementioned issues will be the focus of GES' engagement with the company.

In May 2018, GES started engaging with JOHNSON & JOHNSON, which in the last few years has faced several court actions and settlements relating to a number of its products. With serious health impacts and little disclosure on procedures implemented in product development and testing, the case is material and GES is looking for the company to address the issues and improve its disclosure.

In June 2018, GES also upgraded to Engage a case on IMPALA PLATINUM, the world's second largest platinum group metals mining company that has a number of operations, primarily in South Africa and Zimbabwe. The company is linked to recurring workplace accidents.

GES also decided to upgrade to Engage cases on HARMONY GOLD and NEWCREST, which are planning to use a controversial method of tailings management, Deep Sea Tailings Placement (DSTP), at a proposed copper and gold mine in Papua New Guinea. Although the project is only at a developmental stage and no DSTP has taken place yet, GES has upgraded the cases as it is necessary to ensure that baseline studies have been properly undertaken and that the rationale for the selection of DSTP over a conventional tailings facility is justified.

In April 2018, GES issued the Disengage recommendation for several companies: BHARAT ELECTRONICS, CNIM, DASSAULT AVIATION, LARSEN & TOUBRO, ROCKWELL COLLINS and WALCHANDNAGAR INDUSTRIES, all involved in nuclear weapons. All these companies except for Rockwell Collins were included in our analysis following the 2017 scope extension. GES then decided to include dual-use platforms in the scope of its analysis, such as submarines, airplanes and land-based launchers, provided that these platforms were designed to carry inhumane weapons in addition to conventional weapons. Prior to the change, the focus was only on companies involved in the production, development or marketing of inhumane weapons or their components, or of inhumane weapon systems.

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PETROBRAS, ODEBRECHT SA, BRASKEM SA

Corrupt practices

Status: Resolved



Stina Nilsson

Senior Engagement Manager

Contribution to SDG:



In October 2014, a former PETROBRAS executive admitted, in a Brazilian federal court, the existence of a kickback scheme in the company between 2004 and 2012. Following the so-called Operation Car Wash investigation, former Petrobras executives were convicted for their involvement in the scheme and several additional former employees are under criminal charges. As part of the scheme, Petrobras' suppliers, among them ODEBRECHT SA (Odebrecht) and BRASKEM SA (Braskem) paid kickbacks to a number of company executives and channelled a portion of the money from contracts to Brazilian politicians.

In June 2015, the Brazilian police arrested the then CEO and four other executives of Odebrecht over allegations revealed by the Operation Car Wash investigation. Prosecutors disclosed information on the complex scheme in which they said millions of dollars in bribes had been paid into several offshore bank accounts controlled by units of Odebrecht and then transferred to Petrobras executives, reportedly during 2006-2015. In March 2016, the former CEO of Odebrecht was sentenced to 19 years in prison on charges of money laundering, corruption and taking part in a criminal association. Four other executives also received long prison sentences on similar grounds. Furthermore, there are still ongoing legal investigations in other Latin American countries in relation to Odebrecht representatives making illegal payments. Most notably, the former Ecuadorian vice president was sentenced to six years in prison in December 2017.

In December 2016, Braskem and Odebrecht signed plea agreements with a US legal authority, related to their involvement in the Operation Car Wash scandal. The probe revealed that the two companies had paid bribes both to politicians and Petrobras. The former resulted in beneficial tax rates and legislation, whilst Petrobras provided contracts. The activity dates between 2006 and 2014. As part of the plea agreement, Braskem agreed to pay almost USD 1 billion in fines and damages. Similarly, in April 2017, a US judge sentenced Odebrecht to pay USD 2.6 billion in fines in the criminal corruption case, signing off on the plea deal between the company and US, Brazilian and Swiss authorities. As part of the deals, Odebrecht and Braskem are required to have external monitors, from both the US and Brazil, to oversee the implementation of their new anti-corruption programmes. The appointed monitors report on progress to both the Brazilian and US authorities.

GES has engaged with all three companies, including numerous face-to-face meetings in Brazil and subsequent conference calls, over the last few years. The focus of the engagement has been on the measures taken by the companies to improve their anti-corruption governance structures, procedures and training programmes.

Since the scandal was revealed, there have been several changes in the companies' top management and they have made substantial improvements in their respective anti-corruption systems. This has also been confirmed by Transparency International, which gave all three companies high scores when evaluating their anti-corruption programmes. There might still be additional court verdicts in relation to the scheme and the companies, but they are very likely to be related to the abovementioned past wrongdoings. Although the three companies still operate in markets with high corruption risks, they have substantially improved their anti-corruption procedures and thus lowered the risk of similar violations in the future. GES therefore considers the cases resolved.

FREEMPORT MCMORAN

Human rights violations by security forces

Status: Resolved



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



GES has been engaging with FREEMPORT MCMORAN (Freeport) since 2009, in relation to alleged human rights violations by Indonesian security forces, which were supposedly protecting the Grasberg mine and associated operations that were owned and operated by the company in Indonesian West Papua. Through legislative changes in the US, Freeport was for the first time required to disclose any payments to foreign governments or their agents. One such disclosure was for over USD 25 million to the Indonesian security forces which were reportedly undertaking a variety of human rights abuses on the native West Papuans, including forced evictions, beatings, killings, sexual assaults and rape.

Through a prolonged dialogue with Freeport, GES saw a number of changes put in place. Although the company had been signed up to the Voluntary Principles on Security and Human Rights (VPs) since 2000, there was little at the time to indicate that the company was applying them at Grasberg. Through the dialogue, GES learnt that all internal security personnel were required to do VP training upon joining the company and also had regular refresher courses. In addition, Indonesian security forces (who are rotated on six-monthly deployments) were trained prior to leaving their bases and on arrival in West Papua. Freeport could also request the removal of personnel, from the Indonesian security forces, who did not meet expected levels of behaviour. It was also mentioned that Freeport had a number of social programmes in place and also funded community programmes on behalf of the Indonesian security forces.

The dialogue changed focus in 2016. In order to achieve a better understanding of the nature of the funding provided to the security forces, it became apparent that only ten per cent of the declared payments were actually made as money and these were paid into a government bank account in order to assist in the deployment and recall of personnel to and from West Papua. The remainder of the funds were provided 'in-kind' as 'logistical support' and included accommodation, food, fuel, vehicles and vehicle maintenance. GES suggested that the company disclose this information in order to make more transparent the nature of the support provided to the security forces. It did so in its Plenary Report on the VP's in March 2018.

The mine and the area were in a state of heightened tension throughout 2017, due in part to ongoing negotiations between the government and the company, with labour unrest and increased activity from West Papuan separatists fuelling further problems. The separatist activity resulted in a number of people including mine personnel and civilians being shot and security and separatists being killed. But a lack of media reports in 2018, appear to indicate the tensions have decreased in 2018.

In GES' view, the company has undertaken as much as is feasible to bring the behaviour of security forces to a greater level of acceptance. The results of this are evident as the complaints received via the company grievance mechanism, which is communicated through community liaison officers and other means, show that both the number and proportion of complaints that relate to abuses from security forces are declining noticeably.

GERDAU PN

Corrupt practises

Status: Resolved



Stina Nilsson

Senior Engagement Manager

Contribution to SDG:



Since May 2016, the CEO and other executives of GERDAU PN (Gerdau) have been repeatedly accused by the Brazilian authorities of corruption, money laundering and influence peddling. An official investigation revealed that the company might have made payments to third-party companies, which allegedly bribed officials of Brazil's ADMINISTRATIVE COUNCIL OF TAX APPEALS to ensure that decisions in tax disputes were judged to Gerdau's advantage. Reportedly, the company may have benefited to the sum of BRL 1.5 billion (USD 429 million). In January 2017, it was also revealed that a now ex-Brazilian minister allegedly assisted the chairman of Gerdau to change tax amendments so that they would better benefit companies with businesses abroad, such as Gerdau. In April 2017, the chairman gave testimony to the federal police regarding the allegations; however, no further details have been disclosed. In August 2017, the company stated that the founding family of the company would exit from the group's executive management.

Although the company denies the allegations that it, or its executives, bribed Brazilian tax authorities in order to achieve beneficial tax schemes; in August 2017, Brazilian federal prosecutors filed charges against a tax director at Gerdau and several consultants and lawyers linked to the company, accusing the men of agreeing to bribe officials as part of a nationwide tax-evasion scheme. Prosecutors accused the group of individuals of concocting a scheme to pay about USD 13 million in bribes to officials between 2011 and 2014 in order to significantly reduce the company's tax bill.

GES has been in dialogue with the company since May 2016 and since then Gerdau's ethics and compliance system has improved substantially. GES engaged with the company in order to strengthen the system, including assigning a third-party to run its ethics hotline and to devote more resources to its compliance department. GES also requested further information from the company on how it manages the use of agents or other intermediaries and to see if there is a specific procedure in place to ensure that compensation is appropriate and legitimate.

The company responded that its ethics hotline is verified annually by an independent third party and that contracts with intermediaries are entered into only after other service providers have also provided price quotes. The company also stated that there is a dedicated Corporate Compliance Division which has three employees in Brazil and has compliance agents in all the countries in which Gerdau operates, totalling more than ten people. The compliance department is supported by the legal, human resources and communication departments. In addition, it works closely with the internal audit and internal controls. The Corporate Compliance Division reports directly to Gerdau's Board of Directors.

In January 2018, Transparency International scored the company's anti-corruption programme 85/100 points.

As the company has improved its ethics and compliance systems (also recognised by Transparency International) and made changes among top managers, GES regards the case as resolved. There are no verdicts against the company or its employees so far. Should new information appear in ongoing legal processes or from other sources, GES will consider reopening the case.

CHEMOURS COMPANY, DOWDUPONT INC

Recurring pollution accidents

Status: Confirmed



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



According to US authorities and media reports in 2017 and 2018, E.I. DUPONT DE NEMOURS now known as DOWDUPONT INC. (DuPont), and its spin-off company CHEMOURS COMPANY (Chemours) have been involved in the systematic under-reporting of numerous, long-term, pollution incidents arising from their operational practices, which have allegedly adversely impacted the health of residents in at least three states: North Carolina, New Jersey and West Virginia.

Following an investigation by THE NORTH CAROLINA DEPARTMENT OF ENVIRONMENTAL QUALITY (NC DEQ) into the Fayetteville plant, the NC DEQ filed a motion against DuPont and Chemours in April 2018. The plant had been owned and operated by DuPont, until 2015, when the site was one of 170 sites spun-off by DuPont to Chemours. The motion states that the companies had failed for years to disclose the presence of a chemical known as Gen-X in their process wastewater and had made statements that misled the NC DEQ as to the presence of Gen-X in their process wastewater.

Gen-X is an unregulated fluorochemical that has been found to result in detrimental effects to the liver and blood in animals, including cancer. As it is 'unregulated' i.e. there is no threshold based upon toxicological data, the acceptable limit for any discharge is the actual detection limit of the analysis.

The motion also specifically charges Chemours with knowingly emitting some 2,700 pounds (1,225 kg) of Gen-X, annually in its emissions, which is 40 times the amount reported by the company in 2017. The NC DEQ stated in a letter to the company that the results establish a 'causal relationship' between air emissions and the 'widespread degradation of groundwater'.

In a media investigation, from early 2018, into the former DuPont-owned, now Chemours-owned, Pompton Lakes site in New Jersey, it was shown that DuPont had knowingly permitted the discharge of solvents into an unlined discharge pond for approximately 40 years. The pond fed directly into the groundwater beneath the neighbouring residential area and polluted the adjacent, aptly named, Acid Brook.

The solvents included perchloroethylene (PCE) and tetrachloroethylene (TCE), two types of what are known as semi-volatile organic compounds (SVOCs). Concerns over their health impacts have been reported since the 1970s, with testing of drinking water mandatory in the US since 1974. Short-term exposure can lead to dizziness and respiratory problems and long-term exposure can lead to, amongst other things, neurological damage. The US EPA has classified both PCE and TCE as 'likely to be carcinogenic to humans'.

The solvents were first identified in the groundwater near DuPont's Pompton Lakes site in 1984, by the State of New Jersey's DEPARTMENT OF ENVIRONMENTAL PROTECTION. In 1989, environmental authorities requested the immediate clean-up of the site and the monitoring of adjacent houses. DuPont prevaricated and between 1991 and 1996, the company spent USD 40 million in a limited remediation of Acid Brook and the backyards of 140 neighbouring properties in order to remove lead and mercury-contaminated sediments. Following this limited clean-up, the company requested residents to sign an agreement stating they were satisfied with the clean-up whilst unknowingly absolving DuPont from further responsibility, should further contamination come to light in the future.

Media reports indicate the company knowingly misled the residents as it continued to prevaricate with the regulators over the solvent pollution identified in the groundwater. In 1998, DuPont did agree to install a USD 1.2 million groundwater remedial pump and treat system on the southern boundary of its site and it has been treating some 8,000 gallons (30,200 litres) of groundwater a day ever since. Subsequently in 2016, after many years of sampling, DuPont agreed to a further USD 50 million remediation of Pompton Lake by removing some 130,000 cubic yards (about 100,000 cubic metres) of sediment. Chemours then put in passive remedial measures (i.e. measures that try to mitigate the effects of the contamination rather than actively remediate the source) across the affected residential area. However, the underlying contamination plume has yet to be remediated and remains beneath at least 400 homes, with consequential ongoing health impacts.

The health impacts were highlighted in a state health study from March 2014 that showed anomalously high levels of kidney cancer and lymphoma in the residents of Pompton Lakes. It should be noted that the potential health impacts were known about by the company and that it chose not to disclose them to either regulators or the public.

GES has confirmed the case based upon the NC DEQ investigation and the reported causality of the discharged Gen-X and the pollution found in the groundwater. However, both companies have tended to prevaricate and delay any remedial measures, whilst doing so putting lives at risk. To this end GES would like the companies to undertake a review of their sites, prioritise the sites which are known or believed to be causing detrimental human health, and/or environmental, impacts. The companies should implement suitable remedial measures. In addition, they should ensure that all current waste disposal methodologies meet best practices to prevent re-occurrences in the future. Besides impacts on humans and the environment, this is also a material risk to the company as both court actions and continuing out-of-court settlements constitute financial costs to the companies.

ESKOM HOLDINGS SOC LTD

Corrupt practices

Status: Confirmed



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



As previously reported, ESKOM HOLDINGS SOC LTD (Eskom) was named power company of the year at the Financial Times Global Energy Awards in New York in 2001, with all of its 78 production units considered to be in good working condition. Since then it has been in a slow decline, highlighted by power outages and massive increases in electricity costs - all underlain by large-scale corruption.

In March 2015, following a prolonged period of media questioning of Eskom's efficiency in relation to rising budgets and increasing costs, Eskom's Board commissioned an external, independent investigation of the company's procurement process and contract management. DENTONS, an external law firm, was commissioned to undertake the investigation which was to last a year. However, it was stopped by the Board after just two months. Media reports at the time suggested that the investigation, if completed, was likely to incriminate too many board-level executives.

Eskom did not publish the report; although an unofficial copy is available on the internet and media reports have confirmed that the Dentons report provided examples of 'senior executives seeking opportunities ostensibly for the benefit of themselves at the expense of Eskom'.

Then in October 2016, PUBLIC PROTECTOR, South Africa's anti-graft watchdog, alleged that several executives, including the then CEO, used their positions to influence external companies for the benefit of a family that was politically connected to the then South African President. This family also used its own political connections to influence both political and board appointments to state-owned enterprises (including Eskom).

GES did secure a face-to-face meeting with Eskom in October 2017, during which Eskom stated that it had strengthened its compliance department.

In February 2018, the politics of South Africa shifted due to a change of leadership within the ruling AFRICAN NATIONAL CONGRESS and a resultant change in President. There was a resultant overhaul of ministers, as well as the removal of suspected corrupt board members at Eskom. The DIRECTORATE FOR PRIORITY CRIME INVESTIGATION (DPCI a.k.a. 'The Hawks') also opened an investigation, something it had been reluctant to do with any real commitment under the previous President.

In April 2018, the Chief of Procurement and other employees at Eskom were alleged to have taken SAR 2 billion (approximately USD 147 million) bribes in order to favour one particular information and communications technology supplier.

GES has confirmed the case based upon the Public Protector's report and continuing reports of alleged corruption at Eskom.

FACEBOOK

Privacy breach

Status: Upgraded to Engage



Izabela Żurowska
Engagement Manager

Contribution to SDGs:



In April 2018, FACEBOOK the world's largest social media company, confirmed that at least 87 million users' data worldwide were improperly obtained by CAMBRIDGE ANALYTICA (CA). In 2014, the data analytics firm bought personal information of Facebook's users without proper authorisation and used it to build a system to profile and manipulate the behaviour of US voters, among other things.

Immediately after the data leak was revealed, Facebook started investigating the issue and introduced a number of measures to better protect its users' data. Those include reviewing all the apps that had access to large amounts of information before the company changed its policies in 2014 and reduced the access.

However, in May 2018, and more recently, in June, the media reported about more instances of Facebook failing to protect its users' privacy, including, sharing sensitive information with third parties and giving device makers around the world unauthorised access to data.

GES upgraded the Facebook case to Engage in May 2018, given the growing scale of the incident and the company's sluggish response. Facebook has been widely criticised in the media for the delay in addressing the privacy concerns, about which it has been warned since at least 2011. Reportedly, Facebook found out that the data had been harvested by CA in 2015; however, it took only limited steps to secure the improperly obtained information. Furthermore, despite providing information to users who it confirmed were affected by CA, the company reportedly said that it would not compensate those whose data were leaked. In addition, to date, the company has not announced any personnel changes in relation to the scandal.

At this year’s annual general meeting (AGM), a significant number of shareholders without controlling power over the company opposed the reappointments of Facebook’s CEO and COO to the board. Prior to the AGM, Facebook announced a number of governance changes, including appointing two new independent directors to the audit committee, responsible for the risk oversight at the company. However, so far, neither an executive nor a single board member has been held accountable for the lack of oversight and inadequate management of cybersecurity risks.

GES’ engagement objective is for Facebook to realise its commitments to privacy and data security and ensure an adequate level of protection of information to prevent similar issues from reoccurring. Facebook should also increase transparency in reporting.

Despite many warnings over the years about the potential risk for misuse of the Facebook platform and the existence of gaps in the company’s systems, Facebook has failed to proactively address the cybersecurity risks. GES has observed a similar reaction in response to its attempts to engage in dialogue with the company. So far, Facebook appears uninterested in discussing the outcome of the data leaks with GES. The company only recently responded to queries by referring to its public announcements. Therefore, at this point, GES is attempting to establish substantial dialogue with the company.

HARMONY GOLD, NEWCREST

Deep sea tailings placement

Status: Upgraded to Engage



K Bruce Jackson
Senior Engagement Manager

Contribution to SDGs:



In 2008, HARMONY GOLD and NEWCREST MINING LTD formed a joint venture project in the Morobe Province of Papua New Guinea (PNG), to develop a prospective gold and copper mine called Wafi-Golpu.

In March 2018, Harmony Gold released an updated feasibility study for the Wafi-Golpu project, which indicated that it proposed to use deep sea tailings placement (DSTP) as its preferred waste disposal method. DSTP is a system of placing tailings at depth within the marine environment. The practice has several potential negative environmental impacts, such as, smothering benthic fauna, impacting water quality and potentially the marine fauna, all of which could also lead to detrimental impacts on human health.

DSTP can be potentially acceptable if the environment that is being deposited upon has been studied and proven to have a low biodiversity, most importantly the depth of deposition and the ocean currents should be such that the deposits are not brought to shallower depths by ocean upwellings. Finally, the waste that is being deposited should not contain any presence of potentially toxic chemicals, which could bioaccumulate in the marine fauna, and eventually impact humans. However, the potential for mistakes, poor monitoring or breakdowns could lead to pollution and long-term impacts on the marine environment and human health.

GES has contacted both companies and is now in contact directly with the Executive General Manager at Wafi-Golpu. Assurance has been given that baseline studies have been undertaken and that these will be reported in an Environmental Impact Assessment to be delivered to the PNG’s MINERAL RESOURCES AUTHORITY during the summer of 2018.

Although the project is only at a developmental stage and no DSTP has taken place, GES has upgraded the case to Engage (Indication of Violation) as it is necessary to ensure that; firstly, any baseline studies have been properly

undertaken, and secondly, that the rationale for the selection of DSTP over a conventional tailings facility is justified.

In addition, GES wishes to ensure that the mitigation measures put in place are suitable, measurable, and will be audited by independent third parties. These should include removal of all process chemicals prior to discharge, and monitoring of water quality at points around the zone of deposition.

IMPALA PLATINUM

Recurring workplace accidents

Status: Upgraded to Engage



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



In June 2018, GES upgraded the case on IMPALA PLATINUM (Implats), regarding recurring workplace accidents. The case was originally opened in 2014, following nine fatal accidents in 2013 and a further four fatal accidents in 2014.

Implats is the world's second largest platinum group metals mining company and has a number of operations primarily in South Africa and Zimbabwe. It employs almost 53,000 workers, of which, approximately 25 per cent are contractors. Although the company has a policy of 'zero harm in the workplace' and reports upon ongoing health and safety training it has admitted in several sustainability reports that its accident rates are not good enough.

Implats' operations, particularly its South African Rustenburg operations, have suffered several fatal incidents over the last few years. In March 2018, its CEO reported six fatalities in the previous six months, comprising four related to a 'fall of ground' incident and two equipment-related incidents.

Prior to this, in September 2017, Implats reported that it had suffered nine fatal accidents in the previous six months, with seven of these at its Rustenburg operations. Implats' CEO stated that human behaviour contributed to many safety incidents. The reported incidents included two deaths due to a fall of rock and one of a rock drill operator who died following an underground accident at their Mimosa Mine which is a joint venture between Implats and SIBANYE-STILLWATER. The Mimosa Mine had also suffered a fatal accident in 2015 in a fall of rock incident.

In January 2016, four workers died from fumes resulting from an underground fire, the mine was evacuated because of the fire.

Following a prolonged strike in 2014, it was reported that Implats had suffered four fatal incidents in less than three months.

Based upon an assessment of statistics released between 2013 and 2017, Implats operations suffered forty fatalities from accidents; 85 per cent of these in its South African Rustenburg operations. The Rustenburg operations are Implats' most vulnerable in terms of health and safety incidents, accounting for the clear majority of deaths each year whilst its other, primarily U.S. and Zimbabwean operations, have been consistently low at two or less. Many of the fatal accidents have been attributed to human behaviour, which raises concerns regarding the company's training of behaviour in the workplace.

Based upon a lack of any noticeable improvement in health and safety performance by Impala Platinum, despite a number of initiatives being put in place by the company, GES has upgraded the case to Engage as it is considered that further focussed engagement with the company is required.

JOHNSON & JOHNSON

Product-related injuries

Status: Upgraded to Engage



K Bruce Jackson
Senior Engagement Manager

Contribution to SDGs:



Talcum powder is made from naturally occurring mineral talc, which is a hydrated magnesium silicate. However, it can also be made from another naturally occurring mineral: asbestos, which is a fibrous silicate mineral.

JOHNSON & JOHNSON (J&J) is a holding company that researches, develops, manufactures and sells healthcare products in 60 countries. In the last few years J&J has been the focus of several court actions and settlements relating to a number of its products.

As of April 2018, J&J was facing multiple lawsuits in relation to its talcum powder, which was allegedly contaminated by asbestos. Some 6,900 women with ovarian cancer have filed claims citing the long-term use of asbestos contaminated baby powder as the cause. More importantly, they claim that the company knew of the cancer risks but failed to warn consumers.

Although J&J publicly refutes the claims, stating that there is no link between asbestos and ovarian cancer, internal documents appear to confirm that J&J privately acknowledged the problem. In 2006, a J&J supplier highlighted the potential for asbestos contamination of its talc, whilst analysis undertaken by the plaintiffs’ experts shows that traces of asbestos have been found in J&J talcum powder. Lawsuits are also being filed by plaintiffs suffering from mesothelioma, a form of cancer that forms on the layers of some internal organs - most commonly the lungs.

As of April 2018, some USD 153 million had already been awarded against some of the talcum powder claims. Scientific studies do show a clear link between asbestos-contaminated cosmetic talc and mesothelioma.

In 2017, six plaintiffs were awarded USD 247 million due to a defective hip replacements device, a metal-on-metal Pinnacle Acetabular Cup System (Pinnacle) which was produced by J&J’s subsidiary, DEPUY. This followed a 2016 federal court order for J&J to pay over USD 1 billion (later halved due to constitutional considerations) to six plaintiffs who alleged similar health complications. Also, in 2016, a judgement was issued for J&J to pay USD 150 million in punitive damages to patients who were implanted with the hip replacement device. Up to 2013, J&J had settled over 9,000 hip replacement lawsuits totalling to USD 4 billion. J&J has never recalled its Pinnacle system.

Through its subsidiary ETHICON INC, a manufacturer of transvaginal mesh implants, J&J has been defending itself in court and settling lawsuits due to the health impacts of the implants. There are estimated to be some 40,000 outstanding cases still to be heard.

The company claims that its safety assurance process exceeds industry and regulatory standards for baby and beauty personal care products, but there is little disclosure on procedures implemented in product development and testing.

GES has upgraded the case to Engage due to the seriousness of the health impacts, the materiality of the issue to the company and its lack of disclosure on its procedures for product development and testing.

KOREA ELECTRIC POWER CORPORATION

Corrupt practices

Status: Upgraded to Engage



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



Since 2012, the KOREA ELECTRIC POWER CORPORATION (KEPCO) has been involved in a number of bribery and corruption scandals.

The first reported incident was in 2012, when several officials of the KOREA HYDRO NUCLEAR POWER (KHNP), a wholly-owned subsidiary of KEPCO, were indicted for bribery. Two vice presidents and four senior managers at the company's headquarters in Seoul, as well as 16 manager-level engineers at local plants, allegedly received at least KRW 2.22 billion (USD 1.94 million) in exchange for helping vendors and suppliers secure lucrative deals with the company. It was then reported that KHNP had been supplied with falsely-certified parts which were used in reactors between 2003 and 2012. Consequently, seven of its 23 reactors were temporarily shut down to assess and replace potentially defective parts. As a result, in 2012, the president and CEO of KEPCO stepped down. Since 2012, there were further reported incidents in 2013, 2015 and 2017.

In 2013, a special investigation by the South Korean SUPREME PROSECUTORS' OFFICE resulted in the indictment of a former CEO of KHNP for reportedly receiving KRW 130 million (over USD 110,000) from companies in exchange for business favours. The investigation also revealed that a general manager of KHNP collected KRW 1 billion (about USD 1 million) in bribes, whilst a vice-president of KHNP was taken into custody for receiving KRW 100 million (about USD 86,000) in return for a contract win.

In 2015, ten high-ranking officials of KEPCO were arrested on charges of taking bribes from a supplier over a six-year period of 2008 to 2014. According to the prosecutors, the corruption monitoring system did not work at KEPCO. A further four high-ranking KHNP managers were also sentenced for alleged corruption.

The US SECURITIES AND EXCHANGE COMMISSION also launched an investigation, in 2015, into allegations that several subsidiaries of KEPCO, including KOREA WESTERN POWER CO, KOREA EAST-WEST POWER CO, KOREA SOUTHERN POWER CO, KOREA SOUTH-EAST POWER CO and KOREA MIDLAND POWER CO, were involved in 'graft' and allegedly received kickbacks from a few companies in exchange for soft coal supplements in 2009.

In 2017, the New South Wales government in Australia confirmed it was conducting an investigation involving allegations of corruption and bribery at KEPCO and its subsidiaries, which could affect the company's plans to develop two open-cut coalmines in the Bylong Valley.

However, in early 2018 Transparency International (TI) gave KEPCO a score of 92 per cent for anti-bribery and corruption procedures and policies. We have reached out to both TI and KEPCO for evidence to support such a high score. KEPCO has been reluctant to agree to a meeting.

**BHARAT ELECTRONICS,
CNIM,
DASSAULT AVIATION,
LARSEN & TOUBRO,
WALCHANDNAGAR
INDUSTRIES,**

Dual-use nuclear weapons technologies

ROCKWELL COLLINS

Nuclear weapons development

Status: Disengage



Jędrzej Nowakowski
Research Analyst



Akash Missiles (Universalashic, Wikimedia Commons, license CC3.0)

In recent years, the issue of nuclear proliferation has almost exclusively been centred around “rogue states” such as North Korea and Iran. Media outlets are full of reports about the alleged state of their respective nuclear programmes and how close they are to producing nuclear weapons, or whether or not they already have such weapons. It seems that North Korea may possess a few warheads and missiles capable of launching them, but the threat it poses is rather minimal in comparison to states such as India or Pakistan, which have more than a hundred warheads each.

Why would that be an issue if the US and Russia are in possession of thousands of warheads? The difference is the Non-Proliferation Treaty (NPT), which both the US and Russia are party to and which allows these states to have nuclear weapons, in exchange for a promise of nuclear disarmament. India and Pakistan are not signatories of the NPT. This means that these states have acquired nuclear weapons outside of any international controls, and taking into consideration the animosity between them, and their constant warmongering over the province of Kashmir, the threat their nuclear weapons pose is very real.

In 2017, GES extended the scope of inhumane weapons, adding dual-use launch platforms, and as a result of this change, five new companies have been issued with disengage recommendations. Three of these, namely BHARAT ELECTRONICS, LARSEN & TOUBRO and WALCHANDNAGAR INDUSTRIES, are based in India. Aside from their location, these companies also share the same involvement, as all three are engaged in some capacity in the Indian Akash missile system.

The Akash missile system is a dual-use, surface-to-air, delivery platform that is capable of launching nuclear warheads. Bharat Electronics developed and produced the radar and flight control systems for Akash missile batteries, thus allowing the missiles to locate and engage their targets. Larsen & Toubro designed the launch system, and Walchandnagar Industries provided combustion chambers for the missiles.

In addition to supporting the Akash missile system, both Larsen & Toubro and Walchandnagar Industries are involved in other nuclear weapons projects. The former provided major design and construction services for the INS Arihant, the first Indian nuclear ballistic submarine, while the latter is involved in the Indian Agni V intercontinental ballistic missile, which can be armed with nuclear warheads. The company provided the main thrust motor casing for the missile.

As noted earlier, India has not ratified nor acceded to the NPT, whose objective is to prevent the spread of nuclear weapons and to further the goal of achieving global and complete nuclear disarmament. By providing products and/or services which can be considered essential for the continued development and existence of nuclear weapons, Bharat Electronics, Larsen & Toubro and Walchandnagar Industries do not contribute to the Indian accession to the NPT, nor to its objective.

In addition to the companies from India, GES has also issued a Disengage recommendation for DASSAULT AVIATION and CNIM from France, and ROCKWELL COLLINS from the US. The most important difference between these companies and the ones from India is that they operate in countries that are signatories of the NPT and can legally possess nuclear weapons. The focus here is different, as the treaty has not been broken, rather, its spirit has been tainted. By aiding nuclear weapon states in perpetually

replenishing and/or enhancing their nuclear weapons, companies such as Dassault Aviation, CNIM, and Rockwell Collins work against the ultimate goal of the NPT – global nuclear disarmament.

The two companies from France have supported the French nuclear deterrent for a number of years, greatly enhancing French capability to perform nuclear strikes across the globe. While Dassault Aviation enhanced air-launched nuclear weapons, CNIM has supported the French submarine force by designing and producing missile launch systems for submarines carrying nuclear weapons.

All the above-mentioned companies, with the exception of Rockwell Collins, have been involved in nuclear weapons for a number of years, however, the fact that they were involved in projects that could be classified as dual-use meant that GES did not view these companies as being in violation previously. With the scope extension, GES as such includes the abovementioned companies in its inhumane weapons criteria, and issue Disengage recommendations accordingly.

CSR OR CORRUPTION?

Emerging Markets Engagement programme update



Palle Ellemann

Lead Emerging Markets Engagement

When we engage with companies over time with a patient and constructive approach, trust develops, and we have conversations that cannot be part of the official minutes of meeting. Recently, I had an engagement meeting with a large conglomerate in Southeast Asia and the conversation came to corruption, a sensitive subject that I never bring up early in a meeting. The company has many of the traditional anti-corruption measures: a Code of Conduct, a whistle-blower function, internal audits, online purchase systems, anti-corruption training, etc. There is a zero-tolerance policy despite a local context plagued by corruption and the company claimed that because of its size and market position, it was actually able to refuse all attempts from people asking for a bribe. However, because the company is highly affected by government policies and collaboration with public authorities, there was a very deliberate strategy to ensure that the significant CSR spending that the company has on a broad range of social and environmental programmes is aligned with government priorities in these areas. So, every time the government launched a social initiative, the company would support it with contributions or parallel programmes. The strategy ensured the support of the authorities, arguably much like old-fashioned corruption would.

Does this classify the CSR spending as a form of corruption and should investors be concerned?

It is a tricky question and there may be a wide scale of how controversial variations of this practice are. As the company in Southeast Asia described it, it was mostly focused on a partnership with good social benefits to the society, but still, the company is gaining an advantage, because it is able to invest in CSR programmes.

It is a different story when we look at Russia and how the largest companies have been involved in the latest large-scale events that Russia has been “lucky” to attract. These companies are typically very reluctant to talk about sponsorship strategies, but after the 2014 Winter Olympics in Sochi we have seen how these companies suddenly ended up with expensive sport facilities, e.g. a bank had paid more than RUB 27 billion (EUR 368.5 billion) for the construction of a sports complex with a ski jump facility. After the

event, the bank had to figure out what to do with it. A very large Russian gas company is also the owner of a large Olympic-standard skiing complex. It seems very likely that these sports facilities have been overpaid for and benefit certain friends of the regime. It will be interesting to see who owns the new football stadiums around Russia after the FIFA World Cup.

Corruption comes in many forms, there is a sliding scale from influencing and helping each other to 'outright money giving'. Investors need to keep an eye on governance systems and all of the money flows, including CSR spending, to assess the risk of becoming associated with corrupt behaviour and losing money spent on corruption that would otherwise have contributed to profits.

PALM OIL: INDUSTRY OUTLOOK



Ewelina Łukasik-Morawska
Engagement Manager

Contribution to SDGs:



Over the last couple of years, GES has been engaging with palm oil growing and trading companies. The transformation of the palm oil industry gained traction in late 2013 when WILMAR INTERNATIONAL as a first palm oil trader and refiner developed a 'No Deforestation No Peat No Exploitation' (NDPE) policy. A number of companies followed Wilmar's example, including GOLDEN AGRI RESOURCES, SIME DARBY and KUALA LUMPUR KEPONG. With such policies in place, companies require their suppliers to refrain from clearing forests and peatlands for new oil palm plantations.

Despite these improvements, unsustainable practices continue to take place and non-compliant palm oil continues to be produced, traded and consumed. Still, the transformation of the industry towards sustainability is gaining momentum. In the last five years, key industry actors - governments, investors and civil society - have taken steps to address deforestation, fires, peatland development and social issues. Measures taken include the adoption of NDPE sourcing policies, sustainable management policies, government moratoria, and increasing supply chain transparency.

Apart from environmental matters, human rights breaches represent a growing share of the claims against the palm oil industry. These breaches have also been known to damage a company's reputation and consequently affecting the operations. Therefore, it is fundamental for companies to ensure that land mapping has been conducted and there are no existing or potential conflicts regarding the land the company was granted for conversion. As communities often lack legal title to land, it is essential that companies engage with communities through processes of free, prior and informed consent (FPIC) to identify customary rights holders and prevent future claims. An increasing number of companies recognise the need for implementing the FPIC process as it facilitates interactions between plantations owners and communities.



Palm oil fruit (GES 2017)

In order to address environmental and social risks, companies may adopt various voluntary certification standards. Additionally, initiatives have been established to support more sustainable production in the industry. The ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO) is one of the most widely used certification standards. Palm oil companies use different certification schemes to demonstrate their sustainability approach since the related processes enable stakeholders to assess commitments and progress. By way of example, RSPO members disclose details of operational data and certification targets for their operations and suppliers, including smallholders, through their Annual Communications of Progress reports. Other benefits of sustainability certification reported by companies include

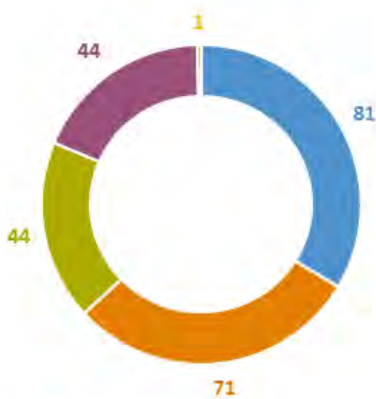
market access as well as improved management practices and administration. Although the RSPO is a voluntary standard it is perceived as a mandatory requirement in some markets. Suspension from RSPO certification and membership sends a strong message to all stakeholders of companies' non-compliance with the RSPO's standards, which in turn may lead to supply chain exclusion and potential divestment.

Over the course of our engagement most of the engagement palm oil producing, trading and refining companies either developed or are in the process of establishing NDPE policies. Through the policies, companies require that their suppliers refrain from converting peatlands, High Carbon Stock and High Conservation Value areas into new palm oil plantations. In addition, the policies cover engagement with local communities including indigenous people as well as providing safe working conditions. Violations of such policies can lead to suspension or termination of business relations. No deforestation has become a clear criterion for market access to the large traders and refiners.

Still, not all NDPE policies contain the same strict requirements for suppliers and to this day, there are notable differences between companies. GES has observed that the scope of the policy, the presence of measurable and time-bound commitments, sanction mechanisms and grievance procedures vary a lot. Most importantly companies need to ensure that the policies that they have adopted are properly implemented throughout their operations.

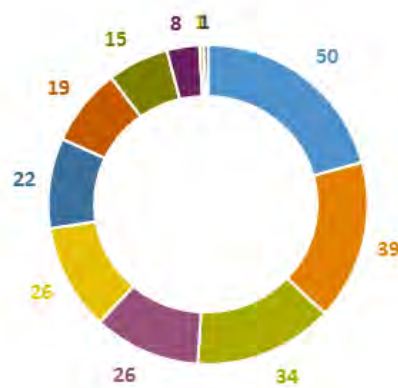
ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



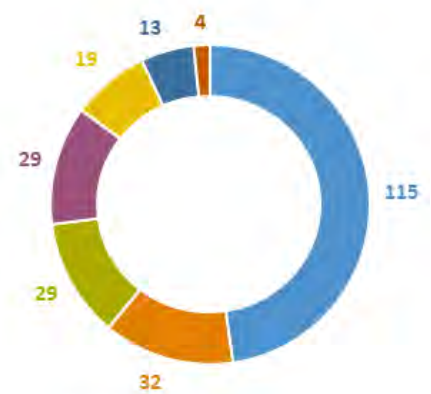
- Labour Rights
- Human Rights
- Environment
- Corruption
- Inhumane Weapons

INDUSTRY SECTOR BREAKDOWN



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

GEOGRAPHIC BREAKDOWN



- Asia
- Central / South America
- Africa
- North America
- Europe
- Middle East
- Oceania

ENGAGEMENT MAP



During Q2 2018 GES has been in active dialogue with companies as well as external sources associated to **241** business conduct issues.

In **93 Engage** cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **148 Evaluate** cases the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or, to further engage with the company – if it is a case with severe consequences for the environment or humans.

COMPANY DIALOGUE & PROGRESS SUMMARY

HOW TO READ THIS REPORT

Country *The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.*

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

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

- excellent
- good
- standard
- poor
- none

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

- ↑ excellent
- ↗ good
- standard
- ↘ poor
- ↓ none

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

- ▲ *High performance:*
good or **excellent** response and / or progress of the business conduct issue
- ▶ *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 – indicates the change in either Response or Progress since the last quarterly report.

Time *The indicator describes the time elapsed with low performance. One piece equals three months.*



After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective

Milestone *The indicator describes the milestone achieved.*



- Milestone 1: Initial communication sent to the engagement company*
- Milestone 2: Dialogue established*
- Milestone 3: Company commits to address issue*
- Milestone 4: Company develops a strategy to address issue(s)*
- Milestone 5: Issue(s) resolved / strategy effective*

RESOLVED LIST

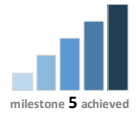
CENTRAL / SOUTH AMERICA

Change objective

BRASKEM SA (2016)
Corrupt practices

Brazil

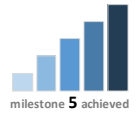
The case is and has been investigated thoroughly by the police and legal system in several countries. Braskem has cooperated with investigating authorities. The company’s anti-corruption programme has been substantially strengthened and transparently reported. External monitors are checking the implementation.



PETROBRAS (2015)
Corrupt practices

Brazil

The case is and has been investigated thoroughly by the police and legal system in several countries. Petrobras has cooperated with investigating authorities. The company’s anti-corruption programme has been substantially strengthened and transparently reported. External monitors are checking the implementation.

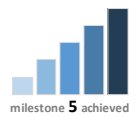


NORTH AMERICA

FREEMPORT MCMORAN (2009)
Human rights violations by security forces

Indonesia

Freeport has demonstrated that its regular payments to Indonesian police and military are being administered in a fully transparent manner and do not contribute to human rights abuses. The company implements the Voluntary Principles on Security and Human Rights through training of all internal and external security related to the site and through their Memorandum of Understanding with the police.



ENGAGE LIST

ASIA

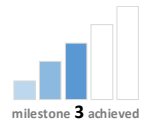
Change objective

ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)
Environmental and human rights violations in port project

India

APSEZ should adhere to the court's orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra port. APSEZ should improve local fishermen's livelihood and engage in stakeholder dialogue. All the company's efforts in Mundra should be clearly communicated to stakeholders.

● standard ↗ good ▲ better



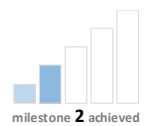
BANGKOK BANK PUBLIC (2014)
Financing of a dam project with environmental and human rights risks

Laos



Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● poor ↘ poor ▼ same



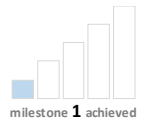
BHARAT HEAVY ELECTRICALS LIMITED (2017)
Project with environmental and human rights risks

Bangladesh



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

● none ↘ poor ▼ same

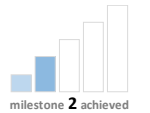


CHINA COMMUNICATIONS CONSTRUCTION CO (2017)
Fatal workplace accident

China

China Communications Construction Company should improve its existing health and safety policies and practices across the company, including the subsidiaries, to prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174.

● standard → standard ► same

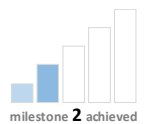


CHINA RAILWAY CONSTRUCTION CORP (2011)
Forced evictions

Ecuador

CRCC should be transparent and inform its stakeholders on how it views the allegations surrounding the Mirador mining project in Ecuador. Furthermore, the company should demonstrate that it has implemented the necessary policies and programmes to properly assess and mitigate social and environmental risks of all its projects, including of its subsidiaries.

● standard ↘ poor ► same



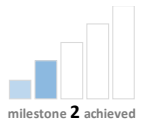
CHINA RAILWAY GROUP (2014)
Recurring fatal workplace accidents

China



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

● poor ↘ poor ▼ same



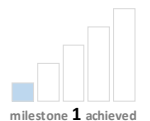
COAL INDIA LIMITED (2017)
Human rights violations

India



Coal India should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.

● poor ↘ poor ▼ same

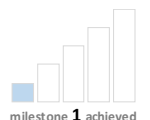


COAL INDIA LIMITED (2016)
Recurring fatal accidents

India

Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.

● poor → standard ► same

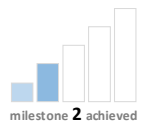


FAST RETAILING CO (2016)
Labour rights violations in supply chain

China

Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk and addressing any shortcomings in this area.

● **poor** → **standard** ► **worse**

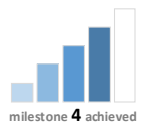


FELDA GLOBAL VENTURES (2017)
Labour rights abuses

Malaysia

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

● **good** ↗ **good** ▲ **same**

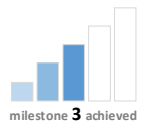


HON HAI PRECISION INDUSTRY CO (2017)
Environmental and human rights impacts caused by purchasing tin

Indonesia

Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.

● **standard** → **standard** ► **same**

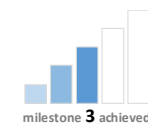


HON HAI PRECISION INDUSTRY CO (2017)
Poor working conditions

China

Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.

● **standard** → **standard** ► **same**

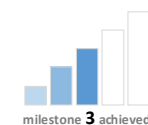


HYUNDAI HEAVY INDUSTRIES CO LTD (2016)
Recurring workplace accidents

South Korea

Hyundai Heavy Industries should fully address and improve gaps in the company's health & safety management systems. It should also be more transparent with regards to publicly available information on its HSE performance

● **good** → **standard** ▲ **same**

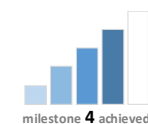


KASIKORNBANK (2014)
Financing of a dam project with environmental and human rights risks

Laos

Kasikornbank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● **good** → **standard** ▲ **same**



KOREA ELECTRIC POWER CORPORATION (2018)
Corrupt practices

South Korea

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

● **poor** ↘ **poor** ▼ **new**

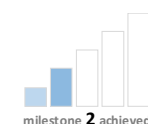


KRUNG THAI BANK (2014)
Financing of a dam project with environmental and human rights risks

Laos

Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● **poor** ↓ **none** ▼ **same**

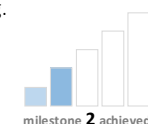



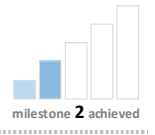

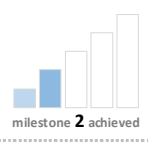






NINTENDO CO (2017)
Environmental and human rights impacts caused by purchasing tin

Indonesia

Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.

● **poor** ↘ **poor** ▼ **same**

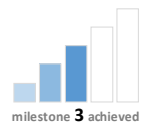


<p>NTPC (2017) <i>Project with environmental and human rights risks</i></p> <p>● standard ↘ poor ► better</p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p>NTPC (2018) <i>Recurring workplace accidents</i></p> <p>● standard ↘ poor ► worse</p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>milestone 2 achieved</p>
<p>PETROCHINA (2017) <i>Corrupt practices</i></p> <p>● poor ↓ none ▼ worse</p>	<p>China</p>  <p>3 months low performance</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>	 <p>milestone 2 achieved</p>
<p>POSCO (2012) <i>Child labour and forced labour in cotton supply chain</i></p> <p>● standard → standard ► same</p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 <p>milestone 3 achieved</p>
<p>POSCO (2010) <i>Environmental and human rights violations in steel project</i></p> <p>● standard ↘ poor ► same</p>	<p>India</p>	<p>POSCO should conduct comprehensive environmental and human rights impact assessments in consultation with local communities and ensure that it takes all steps to become aware of, prevent and address the adverse environmental and human rights impacts linked to the Odisha project. It should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights.</p>	 <p>milestone 3 achieved</p>
<p>POSCO (2010) <i>Human rights and environmental violations in a pipeline project</i></p> <p>● standard ↘ poor ► same</p>	<p>Burma/ Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	 <p>milestone 2 achieved</p>
<p>POSCO DAEWOO (2010) <i>Child labour and forced labour in cotton supply chain</i></p> <p>● standard → standard ► same</p>	<p>Uzbekistan</p>	<p>Daewoo should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	 <p>milestone 3 achieved</p>
<p>POSCO DAEWOO (2010) <i>Human rights and environmental violations in a pipeline project</i></p> <p>● standard → standard ► same</p>	<p>Burma/ Myanmar</p>	<p>Daewoo should prevent negative human rights and environmental impacts of the Shwe Project as well as ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	 <p>milestone 2 achieved</p>
<p>PTT PCL (2011) <i>Project with environmental and social risks</i></p> <p>● poor → standard ► same</p>	<p>Laos</p>	<p>PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.</p>	 <p>milestone 2 achieved</p>

SAMSUNG ELECTRONICS (2017)
Corrupt practices

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

● standard → standard ► same



SAMSUNG ELECTRONICS (2014)
Poor working conditions in various countries

China Samsung should ensure that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and its suppliers. The company should strengthen its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company should be more transparent with reporting.

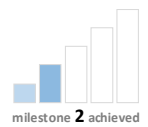
● good ↗ good ▲ same



SIAM COMMERCIAL BANK (2014)
Financing of a dam project with environmental and human rights risks

Laos Siam Commercial Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

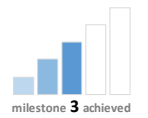
● standard ↘ poor ► same



SINGAPORE TECHNOLOGIES ENGINEERING (2017)
Corrupt practices

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

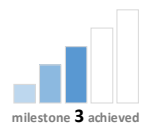
● good ↗ good ▲ same



SUN HUNG KAI PROPERTIES (2016)
Human rights violations in various countries

Nauru Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.

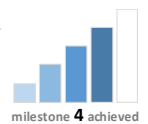
● poor ↘ poor ▼ same



THAI UNION GROUP (2017)
Labour rights violations

Thailand TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.

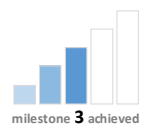
● good ↗ good ▲ same



TOKYO ELECTRIC POWER COMPANY (2011)
Unsafe nuclear power production

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

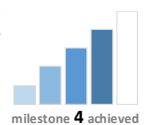
● standard → standard ► same



WILMAR INTERNATIONAL LIMITED (2017)
Labour rights violations at palm oil plantations

Indonesia Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.

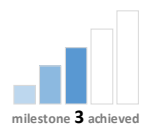
● good → standard ▲ same



YAHOO JAPAN CORP (2016)
Environmental impact caused by online trade of endangered species

Japan Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.

● standard → standard ▲ same

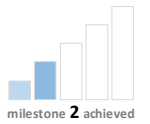


ZIJIN MINING GROUP (2015)
Environmental impacts from waste practices

Papua New Guinea

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

● poor ↘ poor ▼ worse

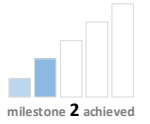


ZIJIN MINING GROUP (2015)
Human rights violations in mining operation

Papua New Guinea

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

● poor ↘ poor ▼ worse

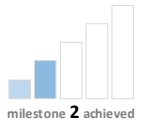


ZTE CORP (2017)
Environmental and human rights impacts caused by purchasing tin

Indonesia

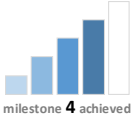
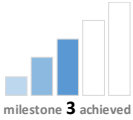
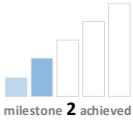
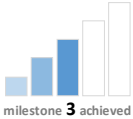
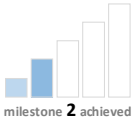
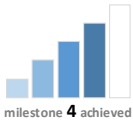
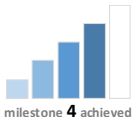
ZTE should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.

● poor ↘ poor ▼ same



CENTRAL / SOUTH AMERICA

Change objective

<p>CEMEX (2016) <i>Supporting illegal settlements in occupied territories</i></p>	<p>Palestine</p>	<p>Cemex should demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>ELETRORBRAS (2016) <i>Corrupt practices</i></p>	<p>Brazil</p>	<p>Eletrorbras should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>GRUPO MEXICO (2016) <i>Human rights violations in mining project</i></p>	<p>Peru</p>	<p>Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>JBS SA (2017) <i>Corrupt practices</i></p>	<p>Brazil</p>	<p>JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 3 achieved</p>
<p>● good → standard ▲ better</p>			
<p>JBS SA (2015) <i>Repeated labour rights violations</i></p>	<p>United States</p>	<p>JBS should take responsibility for addressing the frequent health and safety (H&S) incidents at its subsidiaries. It should further develop H&S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>SOUTHERN COPPER CORPORATION (2016) <i>Human rights violations in mining project</i></p>	<p>Peru</p>	<p>SCC should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an ongoing and adequate consultation process is in place in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>VALE SA (2016) <i>Environmental and human rights violations caused by dam collapse</i></p>	<p>Brazil</p>	<p>Vale should identify the cause(s) of the dam failure, assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			

EUROPE

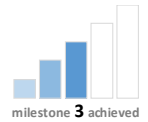
Change objective

ANDRITZ AG (2010)
Supplying to dam projects resulting in breaches of international standards

Turkey

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

● standard → poor ► same

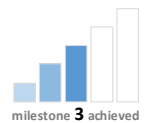


BARRY CALLEBAUT AG (2010)
Child labour in the cocoa industry

Ivory Coast

Barry Callebaut should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● good → standard ▲ better

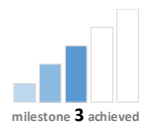


BAYER (2018)
Concealing data on product-related toxicity

Germany

This case was opened for Monsanto (2017) prior to acquisition by Bayer in June 2018. Bayer should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.

● standard → standard ► new

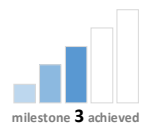


BRITISH AMERICAN TOBACCO (2017)
Labour rights violations on tobacco farms

United Kingdom

BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.

● good → standard ▲ same

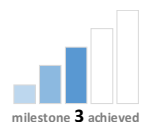


ENI (2015)
Corrupt practices

Nigeria

ENI should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.

● standard → standard ► same

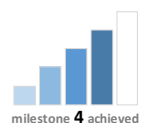


GLAXOSMITHKLINE (2015)
Corrupt practices

China

GlaxoSmithKline should improve its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.

● standard ↗ good ▲ better

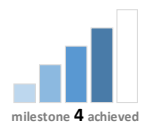


GLENCORE PLC (2015)
Operations in occupied territory

Western Sahara

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

● good ↗ good ▲ better

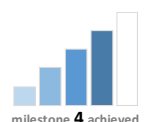


HEIDELBERGCEMENT (2015)
Natural resources extraction on occupied territories

Palestine

HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.

● excellent ↗ good ▲ same



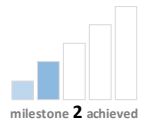
<p>LEONARDO SPA (2013) <i>Corrupt practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>LINDT & SPRUENGLI AG (2011) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Lindt and Sprungeli should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2009) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Nestlé should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2017) <i>Labour rights violations</i></p>	<p>Thailand</p>	<p>Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>NORDEA BANK (2015) <i>Money laundering</i></p>	<p>Sweden</p>	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	<p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>NORILSK NICKEL (2010) <i>Environmental and health impacts from metal extraction operations</i></p>	<p>Russian Federation</p>	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>NOVARTIS AG (2017) <i>Corrupt practices</i></p>	<p>Turkey</p>	<p>Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level as well as reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>ROYAL DUTCH SHELL (2015) <i>Corrupt practices</i></p>	<p>Nigeria</p>	<p>Shell should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>ROYAL DUTCH SHELL (2009) <i>Human rights violations resulting from pollution and environmental damage</i></p>	<p>Nigeria</p>	<p>Shell should have a detailed programme in place to address the recommendations of the UNEP's Environmental Assessment of Ogoniland and demonstrate that regular progress is being made towards achieving the objectives. The company should communicate the plan and progress transparently to shareholders. Shell should also exert its influence on all stakeholders to counter oil theft activity and its related social and environmental impacts.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			

SIEMENS (2017)
Operations in occupied territory

Western Sahara

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

● standard ↘ poor ▶ same

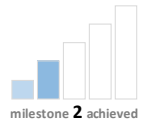


VOLKSWAGEN (2016)
Environmental impact caused by emissions defeat device

United States

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

● standard → standard ▶ same

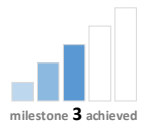


VTB BANK (2011)
Financing of project with environmental risks

Armenia

VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.

● poor ↘ poor ▼ worse



MIDDLE EAST

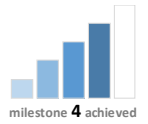
Change objective

AKBANK (2010)
Financing of controversial hydropower project

Turkey

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

● standard ↘ poor ▶ same

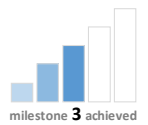


BANK HAPOALIM (2010)
Financing of illegal settlements in occupied territories

Palestine

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

● good ↓ none ▶ same

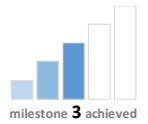


BANK LEUMI (2010)
Financing of illegal settlements in occupied territories

Palestine

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

● good ↓ none ▶ same

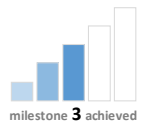


MIZRAHI TEFAHOT BANK LTD (2010)
Financing of illegal settlements in occupied territories

Palestine

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

● good ↓ none ▶ same

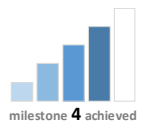


TURKIYE GARANTI BANKASI (2010)
Financing of a dam project resulting in breaches of environmental standards

Turkey



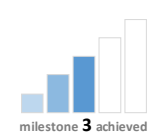
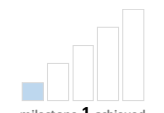
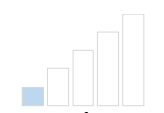
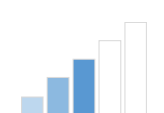
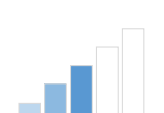
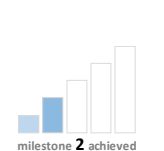
Turkiye Garanti Bankasi should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.

● good ↗ good ▲ same



NORTH AMERICA

Change objective

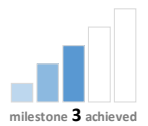
<p>APPLE INC (2009) <i>Labour rights violations at suppliers</i></p> <p>● standard ↗ good ▲ same</p>	<p>Taiwan</p>	<p>Apple should prevent labour rights violations in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.</p>	 <p>milestone 4 achieved</p>
<p>BRISTOL-MYERS SQUIBB CO (2017) <i>Corrupt practices</i></p> <p>● poor → standard ► same</p>	<p>China</p>	<p>Bristol-Myers Squibb should update anti-corruption policies to reflect its risk exposure in this area globally. It should ensure that the policy is implemented globally, including at the subsidiary level. The anti-bribery programme should be transparent in terms of allocated resources, implementation, monitoring mechanisms, whistle-blowing policy, corrective actions and external verification.</p>	 <p>milestone 2 achieved</p>
<p>BUNGE LIMITED (2017) <i>Deforestation</i></p> <p>● standard → standard ► same</p>	<p>Brazil</p>	<p>Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.</p>	 <p>milestone 3 achieved</p>
<p>CHEMOURS COMPANY (2017) <i>Recurring pollution incidents</i></p> <p>● none ↓ none ▼ new</p>	<p>United States</p>	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>DOWDUPONT INC (2017) <i>Recurring pollution incidents</i></p> <p>● none ↓ none ▼ new</p>	<p>United States</p>	<p>DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>ENBRIDGE (2016) <i>Violations of indigenous peoples' rights</i></p> <p>● good ↗ good ▲ same</p>	<p>United States</p>	<p>Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 3 achieved</p>
<p>EQUIFAX (2018) <i>Major data breach</i></p> <p>● good ↗ good ▲ better</p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	 <p>milestone 3 achieved</p>
<p>FACEBOOK (2018) <i>Privacy breach</i></p> <p>● standard → standard ► new</p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy</p>	 <p>milestone 2 achieved</p>

HERSHEY (2010)
Child labour in cocoa industry

Ivory Coast

Hershey should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● standard → standard ► same



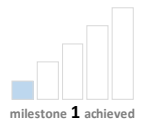
JOHNSON & JOHNSON (2010)
Product-related injuries

United States

Johnson & Johnson should develop a code for the disclosure of all product-related data across all its operations to ensure, that concerns in relation to its products are identified as soon as is practicable.



● poor ↘ poor ▼ new

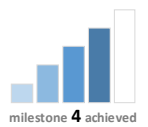


MATTEL (2010)
Poor working conditions at supplier factories

China

Mattel should prevent labour rights violations in its supply chain through effective implementation and proactive enforcement of its Responsible Supply Chain Standards at all Mattel-owned factories as well as vendors. The company should also be more transparent about the auditing process and findings.

● good → standard ▲ same

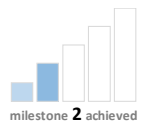


MCDONALD'S CORP (2015)
Labour rights violations at franchisees

United States

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

● standard ↘ poor ► same

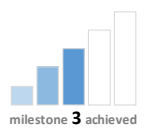


MONDELEZ INTERNATIONAL (2009)
Child labour in the cocoa industry

Ghana

Mondelez should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● excellent ↗ good ▲ same

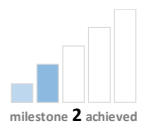


NUTRIEN (2018)
Operations in occupied territory

Western Sahara

Nutrien should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.

● standard → standard ► same

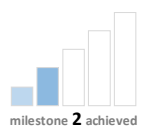


PHILLIPS 66 (2016)
Violations of indigenous peoples' rights

United States

Phillips 66 should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.

● standard → standard ► same

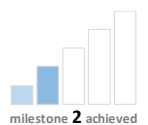


TESLA INC (2018)
Labour rights violations

United States

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

● standard → standard ► new

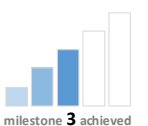


TRANSCANADA CORP (2018)
Environmental and human rights violations

United States

Transcanada should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. It should also disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon the natural resources. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.

● standard → standard ► same

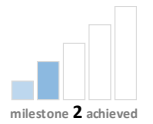


TWENTY-FIRST CENTURY FOX (2017)
Sexual harassment and discrimination

United States

Twenty-First Century Fox should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company’s corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.

● standard → standard ▶ same

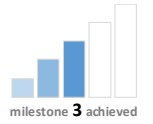


WAL-MART STORES (2017)
Labour rights violations in various countries

United States

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

● standard → standard ▶ same



OCEANIA

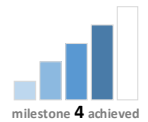
Change objective

BHP BILLITON (2016)
Environmental and human rights violations caused by dam collapse

Brazil

BHP needs to identify the cause(s) of the dam failure; assess all dams within its control to prevent similar failures in the future; develop a remedial strategy for the affected communities and the environment; ensure dam monitoring and maintenance systems and emergency procedures are in place.

● good ↗ good ▲ same

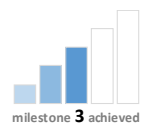


INCITEC PIVOT LTD (2009)
Operations in occupied territory

Western Sahara

IPL should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.

● standard ↓ none ► better

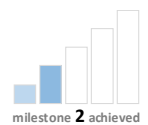


NEWCREST MINING LTD (2018)
Deep sea tailings placement

Papua New Guinea

Newcrest Mining should disclose the baseline studies, and associated impact assessments in order to support their decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.

● poor ↘ poor ▼ new

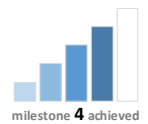


WESFARMERS (2007)
Operations in occupied territory

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

● standard ↗ good ▲ same



EVALUATE LIST

AFRICA

TIGER BRANDS

ASIA

AGRICULTURAL BANK OF CHINA LTD, AIRASIA BERHAD, ALUMINUM CORPORATION OF CHINA, BYD COMPANY, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CHINA STEEL CORPORATION, CK HUTCHISON HOLDINGS, CLP HOLDINGS LTD, DGB FINANCIAL GROUP CO LTD, ELECTRICITY GENERATING, EVERGREEN MARINE, FORMOSAPLASTICS CORP, GRASIM INDUSTRIES, HABIB BANK, HYUNDAI MOTOR COMPANY, INDIAN OIL CORPORATION LIMITED, INDOFOOD SUKSES MAKMUR, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, KEPPEL CORP, KOREA AEROSPACE INDUSTRIES, KOREAN AIR LINES CO LTD, KT CORP, LG CHEMICAL, LG CORP, LG ELECTRONICS, MMG LTD, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, PANASONIC CORPORATION, PETROCHINA, POSCO, POSCO DAEWOO, POWER CONSTRUCTION CORPORATION OF CHINA LTD, PT WASKITA KARYA, QUANTA COMPUTER, RELIANCE INDUSTRIES, SAMSUNG C&T, SAMSUNG ELECTRONICS, SAMSUNG HEAVY INDUSTRIES, SAMSUNG SDI, SINA CORP, SINOPEC SHANGHAI PETROCHEMICAL, SK HOLDINGS, SUMITOMO CORP, TATA POWER, TDK CORP, THE PEOPLE'S INSURANCE CO, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, VEDANTA LIMITED, WILMAR INTERNATIONAL LIMITED, WOORI BANK

CENTRAL / SOUTH AMERICA

BANCO SANTANDER BRASIL, BRF SA, COMPANHIA SIDERURGICA NACIONAL, ECOPEL, EDP ENERGIAS DO BRASIL SA, ELETRORBRAS, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SAB DE CV, SOCIEDAD QUIMICA Y MINERA DE CHILE

EUROPE

ALROSA, ALSTOM, AP MOELLER MAERSK, BANCO SANTANDER SA, BOLLORE, BP PLC, CAIXABANK SA, CREDIT SUISSE GROUP AG, EDP ENERGIAS DE PORTUGAL, ELECTRICITE DE FRANCE, ENEL, ENI, FIAT CHRYSLER AUTOMOBILES, GLENCORE PLC, GRUPA AZOTY AS, HEIDELBERGCEMENT, HENNES & MAURITZ, HUGO BOSS AG, IBERDROLA, JASTRZEBSKA SPOLKAWEGLOWA, LAFARGEHOLCIM, NESTLE SA, NEXT, NORILSK NICKEL, NORISK HYDRO, PKN ORLEN, RECKITT BENCKISER, RENAULT, ROSNEFT, SAINSBURY, SIEMENS GAMESA RENEWABLE ENERGY SA, TESCO PLC, THALES, THYSSENKRUPP, TOTAL SA, UNILEVER, WARTSILA OYJ ABP, VEOLIA ENVIRONNEMENT SA

NORTH AMERICA

ALLERGAN PLC, AMAZON.COM, ARCHER DANIELS MIDLAND, BOMBARDIER INC, CHEVRON CORP, COCA-COLA CO, COLGATE-PALMOLIVE, COSTCO WHOLESALE CORP, DOMINION ENERGY, DUKE ENERGY CORP, DXC TECHNOLOGY, GAP, GENERAL ELECTRIC, GENERAL MOTORS, GOODYEAR TIRE & RUBBER, KELLOGG CO, KINDER MORGAN INC, MERCK & CO, NEWMONT MINING CORP, PEPSICO, PG&E CORP, PROCTER & GAMBLE CO, RESTAURANT BRANDS INTL INC, SEMPRA ENERGY, TRANSCANADA CORP, WYNN RESORTS, ZIMMER BIOMET HOLDINGS INC

OCEANIA

SOUTH32 LTD

DISENGAGE LIST

ASIA

HANWHA CORPORATION <i>Involvement in cluster munitions</i>	South Korea	
LARSEN & TOUBRO <i>Dual-use nuclear weapons technologies</i>	India	new
METALLURGICAL CORPORATION OF CHINA <i>Environmental impacts from waste practices</i>	Papua New Guinea	

EUROPE

AIRBUS GROUP <i>Nuclear weapons programmes</i>	France	
BAE SYSTEMS <i>Nuclear weapons programmes</i>	United Kingdom	
DASSAULT AVIATION <i>Dual-use nuclear weapons technologies</i>	France	new
LEONARDO SPA <i>Nuclear weapons programmes</i>	France	
SAFRAN GROUP <i>Nuclear weapons programmes</i>	France	

MIDDLE EAST

ELBIT SYSTEMS <i>Security systems for illegal separation barrier in occupied territories</i>	Palestine	
TURKIYE HALK BANKASI <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey	

NORTH AMERICA

BOEING CO <i>Nuclear weapons programmes</i>	United States	
CHEVRON CORP <i>Environmental damage in Amazon jungle</i>	Ecuador	
FLUOR CORP <i>Nuclear weapons development</i>	United States	
GENERAL DYNAMICS <i>Nuclear weapons programmes</i>	United States	
HONEYWELL INTERNATIONAL <i>Nuclear weapons programmes</i>	United States	
HUNTINGTON INGALLS INDUSTRIES <i>Nuclear weapons development</i>	United States	
JACOBS ENGINEERING GROUP <i>Nuclear weapons programmes</i>	United Kingdom	
LOCKHEED MARTIN <i>Nuclear weapons programmes</i>	United Kingdom	
MOTOROLA SOLUTIONS <i>Human rights violations in occupied territories</i>	Palestine	
NORTHROP GRUMMAN CORP <i>Nuclear weapons programmes</i>	United States	
RAYTHEON COMPANY <i>Nuclear weapons programme</i>	United States	
ROCKWELL COLLINS <i>Involvement in cluster munitions</i>	United States	new

Note: The case on **Textron** has been closed.



GES is a leading provider of responsible investment and engagement services to institutional investors. We support asset owners and asset managers in developing and implementing integrated investment strategies with regard for environmental, social and governance (ESG) considerations.

Representing more than EUR 1.5 trillion of investments worldwide, GES acts as an owner-advocate by evaluating material ESG risks in clients' portfolios, engaging with company representatives and providing voting support at general meetings. GES is an independent company founded in 1992 with over 60 employees globally, of which 40 are dedicated to corporate engagement. We have offices in the UK, Sweden, Denmark, Poland and Switzerland with engagement professionals based in a number of other European countries.

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QUARTERLY ENGAGEMENT REPORT

Q3 2018



This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the third quarter of 2018.

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OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

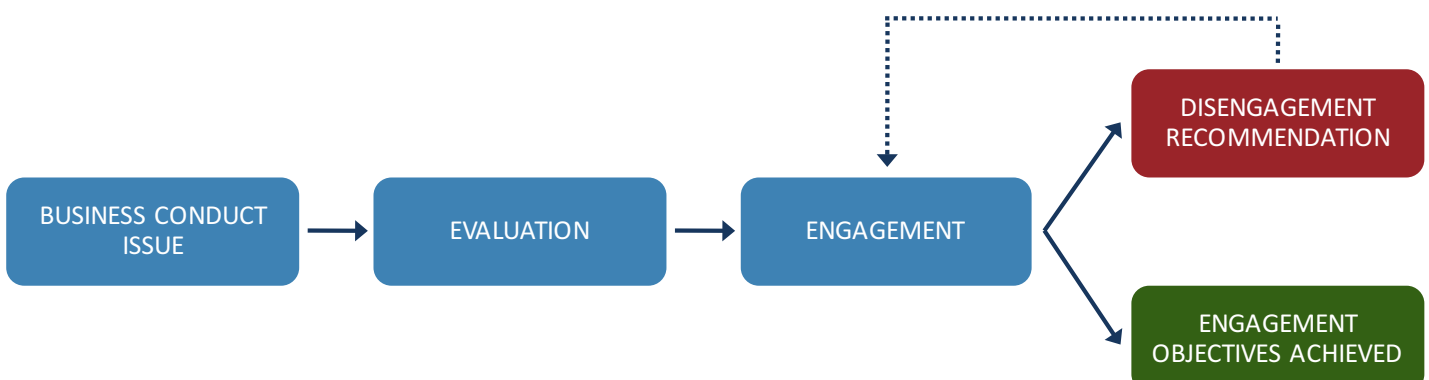
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

RESEARCH AND ENGAGEMENT WORK-FLOW



ABOUT ERSTE ASSET MANAGEMENT

Since 2008 Erste Asset Management GmbH coordinates and is responsible for all asset management activities within Erste Group Bank AG. As fully-owned subsidiary, we currently manage assets of about EUR 63.32bn (12/31/2017). More than 300 employees develop and manage investment solutions for our institutional investors. As part of Erste Group Bank AG, Erste Asset Management is one of the leading asset managers in Central Europe and operates across seven countries.

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

ENGAGEMENT BRIEF

EXECUTIVE SUMMARY

During this year's third quarter, GES advanced several Business Conduct Engagement (BCE) cases, which resulted in changed statuses and conclusions.

In Q3, seven cases received the Resolved status: three of them were related to negative environmental and human rights impacts caused by a dam collapse in Brazil; one was a corruption case in Brazil; another case concerned operations in Western Sahara; and two were related to poor working conditions in several locations.

In November 2015, a dam breached and the district of Bento Rodrigues in the Brazilian state of Minas Gerais was subsequently inundated with tailings. Right after the media reported on the incident, GES started engagement with the operator of the dam, a joint venture company SAMARCO MINERAÇÃO (Samarco), as well as BHP and VALE SA (Vale), which hold 50 per cent each in the joint venture. The collapse resulted in 19 fatalities, caused the displacement of over 700 people and affected around 600 km of the local river.

For nearly three years, GES held a constructive dialogue with the companies and monitored ongoing developments. All three companies have significantly enhanced their relevant processes and procedures. BHP and Vale undertook reviews of their tailings' facilities, including the associated emergency procedures, while Samarco put in place a best-in-class monitoring and inspection programme on its remaining tailings facilities. Based on the corrective actions, the engagements were finalised and the cases are resolved.

In Q3, GES also concluded its engagement with ELETROBRAS, a company involved in corrupt practices in Brazil. GES' engagement with the company started in 2015 and focused on the company's preparedness to manage ethics and compliance risks. GES assessed the magnitude of changes introduced by Eletrobras as adequate to resolve the case, despite the company's presence in a country with a high risk of corrupt practices.

For several years, GES engaged with GLENCORE over its presence in Western Sahara and related risks. During this time, the company significantly enhanced its risk preparedness in regard to human rights, as well as fully exited Western Sahara and stated that it has no intention to return to the region. Following the developments, GES resolved the case.

Furthermore, at the end of September, GES resolved a case on HYUNDAI HEAVY INDUSTRIES, an engagement initiated due to a significant number of accidents at the company's sites in South Korea. Since 2014, the number of accidents has been decreasing and the company has improved its overall health and safety performance and reporting. Due to several positive steps that took place during the engagement process, the case was resolved.

In September, GES also resolved a case on SAMSUNG ELECTRONICS, a company for several years associated with poor working conditions in a number of countries, including China, South Korea, Malaysia, India and Vietnam. In recent years, Samsung has been continuously demonstrating that despite the ever-growing number of issues with working conditions,

it strives to systematically address and resolve them. Following extensive dialogue, GES' conclusion is that the company has made a number of significant changes, including improved disclosure and monitoring, systematic auditing, as well as strengthened risk assessment, enforcement and remedial actions.

In addition, in Q3 GES started engagement with five companies from different sectors and linked to various types of human rights and labour rights violations.

GES started engagement with CHINA NATIONAL PETROLEUM CORP and its subsidiary PETROCHINA. Since July 2017, PetroChina has experienced two pipeline explosions on its Myanmar-China pipeline in Guizhou Province. As a result, GES has focused its engagement on mitigation of health and safety risks.

Furthermore, GES started to engage with INDOFOOD AGRI RESOURCES and its parent company INDOFOOD SUKSES MAKMUR, which have been accused of human rights and labour rights violations at palm oil plantations. Even though the companies have shown their commitment to addressing different issues at its plantations, continuous NGO and media reports focused on the issues indicate that there are some gaps in the companies' approach. The companies still need to ensure effective implementation of their policies, with a specific focus on human rights issues; this will be the aim of GES' engagement with the companies in the next months.

Following several fatal accidents at SIBANYE-STILLWATER, which resulted in 21 worker deaths in the first half of 2018, GES decided to engage with the South African company. The engagement is focusing on improvements in its health and safety practices that could prevent further fatal accidents.

GES also decided to upgrade to Engage a case on TESLA INC. The company has been facing allegations of anti-union practices at its Fremont facility in California. Following the accusations, GES decided to engage with Tesla over the alleged illegal surveillance, coercion, intimidation and prevention of worker communication.

Furthermore, GES has developed a UN Guiding Principles (UNGP) assessment form for all GES' human rights and labour rights cases, within our Business Conduct Engagement product. The form will be available on the GES Client Forum as of November this year and will initially be performed on all human rights and labour rights cases with the status *Engage*. The assessment has two parts, a) evaluating human rights salience of the case(s) linked to the company in question and b) evaluating the company's preparedness to align its practices with the UNGPs. The idea is to provide a tool to assist GES clients in prioritising which companies to focus engagement efforts on and inform such engagements on where improvements are most needed. More information on the assessments and the results will be provided in Q4.

INDEX OF COMPANIES MENTIONED IN THIS ENGAGEMENT BRIEF

BHP	7
China National Petroleum Corp	12
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Eletronuclear	8
Glencore Plc	9
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Indofood Agri Resources	13
Indofood Sukses Makmur	13
Office National des Hydrocarbures et des Mines	10
Pegatron	10
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PT PP London Sumatra Indonesia	13
PT Salim Ivomas Pratama Tbk	13
Samarco Mineração	7
Samsung Electronics	11
Sibanye-Stillwater	14
Tesla	15
Vale SA	7

BHP, SAMARCO MINERAÇÃO, VALE SA

Environmental and human rights violations caused by dam collapse

Status: Resolved



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



In November 2015, a tailings dam operated by SAMARCO MINERAÇÃO (Samarco), a joint venture (JV) in which BHP and VALE SA (Vale) each hold 50 per cent, breached, releasing a mud flow which overtopped the Santarém dam and flooded the district of Bento Rodrigues in the state of Minas Gerais, Brazil and impacted around 600 km of the length of the Rio Doce to the coast. The collapse resulted in 19 fatalities and over 700 people were displaced.

The initial emergency response was led by Samarco, with its workforce undertaking much of the initial rescue and clearance work. BHP's CEO was quick to take responsibility for remedial measures, whereas Vale's executive management was a little more reserved at first. However, by Christmas 2015, all of the displaced persons were re-housed in long-term temporary accommodation in the local town of Mariana.

In December 2015, the companies commissioned an external technical panel of experts to investigate and report on the cause (or causes) of the dam collapse.

In March 2016, the companies involved in the JV, the state and federal government and the Attorney General reached an agreement detailing 41 socio-economic and environmental remedial programmes. The agreement also set out the framework for setting up the FUNDAÇÃO RENOVA ('the Foundation'), an autonomous, independent, private and non-profit organisation with the purpose of remediating the damage caused by the dam collapse.

The external technical panel findings, in August 2016, highlighted a catalogue of accumulated causes, dating back to the initial construction of the dam through constant redesigns, which eventually led to the collapse. The collapse was initiated by three minor earth tremors. Based upon the panel's review, the issue was not if, but rather when, the dam would collapse.

All the companies have undertaken measures aimed at preventing a reoccurrence of such a collapse:

- BHP initiated a comprehensive internal review of its containment facilities and non-operated joint ventures to prevent recurrences; these reviews resulted in a centralisation of its dam management expertise and its non-BHP operated joint ventures. BHP has also reviewed and amended, where necessary, emergency procedures at its mines;
- Samarco set-up, within 50 days of the collapse, an extensive monitoring and control system, using a range of different technologies, most likely setting a new industry best practice for the monitoring and inspection of tailings facilities;
- Within Vale's decentralised operating model, effort has been put on enabling regular scheduled best practice meetings for the geotechnical departments; more importantly, engineers are in almost daily contact with one another across its divisions. The company has also reviewed and amended, where necessary, emergency procedures at its mines.

The undertaken compensation process has been extensive and most of the family members of the 19 people who died accepted compensation packages. The majority of the people, who suffered from a maximum ten-day water-supply interruption, have accepted a one-off payment representing the value of a one-year water bill. The fishermen, who also suffered from the fishing bans along the river and coast, were compensated with a monthly wage to replace any loss of earnings.

The resettlement process for over 700 displaced persons in three communities has been a very prolonged one, in part due to the very consultative nature of the process that has included the community members deciding on: where to resettle, the layout of the new settlement and other related issues, and also partly because of the very bureaucratic nature of the planning procedures. However, in August 2018, it was announced that construction works were beginning on the, first and largest, resettlement for the community of Bento Rodrigues. This latest stage provides clear evidence, from both the Foundation and the companies, that the displaced people will be resettled and, hopefully, their normal community life can resume.

GES believes that the three companies have reacted to the collapse constructively and have developed processes that should prevent a reoccurrence of such a collapse; and so, GES considers the cases to be Resolved.

ELETRORBRAS

Corrupt practises

Status: Resolved



Stina Nilsson

Senior Engagement Manager

Contribution to SDG:



Since 2015, ELETRORBRAS and its subsidiary, ELETRONUCLEAR, have been under investigation over charges of price-fixing, bribery and political kickbacks. In the course of the investigation, several former directors of Eletronuclear have been arrested and charged with corruption, money laundering and obstruction of justice. Some of them were later sentenced to prison for taking bribes from contractors. The prosecution of these directors centred around allegations that they accepted bribes and laundered funds related to construction contracts for the Angra 3 nuclear power plant.

In June 2015, Eletrobras hired Hogan Lovells, an international law firm specialising in corporate investigations, to evaluate whether there had been violations of anti-corruption laws. Findings included bid rigging and bribes paid to former personnel by contractors and suppliers hired by subsidiaries of Eletrobras. The company stated to GES that it has terminated contracts and employment agreements (when applicable) where irregularities were found.

Since the scandal, the company has introduced a significantly stronger ethics and compliance system.

In December 2014, the company issued its Anti-corruption Policy Compliance Handbook and appointed compliance managers. A new anti-corruption policy was issued in June 2018 and a second version of the Compliance Programme Manual has been developed. Substantial training of employees has also been carried out. Additionally, due diligence and



Nuclear Power Plant in Angra dos Reis, Rio de Janeiro, Brazil. Credits: Rodrigo Soldon (license Creative Commons CC 2.0)

strengthened requirements have been introduced in relation to suppliers. Internal control measures have also been tightened and an externally run whistle-blower channel is in place.

In July 2015, the Eletrobras Board of Directors approved the creation of an Independent Committee for the Management of the Investigation that would supervise the investigation conducted by Hogan Lovells.

In February 2016, Eletrobras created the Executive Office of Governance, Risk Management and Compliance. The aim of the new body is to ensure compliance with internal control processes and regulations, as well as Brazilian and foreign law. About 120 employees are working with compliance and ethics matters. A Chief Compliance Officer is leading the work and reports to the CEO and to the board of directors, which approves compliance measures and internal regulations. In 2016, the entire Board of Directors was turned over and a new CEO was hired.

In summary, GES concludes that Eletrobras has taken significant measures to improve its ethics and compliance system. TRANSPARENCY INTERNATIONAL has also given the company a maximum score for its anti-corruption programme. There still might be additional court verdicts in relation to the scheme and Eletrobras is still operating in an environment with elevated corruption risks. However, there are no reports indicating that the scheme continued after it was revealed a few years ago; new verdicts will therefore likely relate to the above-mentioned past wrongdoings. Such matters would most likely not require additional engagement, as Eletrobras has already substantially improved its anti-corruption procedures and thus lowered the risk of similar violations occurring in the future. With such improved measures, GES considers the case Resolved.

GLENCORE PLC

Operations in occupied territory

Status: Resolved



Enrique Figallo

Engagement Manager

Contribution to SDGs:



GES has been engaging with GLENCORE PLC (Glencore), since 2013, due to its participatory ownership of the Boujdour and the Fom Ognit offshore shallow exploration blocks in waters designated as belonging to Western Sahara (WS).

During 2014 and 2015, WESTERN SAHARA RESOURCE WATCH (WSRW) sent letters to the company urging it to withdraw from the territory and give the peace process breathing space and allow the Sahrawi people to determine the status and governance of their country. Glencore's operations were strongly criticised by NGOs representing the Saharawi people, which claimed that the company needs the consent of the Sahrawi people in order to carry out its business operations in accordance with international law regarding non-self-governing territories.

Companies operating in WS are facing an increased legal risk. In an opinion issued in 2002 by the UN UNDER-SECRETARY GENERAL FOR LEGAL AFFAIRS, the exploration and exploitation of natural resources in non-self-governing territories, particularly WS, was declared illegal if conducted in disregard of the interests and wishes of the people. Furthermore, there have been legal developments related to commercial activity in WS. In December 2016, the EUROPEAN COURT OF JUSTICE ruled that WS cannot be treated as part of

Morocco, stating that the EU's fishery agreement with Morocco could not apply to WS without the consent of its people.

Throughout the years, GES was in continuous dialogue with Glencore to receive updates regarding its operations with the Moroccan state-owned oil company OFFICE NATIONAL DES HYDROCARBURES ET DES MINES (ONHYM). In 2018, Glencore informed GES that the company had waived its rights from its two offshore exploratory licenses in the WS territory in 2017.

During several meetings in 2018, the company explained its current risk preparedness in the context of human rights due diligence and how it has developed since 2013. Glencore has a proactive approach to stakeholder engagement with grievance mechanisms across all its countries of operation in accordance with the UN Guiding Principles on Business and Human Rights.

In GES' view, considering that Glencore has withdrawn from WS and has no intention of returning to the region and has also developed a comprehensive approach in regard to a human rights due diligence process, the company is better prepared for future operations in high-risks countries. Due to the above-mentioned reasons, GES considered the case Resolved.

HYUNDAI HEAVY INDUSTRIES

Recurring workplace accidents

Status: Resolved



Izabela Żurowska

Engagement Manager

Contribution to SDGs:



GES has been engaging with HYUNDAI HEAVY INDUSTRIES (HHI) regarding the number of accidents that occurred at the company's sites in South Korea in the last few years. In 2014, the number of casualties exceeded over 20 with several injured subcontractors across the company's operations. The increase in deaths was reportedly linked to the rising number of HHI's subcontractors.

HHI operates in the heavy industry sector in segments such as ship building and the construction and engineering of: floating units, fixed platforms, pipelines facilities, offshore installations and power plants, engines and machinery, and diesel power plants, among others. In 2017, as a response to the decline in production in the shipbuilding industry and to simplify corporate structure, the HHI Group spun off into four divisions focused on shipbuilding and offshore projects, electric machinery, construction equipment and industrial robots. HHI's shipbuilding division remains a key player in the global shipbuilding industry with an approximate ten per cent market share. Therefore, it is expected that the company's safety strategy and performance should reflect this position.

To achieve the 'safety first' goal and to enhance a safer workplace, HHI developed the Health, Safety and Environment System (HSE) to prevent accidents in a systematic manner and introduced the Immediate Reward System to boost safety awareness and culture and by immediately rewarding workers with an excellent safety performance. All safety management matters are directly reported to the CEO, and the Occupational Safety and Health Committee at the company, which consists of the management and the union representatives, who meet intermittently to discuss the safety issues. In addition, HHI formed the Advisory Committee for Safety Innovation composed of external experts, including industry specialists and organisations dedicated to safety management. Notably, HHI

has further enhanced its in-house and external safety training and on-site inspections.

Since 2014, the number of accidents has been decreasing at HHI worksites and, in 2018, there was only one fatal incident at HHI’s shipbuilding division in Ulsan. In response to the health and safety (H&S) problems, the company formed a new safety management department headed by the CEO and, among other things, took actions directed specifically at subcontractors. HHI is committed to reducing the number of accidents to zero and has been successfully working towards this goal. In addition, the company has improved its transparency in reporting. Since 2014, it has regularly published integrated reports aligned with GRI standards and has conducted materiality assessments.

In GES’ view, HHI will continue to push for better safety performance and will cooperate with relevant players to achieve its goal. The company has in place adequate policies and systems that mitigate its exposure towards H&S risks and is committed to further upgrading its policies to adhere to international norms. Due to the continuous commitment to improving H&S standards, GES decided to resolve the case in September 2018.

SAMSUNG ELECTRONICS

Poor working conditions in various countries

Status: Resolved



Izabela Żurowska
Engagement Manager

Contribution to SDGs:



Over the last few years, GES has engaged with SAMSUNG ELECTRONICS (Samsung) regarding recurring allegations of poor working conditions at the company’s factories in many countries. Due to the company’s size and its global presence, it has frequently been reported by many NGOs investigating labour rights’ standards in countries like China, South Korea, Malaysia, India or Vietnam. The alleged violations range from child labour and health and safety concerns, to the lack of grievance mechanisms for discriminated migrant workers, among other issues.

In 2018, UN human rights experts expressed their concern over the working conditions at Samsung’s factories in Vietnam. The company was also once again listed among those sourcing cobalt from the Democratic Republic of Congo, where child labour is widespread.

Contrarily, the latest CHINA LABOR WATCH report from August 2018, on one of Samsung’s suppliers in China, recognised a number of significant improvements, including the eradication of child labour and discrimination in hiring, as well as mandatory overtime. This view is in line with GES’ assessment that Samsung has continuously demonstrated that, despite the ever-growing number of issues, it is systematically working on addressing and resolving them one by one.

The labour standards in the electronics sector have been on the public radar in the last few years, and as an industry leader, Samsung has been thoroughly scrutinised for its practices. By responding to the concerns, the company has eliminated many problems and increased the control of a significant number of suppliers through enhanced policies and systems. Some of the most notable improvements are its upgrading of its risk assessment processes, auditing and remedying breaches, as well as improving the quality of the company’s reporting. Samsung has also

enhanced its channels of communication with its employees and developed policies to protect worker groups from experiencing problems.

Nonetheless, due to the common nature of some of the issues within the sector, only collaborative industry efforts can push for change. Samsung is committed to eliminating all outstanding problems by participating in: the RESPONSIBLE BUSINESS ALLIANCE (RBA), the RESPONSIBLE MINERALS INITIATIVE and GeSI (Global e-Sustainability Initiative). The company adheres to the RBA's Code of Conduct and reports in line with GRI guidelines, conducting an annual materiality analysis.

Samsung communicates its efforts and the key areas of focus every year in its sustainability reports. In 2017/2018, among matters of crucial importance for the company was women's empowerment, which is associated with the condition of female workers in Samsung's Vietnamese factories, an issue that still seems to be problematic. The company has developed a long-term strategy and is willing to go the extra mile to improve the situation.

In GES' view, Samsung recognises the risks related to its operations and has established strategies to respond to potential problems. As many of the challenges are endemic to the electronics industry and industry-wide, we anticipate more reports to be published on Samsung due to the company's global position and its extensive supply chain. The continuous commitment to improving working conditions led GES to resolve the case in September 2018.

CHINA NATIONAL PETROLEUM CORPORATION, PETROCHINA

Fatal accidents associated with pipelines

Status: Upgraded to Engage



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



PETROCHINA is a listed subsidiary of the state-owned company CHINA NATIONAL PETROLEUM CORP (CNPC). CNPC is the largest oil and gas producer and distributor in China and owns approximately 85 per cent of PetroChina. Media reports often use PetroChina and CNPC interchangeably which can lead to confusion as to who the owner and/or operator of specific facilities is.

Since July 2017, PetroChina has experienced two pipeline explosions on the extension of the Myanmar-China pipeline in Guizhou Province.

The first explosion happened in July 2017 and resulted in eight fatalities and at least 35 people injured, four cases of which were critical. The explosion was caused by a gas leak which ignited. The incident investigation indicated the leak had been caused by a landslide, which crushed the pipe. It is very likely that heavy rain contributed to the landslide.

In June 2018, on the same Myanmar-China pipeline, at least 24 people were seriously injured, with eight in critical condition, following a pipeline leak which resulted in an explosion and a subsequent fire. The pipeline was automatically shut down following the explosion and the fire was put out within a few hours.



Guizhou Province, China

It should also be noted that there was a pipeline explosion in 2014, in Dalian, when a construction-related drilling company struck a CNPC/PetroChina-owned crude oil pipe. No one was injured in this incident.

Following the July 2017 explosion, the CHINESE STATE COUNCIL (CSC) issued a number of instructions for local governments and companies. The authorities required that the rescue of the injured and the handling of accident-related consequences should be fully taken care of by the companies. CSC also stated that the causes of the accident should be determined, and effective measures should be taken to prevent the occurrence of similar accidents. GES concurs with these instructions and is seeking to engage the companies in seeing how they are mitigating the health and safety risks.

CNPC has resisted all attempts at dialogue throughout the years. PetroChina however did respond to a GES letter addressed to its CEO in July 2018, and we are hoping this is the start of a constructive dialogue with the company.

INDOFOOD AGRI RESOURCES, INDOFOOD SUKSES MAKMUR

Labour rights violations at palm oil plantations

Status: Upgraded to Engage



Ewelina Łukasik-Morawska

Engagement Manager

Contribution to SDGs:



Human and labour rights violations in the palm oil industry have been receiving more and more attention over the last few years. Hidden in rural rainforests, palm oil plantations often depend on forced labour, benefiting from the impunity that comes with this invisibility. Even though consumers and governments have become more concerned with these issues and propose legislation to eliminate forced and child labour in imported goods, reports continue to reveal transgressions on palm oil plantations in Malaysia and Indonesia.

Since 2016, the RAINFOREST ACTION NETWORK (RAN) has published a couple of reports presenting numerous labour rights violations at Indonesian palm oil plantations operated by INDOFOOD AGRI RESOURCES (IndoAgri) owned by INDOFOOD SUKSES MAKMUR (ISM).

Investigations conducted by RAN in September and October 2015 at IndoAgri's subsidiaries plantations, PT PP LONDON SUMATRA INDONESIA TBK (Lonsum) and PT SALIM IVOMAS PRATAMA TBK in North Sumatra revealed cases of child labour, salaries below minimum wage and the use of company-backed unions. The company was also accused of exposing its plantation workers to hazardous chemicals, including paraquat, a toxic herbicide banned in many European and American countries, and not providing workers with adequate health care and safety equipment.

In November 2017, RAN released an update report titled 'The Human Cost of Conflict Palm Oil Revisited' that was the result of research conducted by RAN in cooperation with ORGANISASI PENGUATAN DAN PENGEMBANGAN USAHA-USAHA KERAKYATAN (OPPUK) and the INTERNATIONAL LABOR RIGHTS FORUM (ILFR) on three palm oil plantations in North Sumatra operated by Lonsum. The report detailed ongoing worker exploitation, low wages and hazardous working conditions at the plantations.

Following the allegations, GES started engaging with IndoAgri and ISM on the labour violations and learnt that the companies contacted RAN to



Ripe seeds of an oil palm tree

discuss the labour issues raised in RAN’s reports. With the assistance of the ROUNDTABLE ON SUSTAINABLE PALM OIL (RSPO) the companies have engaged with RAN, OPPIK and the ILRF over the labour rights’ breaches that were presented in the formal complaint filed to the RSPO by the above-mentioned organisations. As a step in addressing social and environmental issues in February 2017, IndoAgri introduced its revised Sustainable Palm Oil Policy which replaced the Sustainable Palm Oil Policy 2013 and the Palm Oil Sourcing Policy 2014. The new policy applies to the company’s own plantation operations as well as third-party suppliers.

During the dialogue with GES, IndoAgri repeatedly stated that it complies with Indonesian national laws and ratified international treaties on human rights. In addition, the company highlighted the fact that it prohibits the use of underage workers and all forms of forced labour, and that it adequately compensates its employees for their work and is committed to ensuring safe working conditions at its plantations.

IndoAgri and ISM, through the revision of the Sustainable Palm Oil Policy, have shown commitment to addressing labour issues at their plantations. However, the companies need to ensure an effective implementation of the policy with a specific focus on human rights issues. The companies should also adopt and implement a social and human rights due diligence programme to identify, prevent and mitigate any human rights impacts. GES will continue its engagement with the companies, putting special focus on social topics. In doing so, GES is promoting UN Sustainable Development Goal 8 which aims to protect labour rights and ensure safe and secure working environments for all workers.

SIBANYE-STILLWATER

Recurring workplace accidents

Status: Upgraded to Engage



K Bruce Jackson

Senior Engagement Manager

Contribution to SDGs:



*galley - a large open rowing boat kept on a ship.

SIBANYE-STILLWATER is the third largest producer of platinum and palladium and is among the world’s biggest gold producers. The company owns and operates mines in South Africa, Zimbabwe and the US.

Following several fatal accidents during 2018, which have resulted in 21 deaths to date, GES decided to engage with the company, focusing on its improvement in health and safety practices to prevent further fatal accidents.

The list of incidents started in February 2018 with a near miss when over 950 miners were trapped underground for about 24 hours in the Beatrix mine due to a power outage. Although, there were no fatalities or injuries and the workers were in a ventilated area with access to food and water, concerns were raised over safety procedures at the company. Later that month, there were a further two fatal incidents resulting in four deaths at separate mining operations in South Africa.

In March 2018, another miner died under circumstances which are not entirely clear, however, it is assumed that the winch operator may have fallen asleep and fallen into a ‘galley’*, where a scraper was separating the ore.

In May 2018, nine workers died and eleven were injured as a result of three separate seismic events and associated 'fall of ground' incidents. Following the first accident, mineworkers claimed that the deaths could have been avoided if certain steps had been undertaken by a shift manager. The company refuted the claims and pledged to provide financial and emotional support for the affected families.

In June 2018, five workers died due to heat and gas exposure after they entered an abandoned shaft at the Kloof Ikamva mine, in South Africa. There was no explanation as to why the miners were in the shaft. There was also a further death at the end of June when a worker was caught by a scraper.

Although, the incidents have all been within the company's South African mines, the concern is that the incidents have been numerous, with varied causes, frequent, as well as associated with multiple mine sites – all of which is indicative of a possible systematic breakdown of health and safety. The company has been accused by unions of pressuring workers into unsafe practices, an accusation refuted by the company. All of the incidents have been investigated by both the company and the government's DEPARTMENT OF MINERAL RESOURCES and, there have been no fines or criminal proceedings brought against the company to date.

The company has a 'Zero Harm' policy and in early 2017 it rolled out a revised safety strategy, which appeared to decrease the frequency and seriousness of incidents throughout the rest of that year. However, the incidents in 2018 show that these initiatives have yet to have a beneficial impact and further changes may be required by the company. GES is monitoring the company's progress and hopes to meet face-to-face in the autumn of 2018.

TESLA INC

Labour rights violations

Status: Upgraded to Engage



Ewelina Łukasik-Morawska

Engagement Manager

Contribution to SDGs:

8 DECENT WORK AND
ECONOMIC GROWTH



TESLA has faced a number of challenges this year, including concerns over its finances, ability to build cars at scale, allegations of anti-union practices and improper health and safety practices that emerged in 2017. As an automobile manufacturer, Tesla faces material risks related to the safety of employees, contractors and suppliers involved in the manufacturing of its products.

As reported in April 2017, Tesla workers filed four separate complaints with the US NATIONAL LABOR RELATIONS BOARD (NLRB), alleging that the company is involved in anti-union activities at its Fremont plant in California. Prior to that, in February 2017, workers reached out to labour union UNITED AUTOMOBILE WORKERS (UAW), complaining about long working hours, low salaries and unsafe working conditions. In August 2017, an official complaint against Tesla was filed, stating that the company violated workers' rights by requiring them to sign confidentiality agreements that could bar them from talking about their working conditions and safety issues at the company's facility in Fremont.

In October 2017, UAW filed unfair labour practice charges against Tesla with the NLRB. The allegations include charges such as intimidating and harassing employees, terminating their contracts for participation in union activities

and disciplining employees for wearing items with the union's logo. Though no official number of terminations has been given, estimates range from 400 to 1,200 employees representing between one and two per cent of Tesla's entire workforce. In April 2018, the NLRB handed down a complaint against Tesla, finding merit to a series of charges that were filed against the company over the past several months.

Following the accusations, GES decided to engage with Tesla over the alleged illegal surveillance, coercion, intimidation and prevention of worker communication. During the two conference calls that GES held, Tesla stated that steps taken by UAW are part of a campaign to attract Tesla's employees to join the union. According to Tesla, the union's initiative has no merit. The company underlines the fact that it does not follow any practices which would prevent workers from unionisation and is committed to providing all its employees with safe working conditions.

As Tesla is directly or indirectly dependent upon companies with unionised workforces, such as parts suppliers, trucking and freight companies, work stoppages or strikes organised by such unions could have a material adverse impact on its operating results and therefore, the company should adhere to the NLRB's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act of 1935. Consequently, in the upcoming months, GES will continue its engagement with the company, focusing on these objectives.

THE RUSSIAN TAKE ON CLIMATE CHANGES

Update on the Emerging Markets Engagement programme



Palle Ellemann

Lead Emerging Markets Engagement

'We produce the cleanest fossil fuel', a large Russian gas company said, repeatedly, during our engagement meeting when we ask about its contribution to mitigating climate changes. The company fiercely defended itself, stating that it was part of the solution, and essentially did not want to commit to anything concerning the reduction of the carbon footprint during the process of pumping out gas from the Russian underground. And renewable energy - that will come 60, 80 or 100 years down the line. Renewable energy is effectively off the table in Russia since there is a ban on the import of equipment for renewable energy production and only Russian solar panels and windmills are allowed to be used.

Right now, the Russian government has very little motivation to promote a fast transition to a low-carbon economy. The Russian state and its national economy is highly dependent on fossil fuels; oil and gas in particular. The Russian government does not present a strong public opinion on climate changes, but it is clear, from the last eleven engagement meetings in Russia, that it is not popular among Russian companies to show too much interest in the West's urgency to fight climate change – only when more gas can be sold to replace coal.

Russian companies listen to investors' concerns about carbon emissions and some have started to calculate their carbon footprints. But most are very reluctant to make any commitments beyond a focus to reduce energy consumption, which obviously has a direct cost incentive as well. Russian companies which are active in the Arctic area also have a consistent position to increasing concerns about the permafrost, stating that: there are no signs

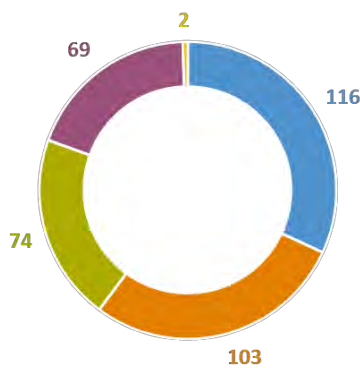
of the acceleration of melting permafrost, nothing to worry about. Nonetheless, another gas company has decided to build new facilities offshore using floating platforms, therefore it does not have to invest in building with poles on top of the permafrost and risk the facilities potentially sinking into a melting swamp.

The previous example is a perfect illustration of how for some countries, including Russia, there is a political context that limits companies' interests in making public commitments and progressive targets on certain ESG issues that can be interpreted as being Western. In these cases, we – as engagement managers - need to read the context and focus on the actual results that may come anyway, because the same companies cannot allow themselves to look bad in a global business and investor context, and they might not all agree with the official national position.

Among Russian companies, we do actually see some understanding for the concerns related to carbon emissions and specific initiatives related to climate changes. Opportunities are, however, reduced, as the availability of renewable energy is very limited. Moving forward, we will focus less on public goals and commitments for climate changes in Russia and more on the implementation of initiatives and trends in tracking carbon intensity. Engagement in emerging markets is, to some extent, 'the art of the possible' and we can only gain more influence if we show understanding of the context.

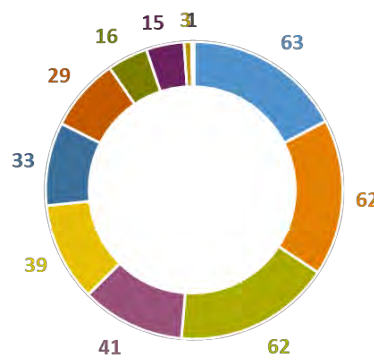
ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



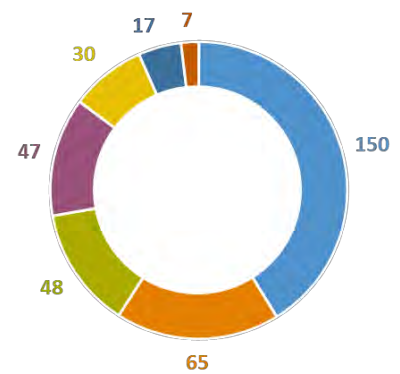
- Labour Rights
- Human Rights
- Corruption
- Environment
- Inhumane Weapons

INDUSTRY SECTOR BREAKDOWN



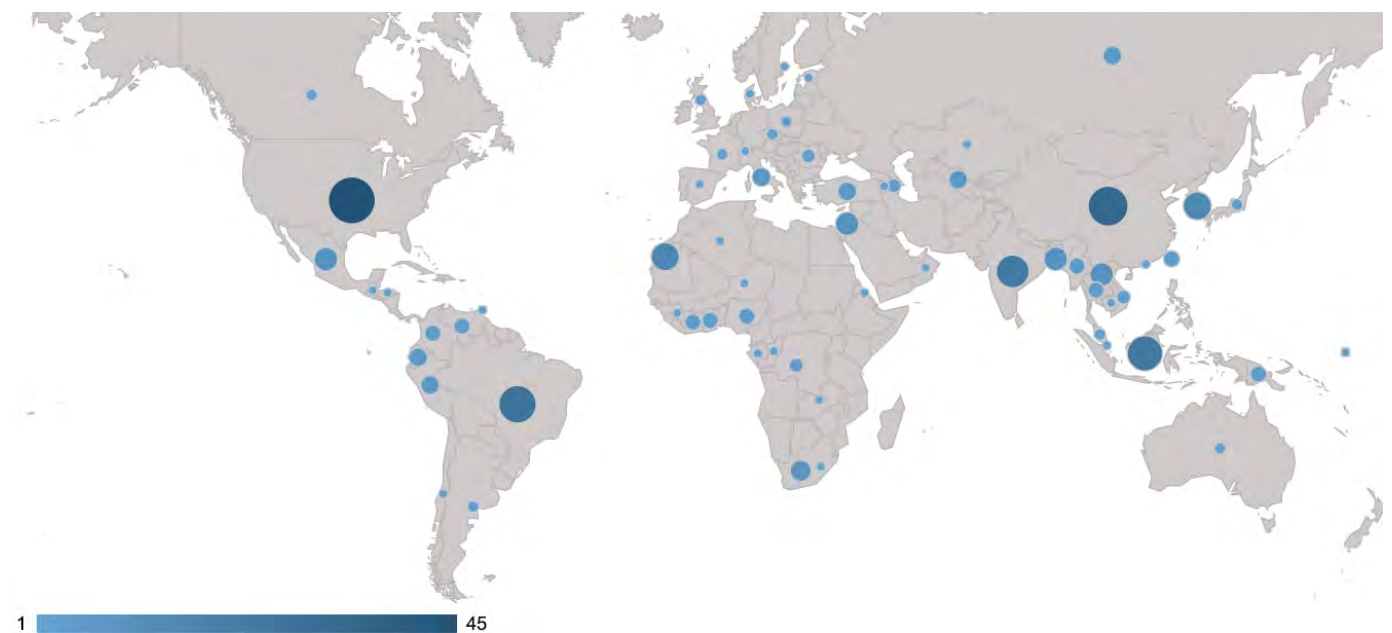
- Industrials
- Energy
- Materials
- Consumer Staples
- Consumer Discretionary
- Financials
- Utilities
- Information Technology
- Health Care
- Telecommunication Services
- Real Estate

GEOGRAPHIC BREAKDOWN



- Asia
- Central / South America
- Africa
- North America
- Europe
- Middle East
- Oceania

ENGAGEMENT MAP



During Q3 2018 GES has been in active dialogue with companies as well as external sources associated to **364** business conduct issues.

In **129** *Engage* cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **235** *Evaluate* cases the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or, to further engage with the company – if it is a case with severe consequences for the environment or humans.

COMPANY DIALOGUE & PROGRESS SUMMARY

HOW TO READ THIS REPORT

Country *The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.*

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

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

- excellent
- good
- standard
- poor
- none

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

- ↑ excellent
- ↗ good
- standard
- ↘ poor
- ↓ none

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

- ▲ *High performance:*
good or **excellent** response and / or progress of the business conduct issue
- ▶ *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 – indicates the change in either Response or Progress since the last quarterly report.

Time *The indicator describes the time elapsed with low performance. One piece equals three months.*



After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective

Milestone *The indicator describes the milestone achieved from 1 to 5.*



RESOLVED LIST

ASIA

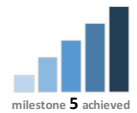
Change objective

HYUNDAI HEAVY INDUSTRIES CO LTD
(2014)

Recurring workplace accidents

South Korea

Hyundai Heavy Industries addressed and improved the gaps in the company's health & safety management systems. The company became more transparent with regards to publicly available information on its HSE performance.

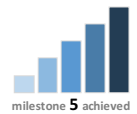


SAMSUNG ELECTRONICS (2012)

Poor working conditions in various countries

China

Samsung ensured that its commitments on labour rights and the Supplier Code of Conduct are implemented and fulfilled throughout the organisation and the suppliers. The company strengthened its monitoring and systematic auditing, including risk assessment, enforcement and remedial actions. The company enhanced its reporting and the overall level of transparency.



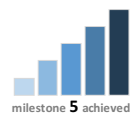
CENTRAL / SOUTH AMERICA

ELETROBRAS (2015)

Corrupt practices

Brazil

The bribery scheme has been investigated thoroughly and Eletrobras has cooperated with the investigating authorities. Its anti-corruption programme has been strengthened, reflecting its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme has been communicated.

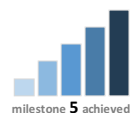


SAMARCO MINERACAO (2015)

Environmental and human rights violations caused by dam collapse

Brazil

Samarco identified the cause of the dam failure and has put in place a best-in-class monitoring and inspection programme on its remaining tailings and dams. It has also reconstructed a number of the dams destroyed in the Fundão valley, as well as built two dams as sediments traps for any tailings released during periods of heavy rainfall.

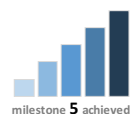


VALE SA (2015)

Environmental and human rights violations caused by dam collapse

Brazil

Vale has identified the cause of the dam failure and has undertaken an internal review of its tailings' facilities, including the associated emergency procedures. It has developed a remediation strategy (including compensation programmes) and supports its management through the Renova Foundation.



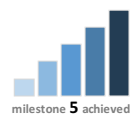
EUROPE

GLENCORE PLC (2014)

Operations in occupied territory

Western
Sahara

Glencore withdrew from Western Sahara in 2017 and has no intention to return to the region in the future. In addition, the company has significantly improved its risk preparedness over the years and now has a high level of risk preparedness when it comes to human rights due diligence process.

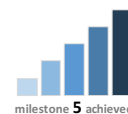


OCEANIA

BHP (2014)
Environmental and human rights violations caused by dam collapse

Brazil

BHP has identified the cause of the dam failure and has undertaken internal reviews of its tailings facilities and its non-BHP operated joint ventures, including a risk assessment, and has amended the associated emergency procedures where applicable. It has developed a remediation strategy (including compensation programmes) and supports its management through the Renova Foundation.



ARCHIVED

POSCO (2010)
Environmental and human rights violations in steel project

India


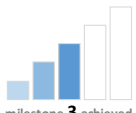
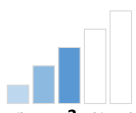
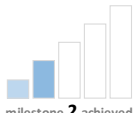
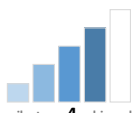
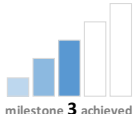

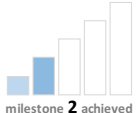
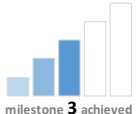
GES Commentary

GES has decided to archive the case at this stage as POSCO withdrew from the Odisha project, therefore, it is no longer linked to the violation. POSCO has made progress in improving its human rights policies in order to meet international standards and there are no demands towards POSCO from the opponents of the project. GES continues to engage with POSCO on other cases where human and indigenous rights are of concern. With another company taking over the site, the likelihood of POSCO resuming this project is small. However, if POSCO undertakes to re-start the steel plant, GES will re-open the case.

ENGAGE LIST

AFRICA

Change objective

<p>ESKOM HOLDINGS SOC LTD (2017) <i>Corrupt practices</i></p> <p>● poor ↘ poor ▼ same</p>	<p>South Africa</p>  <p>3 months low performance</p>	<p>Eskom should ensure that the financial irregularities identified in the reports to date are investigated thoroughly, and any senior managers associated with the irregularities dismissed. In addition, the company should strengthen its anti-corruption procedure, ensure that it has a fully resourced and independent (from Board-level interference) compliance and audit programme, with regular external verification, whose reports are communicated publicly.</p>	 <p>milestone 3 achieved</p>
<p>ESKOM HOLDINGS SOC LTD (2016) <i>Recurring fatal accidents</i></p> <p>● poor ● standard ► same</p>	<p>South Africa</p>	<p>Eskom should provide evidence that the causes of the recorded accidents have been identified and measures have been put in place to prevent similar occurrences in the future.</p>	 <p>milestone 3 achieved</p>
<p>HARMONY GOLD (2018) <i>Deep sea tailings placement</i></p> <p>● standard ↘ poor ► same</p>	<p>Papua New Guinea</p>	<p>Harmony Gold should disclose the baseline studies and associated impact assessments in order to support its decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.</p>	 <p>milestone 2 achieved</p>
<p>HARMONY GOLD (2015) <i>Recurring fatal accidents at workplace</i></p> <p>● good → standard ▲ same</p>	<p>South Africa</p>	<p>Harmony Gold should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.</p>	 <p>milestone 4 achieved</p>
<p>IMPALA PLATINUM (2018) <i>Recurring fatal accidents</i></p> <p>● standard ● standard ► better</p>	<p>South Africa</p>	<p>Impala platinum should show progress on its implementation of health and safety initiatives by a reduction in its health and safety statistics at least two years in succession.</p>	 <p>milestone 3 achieved</p>
<p>OCP SA (2016) <i>Operations in occupied territory</i></p> <p>● poor ↓ none ▼ same</p>	<p>Morocco</p>  <p>9 months low performance</p>	<p>OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 2 achieved</p>
<p>SIBANYE-STILLWATER (2018) <i>Recurring workplace accidents</i></p> <p>● standard ● standard ► new</p>	<p>South Africa</p>	<p>Sibanye-Stillwater should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by GES for at least two years and is expected to show decreasing figures during the time.</p>	 <p>milestone 3 achieved</p>

ASIA

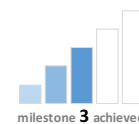
Change objective

ADANI ENTERPRISES (2015)
Environmental and human rights violations in port and power plant project

India

Adani should contribute to improving local fishermen’s livelihood and consider the cumulative effects of its operations in the area. The company should adopt comprehensive environmental policies and proper due diligence.

● poor → standard ► same

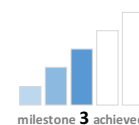


ADANI ENTERPRISES (2016)
Project with environmental and human rights risks

Australia

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

● standard → standard ► same

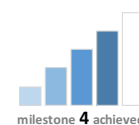


ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)
Environmental and human rights violations in port project

India

APSEZ should adhere to the court’s orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra port. APSEZ should improve local fishermen’s livelihood and engage in stakeholder dialogue. All the company’s efforts in Mundra should be clearly communicated to stakeholders.

● good ↗ good ▲ better

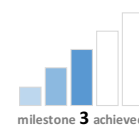


ADANI POWER (2015)
Environmental and human rights violations in power plant project

India

Adani Power should adhere to the court’s orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra power plant. Adani Power should improve local fishermen’s livelihood and engage in stakeholder dialogue. All the company’s efforts in Mundra should be clearly communicated to stakeholders.

● standard ↗ good ▲ same

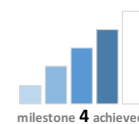


ASTRA AGRO LESTARI (2015)
Rainforest destruction

Indonesia

Astra Agro Lestari should adopt and implement a Sustainability Policy which is aligned with the Roundtable of Sustainable Palm Oil’s certification process and HCV. Furthermore, the company should improve stakeholder dialogue by addressing the concerns raised by NGOs and other stakeholders.

● standard → standard ► same

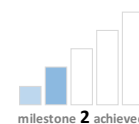


BANGKOK BANK PUBLIC (2014)
Financing of a dam project with environmental and human rights risks

Laos

Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● poor ↘ poor ▼ same

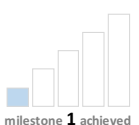


BHARAT HEAVY ELECTRICALS LIMITED (2017)
Project with environmental and human rights risks

Bangladesh

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

● none ↘ poor ▼ same

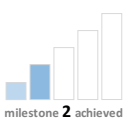



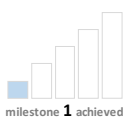

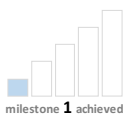

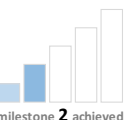

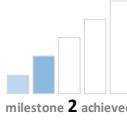

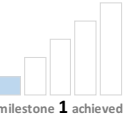

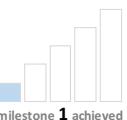

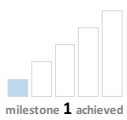

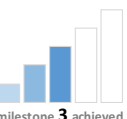

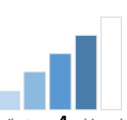
CHINA COMMUNICATIONS CONSTRUCTION CO (2017)
Fatal workplace accident

China

China Communications Construction Company should improve its existing health and safety policies and practices across the company, including the subsidiaries, to prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174.

● standard → standard ► same

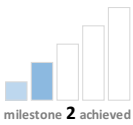
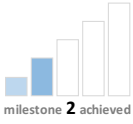
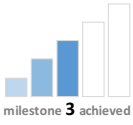

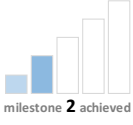

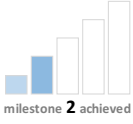


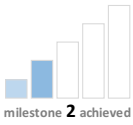



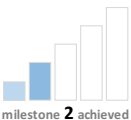
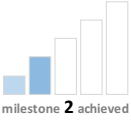
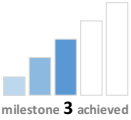
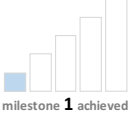
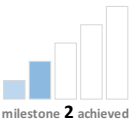
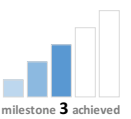
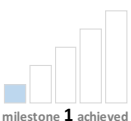

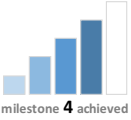
<p>CHINA NATIONAL PETROLEUM CORP (2017) <i>Corrupt practices</i></p>	<p>China</p>	<p>China National Petroleum Corp should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matters.</p>		
<p>● none ↓ none ▼ same</p>				
<p>CHINA NATIONAL PETROLEUM CORP (2018) <i>Fatal accidents associated with pipelines</i></p>	<p>China</p>	<p>CNPC should investigate and make public the causes of the pipeline explosion and explain any identified improvements to prevent future reoccurrences.</p>		
<p>● none ↓ none ▼ new</p>				
<p>CHINA RAILWAY CONSTRUCTION CORP (2011) <i>Forced evictions</i></p>	<p>Ecuador</p>	<p>CRCC should be transparent and inform its stakeholders on how it views the allegations surrounding the Mirador mining project in Ecuador. Furthermore, the company should demonstrate that it has implemented the necessary policies and programmes to properly assess and mitigate social and environmental risks of all its projects, including of its subsidiaries.</p>		
<p>● standard ↘ poor ► same</p>				
<p>CHINA RAILWAY GROUP (2014) <i>Recurring fatal workplace accidents</i></p>	<p>China</p>	<p>China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial accidents.</p>		
<p>● poor ↘ poor ▼ same</p>				
<p>COAL INDIA LIMITED (2017) <i>Human rights violations</i></p>	<p>India</p>	<p>Coal India should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.</p>		
<p>● poor ↘ poor ▼ same</p>				
<p>COAL INDIA LIMITED (2016) <i>Recurring fatal accidents</i></p>	<p>India</p>	<p>Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.</p>		
<p>● poor → standard ► same</p>				
<p>EXPORT IMPORT BANK OF INDIA (2017) <i>Project with environmental and human rights risks</i></p>	<p>Bangladesh</p>	<p>Export Import Bank of India should ensure that the project is aligned with the UNESCO World Heritage Committee (WHC) and the International Union for Conservation of Nature (IUCN) recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure.</p>		
<p>● none ↓ none ▼ same</p>				
<p>FAST RETAILING CO (2016) <i>Labour rights violations in supply chain</i></p>	<p>China</p>	<p>Fast Retailing should further develop and implement measures to prevent labour rights violations across its supply chain and ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company should also be more transparent regarding its actions to mitigate labour rights-related risk and addressing any shortcomings in this area.</p>		
<p>● poor → standard ► same</p>				
<p>FGV HOLDINGS BHD* (2017) <i>Labour rights abuses</i></p>	<p>Malaysia</p>	<p>Felda should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>		
<p>● good ↗ good ▲ same</p>				

* Formerly Felda Global Ventures Holdings Berhad

<p>HON HAI PRECISION INDUSTRY CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenmao Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>HON HAI PRECISION INDUSTRY CO (2017) <i>Poor working conditions</i></p>	<p>China</p>	<p>Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>INDOFOOD AGRI RESOURCES (2018) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p>INDOFOOD SUKSES MAKMUR (2018) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ► new</p>			
<p>ITALIAN-THAI DEVELOPMENT (2011) <i>Project with environmental and human rights risks</i></p>	<p>Burma/ Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	<p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>			
<p>KASIKORNBANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Kasikornbank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	<p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p>KOREA ELECTRIC POWER CORPORATION (2018) <i>Corrupt practices</i></p>	<p>South Korea</p>	<p>KEPCO should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption culture should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and any external verification in relation to its anti-bribery and corruption policies and procedures should be communicated.</p>	<p>milestone 2 achieved</p>
<p>● poor → standard ► better</p>			
<p>KRUNG THAI BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	<p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>			
<p>NINTENDO CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			



<p>NTPC (2017) <i>Project with environmental and human rights risks</i></p>	<p>Bangladesh</p>	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p>● standard → poor ► same</p>			
<p>NTPC (2018) <i>Recurring workplace accidents</i></p>	<p>India</p>	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>milestone 2 achieved</p>
<p>● standard → poor ► same</p>			
<p>OLAM INTERNATIONAL (2012) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p>	<p>Olam International should implement a responsible supply chain policy audited by third party and aligned with the ILO core conventions, especially conventions 105 and 182. The company should trace its cotton back to the fields to find out under what conditions the cotton is harvested and cease purchases from Uzbekistan if the practice of forced labour is not eliminated.</p>	 <p>milestone 3 achieved</p>
<p>● standard → poor ► same</p>			
<p>OLAM INTERNATIONAL (2011) <i>Child labour in cocoa industry</i></p>	<p>Ivory Coast</p>	<p>Olam International should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>PETROCHINA (2017) <i>Corrupt practices</i></p>	<p>China</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>			
 <p>6 months low performance</p>			
<p>PETROCHINA (2018) <i>Fatal accidents associated with pipelines</i></p>	<p>China</p>	<p>PetroChina should show that it has investigated the pipeline explosions, has identified the causes and has a programme of actions in place to address these causes.</p>	 <p>milestone 2 achieved</p>
<p>● poor → poor ▼ new</p>			
			
<p>POSCO (2012) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p>	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>POSCO (2010) <i>Human rights and environmental violations in a pipeline project</i></p>	<p>Burma/ Myanmar</p>	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	 <p>milestone 2 achieved</p>
<p>● standard → poor ► same</p>			
<p>POSCO DAEWOO (2010) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p>	<p>Daewoo should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			

<p>POSCO DAEWOO (2010) <i>Human rights and environmental violations in a pipeline project</i></p>	<p>Burma/ Myanmar</p>	<p>Daewoo should prevent negative human rights and environmental impacts of the Shwe Project as well as ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>PTT PCL (2011) <i>Project with environmental and social risks</i></p>	<p>Laos</p>	<p>PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.</p>	 <p>milestone 2 achieved</p>
<p>● poor → standard ► same</p>			
<p>SAMSUNG ELECTRONICS (2017) <i>Corrupt practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>SHENMAO TECHNOLOGY (2017) <i>Environmental and human rights impacts caused by sourcing tin</i></p>	<p>Indonesia</p>	<p>Shenmao should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung in Indonesia.</p>	 <p>milestone 1 achieved</p>
<p>● none ↓ none ▼ same</p>			
<p>SIAM COMMERCIAL BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Siam Commercial Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>SINGAPORE TECHNOLOGIES ENGINEERING (2017) <i>Corrupt practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>STATE OIL COMPANY OF THE AZERBAIJAN REPUBLIC (2016) <i>Recurring fatal accidents</i></p>	<p>Azerbaijan</p>	<p>SOCAR should ensure they have suitable health and safety monitoring and training in place for all operations, which are audited, with practical long-term improvement targets in place that are publicly reported.</p>	 <p>milestone 1 achieved</p>
<p>● poor ↓ none ▼ better</p>			
<p>SUN HUNG KAI PROPERTIES (2016) <i>Human rights violations in various countries</i></p>	<p>Nauru</p>	<p>Sun Hung Kai Properties should adhere to international human rights standards and comply with the UNHCR's recommendations to provide those detained within the centres with humane conditions. Ultimately, the company should end its involvement in the detention centres.</p>	 <p>milestone 3 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<p>TAKATA CORP (2016) <i>Product-related fatalities</i></p>	<p>United States</p>	<p>Takata should finalise the recall of affected vehicles, in line and under the supervision of the authorities; it should adhere to the results and recommendations of ongoing investigations as well as lawsuits. The company should also mitigate the risk on similar incidents in the future by, for example, introducing relevant measures across its manufacturing facilities including safety culture assessment and improvement.</p>	 <p>milestone 4 achieved</p>
<p>● poor → standard ► same</p>			

<p>THAI UNION GROUP (2017) <i>Labour rights violations</i></p> <p>● good ↗ good ▲ same</p>	<p>Thailand</p>	<p>TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	<p>milestone 4 achieved</p>
<p>TOKYO ELECTRIC POWER COMPANY (2011) <i>Unsafe nuclear power production</i></p> <p>● standard → standard ► same</p>	<p>Japan</p>	<p>TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.</p>	<p>milestone 3 achieved</p>
<p>WILMAR INTERNATIONAL LIMITED (2017) <i>Labour rights violations at palm oil plantations</i></p> <p>● good → standard ▲ same</p>	<p>Indonesia</p>	<p>Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.</p>	<p>milestone 4 achieved</p>
<p>YAHOO JAPAN CORP (2016) <i>Environmental impact caused by online trade of endangered species</i></p> <p>● standard ↗ good ▲ better</p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	<p>milestone 3 achieved</p>
<p>ZIJIN MINING GROUP (2015) <i>Environmental impacts from waste practices</i></p> <p>● standard ↘ poor ► better</p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera as well as ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	<p>milestone 2 achieved</p>
<p>ZIJIN MINING GROUP (2015) <i>Human rights violations in mining operation</i></p> <p>● standard ↘ poor ► better</p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	<p>milestone 2 achieved</p>
<p>ZTE CORP (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p> <p>● poor ↘ poor ▼ same</p>	<p>Indonesia</p>	<p>ZTE should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	<p>milestone 2 achieved</p>



CENTRAL / SOUTH AMERICA

Change objective

CEMEX (2016)
Supporting illegal settlements in occupied territories

Palestine

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

● good ↗ good ▲ same

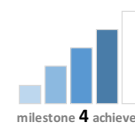


GRUPO MEXICO (2016)
Human rights violations in mining project

Peru

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

● standard → standard ► same

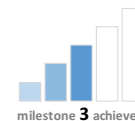


JBS SA (2017)
Corrupt practices

Brazil

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

● good → standard ▲ same

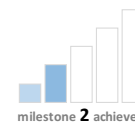


JBS SA (2015)
Repeated labour rights violations

United States

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

● standard ↘ poor ► same

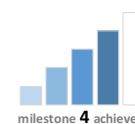


KOSMOS ENERGY LTD (2012)
Illegal exploration of natural resources

Western Sahara

Kosmos should demonstrate how its activities in Western Sahara are in line with the interests and wishes of the Saharawi people, and in accordance with the right to self-determination stipulated in the relevant international norms. Should this not be possible, the company should develop and implement a plan on how to entirely withdraw from Western Sahara.

● excellent ↑ excellent ▲ better

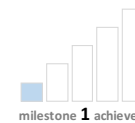


PETROLEOS DE VENEZUELA (2017)
Corrupt practices

United States

PDVSA should strengthen its anti-corruption measures in order to reflect its corruption risk exposure, including disclosure of a zero-tolerance policy, implementation and monitoring.

● none ↓ none ▼ same

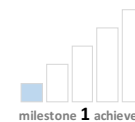


PETROLEOS DE VENEZUELA (2017)
Recurring oil spills

Venezuela

PDVSA should ensure it has a maintenance programme in place for all of its facilities and it has suitable measures in place to prevent and mitigate any future spills. The company should ensure it has an environmental policy in place, public reporting of its spill incidents and any corrective measures undertaken.

● none ↓ none ▼ same

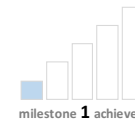


PETROLEOS DE VENEZUELA (2017)
Recurring workplace accidents

Venezuela

PDVSA should ensure it has health and safety policies in place, health and safety monitoring, trainings and audits, the safety performance publicly reported, publicly reported safety improvement targets. In addition, the company should ensure proper regular maintenance of its facilities by e.g. initiating annual, external audits.

● none ↓ none ▼ same

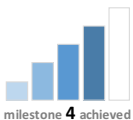


PETROLEOS MEXICANOS (2015)
Recurring fatal accidents

Mexico

PEMEX should adequately strengthen its health and safety management systems to an extent that would result in a noticeable decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.

● good → standard ▲ same



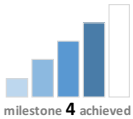
milestone 4 achieved

PETROLEOS MEXICANOS (2015)
Repeated spills

Mexico

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

● good → standard ▲ same




milestone 4 achieved

PETROTRIN (2017)
Recurring pollution incidents

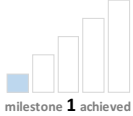
Trinidad and Tobago

Petrotrin should ensure there is a properly financed and resourced maintenance programme in place for all its facilities and that there are suitable measures in place to mitigate any future leaks and spills before they cause any further detrimental impact to the environment.

● none ↓ none ▼ same



15 months
low performance



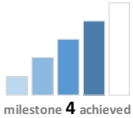
milestone 1 achieved

SOUTHERN COPPER CORPORATION (2016)
Human rights violations in mining project

Peru

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

● standard → standard ► same



milestone 4 achieved

EUROPE

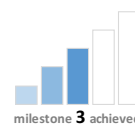
Change objective

ANDRITZ AG (2010)
Supplying to dam projects resulting in breaches of international standards

Turkey

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

● standard ↘ poor ▶ same

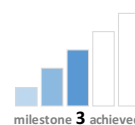


BARRY CALLEBAUT AG (2010)
Child labour in the cocoa industry

Ivory Coast

Barry Callebaut should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.

● good → standard ▲ same

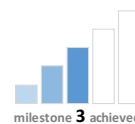


BAYER (2018)
Concealing data on product-related toxicity

Germany

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

● poor ↘ poor ▼ worse

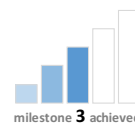


BRITISH AMERICAN TOBACCO (2017)
Labour rights violations on tobacco farms

United Kingdom

BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.

● good → standard ▲ same

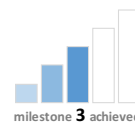


CAIRN ENERGY (2014)
Operations in occupied territory

Western Sahara

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

● standard ↗ good ▲ better

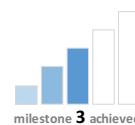


ENI (2015)
Corrupt practices

Nigeria

ENI should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.

● standard → standard ▶ same

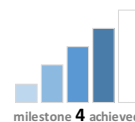


EUROCHEM (2016)
Operations in occupied territory

Western Sahara

EuroChem should fulfil its plan to completely cease its imports of phosphates from Western Sahara or demonstrate how the trade is in line with the interests and wishes of the Saharawi people, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

● standard → standard ▶ same

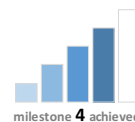


GLAXOSMITHKLINE (2015)
Corrupt practices

China

GlaxoSmithKline should improve its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.

● standard ↗ good ▲ same


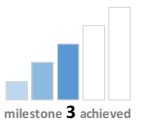

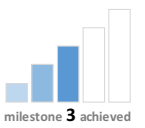
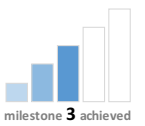
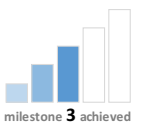



<p>HEIDELBERGCEMENT (2015) <i>Natural resources extraction on occupied territories</i></p>	<p>Palestine</p>	<p>HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	<p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>LEONARDO SPA (2013) <i>Corrupt practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>LINDT & SPRUENGLI AG (2011) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Lindt and Sprungeli should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2009) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Nestlé should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2017) <i>Labour rights violations</i></p>	<p>Thailand</p>	<p>Nestlé should ensure an effective implementation of its Supplier Code of Conduct and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>NORDEA BANK (2015) <i>Money laundering</i></p>	<p>Sweden</p>	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	<p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>NORILSK NICKEL (2010) <i>Environmental and health impacts from metal extraction operations</i></p>	<p>Russian Federation</p>	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>NOVARTIS AG (2017) <i>Corrupt practices</i></p>	<p>Turkey</p>	<p>Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level as well as reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>POYRY OYJ (2013) <i>Project with environmental risks</i></p>	<p>Laos</p>	<p>Pöyry should be more transparent towards stakeholders on what international standards it adheres to and follows. Moreover, the company should communicate in more detail how it manages and mitigates ESG risks in the projects which the company operates.</p>	<p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			

<p>ROYAL DUTCH SHELL (2015) <i>Corrupt practices</i></p>	<p>Nigeria</p>	<p>Shell should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	<p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>ROYAL DUTCH SHELL (2009) <i>Human rights violations resulting from pollution and environmental damage</i></p>	<p>Nigeria</p>	<p>Shell should have a detailed programme in place to address the recommendations of the UNEP’s Environmental Assessment of Ogoniland and demonstrate that regular progress is being made towards achieving the objectives. The company should communicate the plan and progress transparently to shareholders. Shell should also exert its influence on all stakeholders to counter oil theft activity and its related social and environmental impacts.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>SIEMENS (2017) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	<p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ same</p>			
<p>VEDANTA RESOURCES (2017) <i>Human rights violations in mining operation</i></p>	<p>Zambia</p>	<p>Vedanta/Konkola Copper Mines should ensure all contamination both historic (i.e. pre-2004) and under their ownership is remediated to a standard that allows community members to grow and eat crops safely. KCM should also ensure all infrastructure has been either replaced or repaired in order to mitigate against future potential leaks or spills.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>VOLKSWAGEN (2016) <i>Environmental impact caused by emissions defeat device</i></p>	<p>United States</p>	<p>VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>VTB BANK (2011) <i>Financing of project with environmental risks</i></p>	<p>Armenia</p>	<p>VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.</p>	<p>milestone 3 achieved</p>
<p>● standard ↘ poor ▶ better</p>			


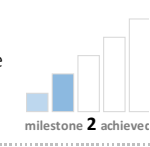
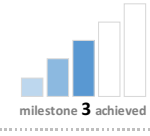






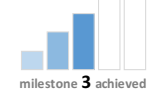
MIDDLE EAST


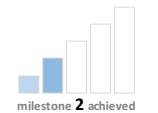
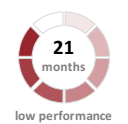
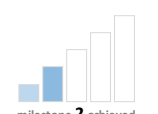


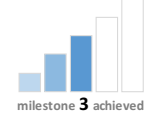
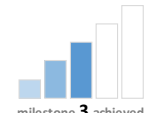
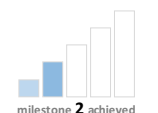
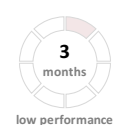
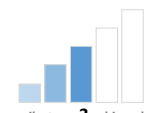
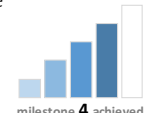
Change objective


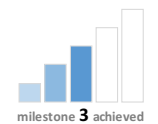

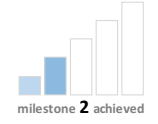

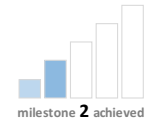

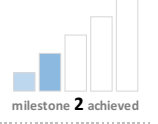
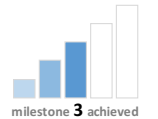
<p>AKBANK (2010) <i>Financing of controversial hydropower project</i></p>	<p>Turkey</p>	<p>Akbank should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 4 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>BANK HAPOALIM (2010) <i>Financing of illegal settlements in occupied territories</i></p>	<p>Palestine</p>	<p>Bank Hapoalim should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>● good ↓ none ► same</p>			
<p>BANK LEUMI (2010) <i>Financing of illegal settlements in occupied territories</i></p>	<p>Palestine</p>	<p>Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>● good ↓ none ► same</p>			
<p>FIRST INTERNATIONAL BANK OF ISRAEL (2011) <i>Financing of illegal settlements in occupied territories</i></p>	<p>Palestine</p>	<p>First International Bank of Israel should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>● good ↓ none ► same</p>			
<p>ISRAEL DISCOUNT BANK (2010) <i>Financing of illegal settlements in occupied territories</i></p>	<p>Palestine</p>	<p>Israel Discount Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>● good ↓ none ► same</p>			
<p>MIZRAHI TEFAHOT BANK LTD (2010) <i>Financing of illegal settlements in occupied territories</i></p>	<p>Palestine</p>	<p>Mizrahi Tefahot Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>● good ↓ none ► same</p>			
<p>TURKIYE GARANTI BANKASI (2010) <i>Financing of a dam project resulting in breaches of environmental standards</i></p>	<p>Turkey</p>	<p>Turkiye Garanti Bankasi should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			

NORTH AMERICA

Change objective

<p>APPLE INC (2009) <i>Labour rights violations at suppliers</i></p> <p>● standard ↗ good ▲ same</p>	<p>Taiwan</p>	<p>Apple should prevent labour rights violations in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company should be more transparent about the actions it takes towards incidents and engage in stakeholder dialogue.</p>	 <p>milestone 4 achieved</p>
<p>BRISTOL-MYERS SQUIBB CO (2017) <i>Corrupt practices</i></p> <p>● poor → standard ► same</p>	<p>China</p>	<p>Bristol-Myers Squibb should update anti-corruption policies to reflect its risk exposure in this area globally. It should ensure that the policy is implemented globally, including at the subsidiary level. The anti-bribery programme should be transparent in terms of allocated resources, implementation, monitoring mechanisms, whistle-blowing policy, corrective actions and external verification.</p>	 <p>milestone 2 achieved</p>
<p>BUNGE LIMITED (2017) <i>Deforestation</i></p> <p>● standard → standard ► same</p>	<p>Brazil</p>	<p>Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.</p>	 <p>milestone 3 achieved</p>
<p>CARGILL INC (2012) <i>Child labour and forced labour in cotton industry</i></p> <p>● standard ↘ poor ► same</p>	<p>Uzbekistan</p>	<p>Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.</p>	 <p>milestone 3 achieved</p>
<p>CARGILL INC (2012) <i>Child labour in the cocoa industry</i></p> <p>● standard → standard ► same</p>	<p>Ivory Coast</p>	<p>Cargill should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>CHEMOURS COMPANY (2017) <i>Recurring pollution incidents</i></p> <p>● none ↓ none ▼ same</p>	<p>United States</p> 	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>DOWDUPONT INC (2017) <i>Recurring pollution incidents</i></p> <p>● none ↓ none ▼ same</p>	<p>United States</p> 	<p>DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>ENBRIDGE (2016) <i>Violations of indigenous peoples' rights</i></p> <p>● good ↗ good ▲ same</p>	<p>United States</p>	<p>Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 3 achieved</p>

<p>ENBRIDGE ENERGY PARTNERS (2016) <i>Violations of indigenous peoples' rights</i></p>	<p>United States</p>	<p>Enbridge Energy Partners should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>ENERGY TRANSFER EQUITY LP (2016) <i>Violations of indigenous peoples' rights</i></p>	<p>United States</p>	<p>Energy Transfer Equity should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p> <p> 21 months low performance</p>			
<p>ENERGY TRANSFER PARTNERS LP (2016) <i>Violations of indigenous peoples' rights</i></p>	<p>United States</p>	<p>Energy Transfer Partners should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p> <p> 21 months low performance</p>			
<p>EQUIFAX (2018) <i>Major data breach</i></p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>FACEBOOK (2018) <i>Privacy breach</i></p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>HERSHEY (2010) <i>Child labour in cocoa industry</i></p>	<p>Ivory Coast</p>	<p>Hershey should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>JOHNSON & JOHNSON (2010) <i>Product-related injuries</i></p>	<p>United States</p>	<p>Johnson & Johnson should develop a code for the disclosure of all product-related data across all its operations to ensure concerns in relation to its products are communicated to users as soon as is practicable.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p> <p> 3 months low performance</p>			
<p>LUMBER LIQUIDATORS (2015) <i>Illegal logging</i></p>	<p>Russian Federation</p>	<p>Lumber Liquidators should evaluate its entire supply chain and take reasonable and prudential measures to exclude illegally harvested wood. The company should confirm that its exports and imports of wood are in compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora.</p>	 <p>milestone 3 achieved</p>
<p>● poor → standard ► same</p>			
<p>MATTEL (2010) <i>Poor working conditions at supplier factories</i></p>	<p>China</p>	<p>Mattel should prevent labour rights violations in its supply chain through effective implementation and proactive enforcement of its Responsible Supply Chain Standards at all Mattel-owned factories as well as vendors. The company should also be more transparent about the auditing process and findings.</p>	 <p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			

<p>MCDONALD'S CORP (2015) <i>Labour rights violations at franchisees</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>	 <p>milestone 2 achieved</p>
<p>● standard ↘ poor ▶ same</p>			
<p>MONDELEZ INTERNATIONAL (2009) <i>Child labour in the cocoa industry</i></p>	<p>Ghana</p>	<p>Mondelez should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NUTRIEN LTD (2018) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Nutrien should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>PHILLIPS 66 (2016) <i>Violations of indigenous peoples' rights</i></p>	<p>United States</p>	<p>Phillips 66 should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>PILGRIM'S PRIDE CORP (2015) <i>Repeated health and safety violations</i></p>	<p>United States</p>	<p>Pilgrim's Pride should address the identified health and safety (H&S) shortcomings at its processing facilities. It should implement H&S policies and practices aligned with ILO standards, including proactively mitigating hazards and improving working conditions, and ensuring timely medical referrals for workplace injuries. The company should report on its H&S performance.</p>	 <p>milestone 3 achieved</p>
<p>● poor → standard ▶ same</p>			
<p>TESLA INC (2018) <i>Labour rights violations</i></p>	<p>United States</p>	<p>Tesla should cease the alleged practices of hindering freedom of association. The company should adhere to the US National Labor Relations Board's decisions. Tesla's management of labour rights should be aligned with the US National Labor Relations Act 1935.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>TRANSCANADA CORP (2018) <i>Environmental and human rights violations</i></p>	<p>United States</p>	<p>Transcanada should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. It should also disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon the natural resources. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>TWENTY-FIRST CENTURY FOX (2017) <i>Sexual harassment and discrimination</i></p>	<p>United States</p>	<p>Twenty-First Century Fox should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ▶ same</p>			
<p>WAL-MART STORES (2017) <i>Labour rights violations in various countries</i></p>	<p>United States</p>	<p>Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ▶ same</p>			

OCEANIA

Change objective

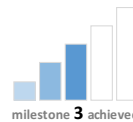
INCITEC PIVOT LTD (2009)
Operations in occupied territory

Western Sahara



IPL should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.

● poor ↓ none ▼ worse

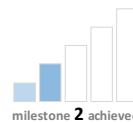


NEWCREST MINING LTD (2018)
Deep sea tailings placement

Papua New Guinea

Newcrest Mining should disclose the baseline studies, and associated impact assessments in order to support their decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.

● standard ↘ poor ► better

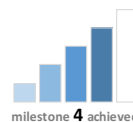


WESFARMERS (2007)
Operations in occupied territory

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

● standard ↗ good ▲ same



EVALUATE LIST

AFRICA

LAFARGEHOLCIM MAROC, TIGER BRANDS, TRANSNET SOC

ASIA

AGRICULTURAL BANK OF CHINA LTD, AIRASIA BERHAD, ALUMINUM CORPORATION OF CHINA, ASL MARINE HOLDINGS, BRITISH AMERICAN TOBACCO BANGLADESH, CHINA DEVELOPMENT BANK, CHINA NATIONAL PETROLEUM CORP, CHINA PETROCHEMICAL CORPORATION, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CHINA STEEL CORPORATION, CHIN-POON INDUSTRIAL CO LTD, CK HUTCHISON HOLDINGS, CLP HOLDINGS LTD, DAEWOO SHIPBUILDING & MARINE ENGINEERING, DGB FINANCIAL GROUP CO LTD, DONG-A SOCIO HOLDINGS, ELECTRICITY GENERATING, ENERGY EARTH PCL, FORMOSA PLASTICS CORP, GRASIM INDUSTRIES, HABIB BANK, HUADIAN FUXIN ENERGY CORP, HYUNDAI MOTOR COMPANY, IMPERIAL PACIFIC INTERNATIONAL, INDIA CEMENTS, INDIAN OIL CORPORATION LIMITED, INDOFOOD AGRI RESOURCES, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, ITALIAN-THAI DEVELOPMENT, KEPPEL CORP, KOREA AEROSPACE INDUSTRIES, KOREA ELECTRIC POWER CORPORATION, KOREAN AIR LINES CO LTD, KT CORP, LG CHEMICAL, LG CORP, LG ELECTRONICS, LG INTERNATIONAL CORP, LONSUM, LUTHAI TEXTILE CO, MARUHA NICHIRO CORP, MMG LTD, NIEN HSING TEXTILE, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, PANASONIC CORPORATION, PERTAMINA PT, PERUSAHAAN LISTRIK NEGARA, POSCO, POSCO DAEWOO, POWER CONSTRUCTION CORPORATION OF CHINA, PT WASKITA KARYA, QUANTA COMPUTER, RATCHABURI ELECTRICITY GENERATING HOLDING, RELIANCE INDUSTRIES, SALIM IVOMAS PRATAMA, SAMSUNG C&T, SAMSUNG ELECTRONICS, SAMSUNG HEAVY INDUSTRIES, SAMSUNG SDI, SINA CORP, SINOPEC SHANGHAI PETROCHEMICAL, SK HOLDINGS, STERLING BIOTECH, SUMITOMO CORP, SYNDICATE BANK, TATA POWER, TDK CORP, THE PEOPLE'S INSURANCE CO, TOSHIBA CORP, TOYOTA MOTOR CORPORATION, UNITECH PRINTED CIRCUIT, UPL LIMITED, VEDANTA LIMITED, WILMAR INTERNATIONAL LIMITED, WOORI BANK, YOUNGONE HOLDINGS

CENTRAL / SOUTH AMERICA

BANCO NACIONAL DE DESENVOLVIMENTO, BANCO SANTANDER BRASIL, BRFS SA, BW OFFSHORE LIMITED, CAIXA ECONOMICA FEDERAL, COMPANHIA SIDERURGICA NACIONAL, ECOPETROL, EDP ENERGIAS DO BRASIL SA, ELETRONBRAS, EMPRESAS PUBLICAS MEDELLIN, EP PETROECUADOR, GEOPARK LIMITED, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SAB DE CV, PETROLEOS DEL PERU, PETROLEOS MEXICANOS, SOCIEDAD QUIMICA Y MINERA DE CHILE, VEON LTD, YPF SA

EUROPE

ALROSA, ALSTOM, AP MOELLER MAERSK, ATLANTIA SPA, BANCO SANTANDER SA, BASHNEFT, BOLLORE, BP PLC, CAIXABANK SA, DANSKE BANK, DIGI COMMUNICATIONS, DRAEGERWERK AG & CO KGAA, DURO FELGUERA SA, EDP ENERGIAS DE PORTUGAL, ELECTRICITE DE FRANCE, ENEL, ENEL GREEN POWER, ENI, FIAT CHRYSLER AUTOMOBILES, G4S, GLENCORE PLC, GRUPA AZOTY AS, HEIDELBERGCEMENT, HENNES & MAURITZ, HUGO BOSS AG, IBERDROLA, JASTRZEBSKA SPOLKA WEGLOWA, KOENIG & BAUER AG, KONINKLIJKE PHILIPS NV, LAFARGEHOLCIM, MOTHERCARE, NORGESGRUPPEN ASA, NORILSK NICKEL, NORSK HYDRO, OCADO GROUP, ORANO, PKN ORLEN, RECKITT BENCKISER, RENAULT, RHEINMETALL AG, ROBERT BOSCH GMBH, ROSNEFT, SAAB, SAINSBURY, SIEMENS GAMESA RENEWABLE ENERGY SA, SPORTS DIRECT INTERNATIONAL, STOCKMANN OYJ, TECHNICOLOR SA, TECNICAS REUNIDAS SA, TESCO PLC, THALES, THYSSENKRUPP, TOTAL SA, UNIPETROL, WARTSILA OYJ ABP, VEDANTA RESOURCES, VEOLIA ENVIRONNEMENT SA

MIDDLE EAST

GLOBAL TELECOM HOLDING SAE, MINRAV HOLDINGS, SHAPIR ENGINEERING & INDUSTRY, UNION BANK OF ISRAEL

NORTH AMERICA

ALLERGAN PLC, ALMADEN MINERALS, AMAZON.COM, BOMBARDIER INC, CARGILL INC, CHEVRON CORP, COCA-COLA CO, CORECIVIC INC, COSTCO WHOLESALE CORP, DOMINION ENERGY, DUCOMMUN, DUKE ENERGY CORP, DXC TECHNOLOGY, ENERGY TRANSFER EQUITY LP, ENERGY TRANSFER PARTNERS LP, FERONIA INC, FORTUNA SILVER MINES INC, FRONTERA ENERGY CORPORATION, GAP, GENERAL ELECTRIC, GENERAL MOTORS, GEO GROUP, INSYS THERAPEUTICS INC, INTERNATIONAL FINANCE CORPORATION, JOHNSON & JOHNSON, KBR INC, KINDER MORGAN CANADA, KINDER MORGAN INC, MERCK & CO, NEWMONT MINING CORP, NEVSUN RESOURCES, NISOURCE, OCH-ZIFF CAPITAL MANAGEMENT, PATTERSON UTI ENERGY, PG&E CORP, PILGRIM'S PRIDE CORP, RESTAURANT BRANDS INTL INC, RESTAURANT BRANDS INTL LP, SCICLONE PHARMACEUTICALS, STRYKER CORP, SUNCOKE ENERGY INC, TERNIUM SA, TRANSCANADA CORP, WOLVERINE WORLD WIDE INC, WYNN RESORTS, ZIMMER BIOMET HOLDINGS INC

OCEANIA

RETAIL FOOD GROUP LTD, SOUTH32 LTD

DISENGAGE LIST

ASIA

BHARAT ELECTRONICS <i>Dual-use nuclear weapons technologies</i>	India
CH. KARNCHANG PUBLIC CO <i>Project with environmental and social risks</i>	Laos
HANWHA CORPORATION <i>Involvement in cluster munitions</i>	South Korea
LARSEN & TOUBRO <i>Dual-use nuclear weapons technologies</i>	India
METALLURGICAL CORPORATION OF CHINA <i>Environmental impacts from waste practices</i>	Papua New Guinea
POONGSAN CORPORATION <i>Involvement in cluster munitions</i>	South Korea
POONGSAN HOLDINGS CORPORATION <i>Involvement in cluster munitions</i>	South Korea
WALCHANDNAGAR INDUSTRIES <i>Dual-use nuclear weapons technologies</i>	India

EUROPE

AIRBUS GROUP <i>Nuclear weapons programmes</i>	France
BAE SYSTEMS <i>Nuclear weapons programmes</i>	United Kingdom
CNIM <i>Nuclear weapons programmes</i>	France
DASSAULT AVIATION <i>Dual-use nuclear weapons technologies</i>	France
LEONARDO SPA <i>Nuclear weapons programmes</i>	France
PETROMAROC CORPORATION <i>Operations in occupied territory</i>	Western Sahara
SAFRAN GROUP <i>Nuclear weapons programmes</i>	France
SAN LEON ENERGY <i>Operations in occupied territory</i>	Western Sahara
SERCO GROUP <i>Nuclear weapons programmes</i>	United Kingdom

MIDDLE EAST

ELBIT SYSTEMS <i>Security systems for illegal separation barrier in occupied territories</i>	Palestine
INDUSTRIAL BUILDINGS CORPORATION <i>Construction of illegal settlements in occupied territories</i>	Palestine
JERUSALEM ECONOMY LTD <i>Construction of illegal settlements in occupied territories</i>	Palestine
TURKIYE HALK BANKASI <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey

NORTH AMERICA

AECOM <i>Nuclear weapons programmes</i>	United States
AEROJET ROCKETDYNE HLDGS <i>Nuclear weapons development</i>	United States
BOEING CO <i>Nuclear weapons programmes</i>	United States
BWX TECHNOLOGIES <i>Nuclear weapons programmes</i>	United States
CHEVRON CORP <i>Environmental damage in Amazon jungle</i>	Ecuador
FLUOR CORP <i>Nuclear weapons development</i>	United States
GENERAL DYNAMICS <i>Nuclear weapons programmes</i>	United States
HONEYWELL INTERNATIONAL <i>Nuclear weapons programmes</i>	United States
HUNTINGTON INGALLS INDUSTRIES <i>Nuclear weapons development</i>	United States
INNOPHOS HOLDINGS <i>Operations in occupied territory</i>	Western Sahara
JACOBS ENGINEERING GROUP <i>Nuclear weapons programmes</i>	United Kingdom
LOCKHEED MARTIN <i>Nuclear weapons programmes</i>	United Kingdom
MOTOROLA SOLUTIONS <i>Human rights violations in occupied territories</i>	Palestine
NORTHROP GRUMMAN CORP <i>Nuclear weapons programmes</i>	United States
RAYTHEON COMPANY <i>Nuclear weapons programmes</i>	United States
ROCKWELL COLLINS <i>Nuclear weapons development</i>	United States

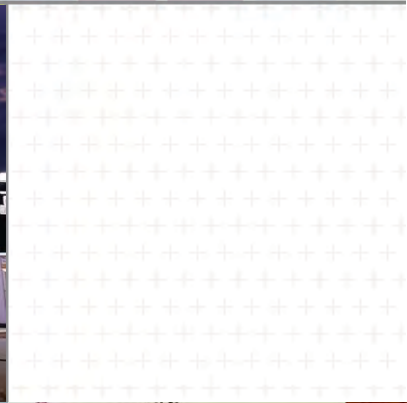


GES is a leading provider of responsible investment and engagement services to institutional investors. We support asset owners and asset managers in developing and implementing integrated investment strategies with regard for environmental, social and governance (ESG) considerations.

Representing more than EUR 1.7 trillion of investments worldwide, GES acts as an owner-advocate by evaluating material ESG risks in clients' portfolios, engaging with company representatives and providing voting support at general meetings. GES is an independent company founded in 1992 with over 60 employees globally, of which 40 are dedicated to corporate engagement. We have offices in the UK, Sweden, Denmark, Poland and Switzerland with engagement professionals based in a number of other European countries.

QUARTERLY ENGAGEMENT REPORT

Q4 2018



AMOUNT	INSUR BALANCE	PATIENT BALANCE	BALANCE
\$150.00			
-\$40.45			
-\$72.55			
\$35.00			\$5.59
-\$22.38			
-\$7.03			
TOTAL	\$5.59	\$0.00	\$5.59

This report summarises the shareholder engagement activities that GES has performed on behalf of Erste Asset Management during the fourth quarter of 2018.

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ENGAGEMENT BRIEF

EXECUTIVE SUMMARY

During the fourth quarter of 2018, GES advanced several Business Conduct Engagement (BCE) cases, resulting in changed statuses and conclusions.

Nine cases received a Resolved status in Q4: three of them were related to poor working conditions at suppliers; two concerned operations in Western Sahara; one regarded environmental pollution; two were corruption cases; and one was related to health and safety violations.

In December 2018, GES concluded its almost 10-year engagement with APPLE INC. regarding recurring allegations of labour rights violations in its supply chain. Over the course of the engagement, the company managed to eliminate many problems and it became a leader in tackling some of the most persistent issues within the electronics industry. Despite the complexity of labour rights issues in the technology sector at large and the risk of new allegations, GES considers the company well prepared to address and further improve labour rights in its supply chain.

In Q4, GES also concluded its engagement with BRISTOL-MYERS SQUIBB (BMS), a company involved in corrupt practices in China. Following accusations of making illegal payments to health care providers in China, BMS has improved its internal controls and compliance programme to prevent such instances of corruption in the future.

For several years, GES engaged with CAIRN ENERGY and KOSMOS ENERGY LTD over their presence in Western Sahara (WS), a territory occupied by Morocco. During this time, both companies significantly enhanced their risk preparedness with regards to human rights. In September 2018, they also confirmed that their physical operations in WS had ceased. Following these developments, GES resolved the cases.

Furthermore, in November GES resolved a controversial, long-standing case on CHEVRON CORP, linked to environmental damage in the Ecuadorian Amazon caused by Texaco, a company it acquired in 2001. Because the resulting pollution impacts on the local ecology and human health were and remain severe, several campaigns and court actions were filed against Texaco, later Chevron, despite a previous agreement releasing Texaco from further liability. Chevron has consistently stated that it has honoured all of its remediation commitments in Ecuador and that any remaining contaminated areas are the responsibility of its former partner, Petroecuador. This position was confirmed by the Permanent Court of Arbitration in The Hague in September 2018. This development, as well as the fact that in recent years Chevron has significantly improved both its environmental and human rights policies and procedures, led GES to close the case.

In November 2018, GES also concluded its engagement with FAST RETAILING, which was accused of substandard working conditions at two of the company's suppliers in China. The company has addressed the accusations in a responsible manner and increased transparency regarding its actions to mitigate labour rights-related risk and human-rights risk preparedness in general. Due to several positive steps, the case was resolved.

Since 2014, GES has been in active dialogue with IMPALA PLATINUM, a South African mining company. Between 2013 and 2017, the company experienced about forty fatalities from accidents within its group-wide operations. Throughout the engagement, the company improved its health and safety procedures, training and technical solutions. This led to a significant decrease in fatalities in 2018 and consequently the engagement was concluded.

In November 2018, GES also resolved a case on KOREA ELECTRIC POWER COMPANY (KEPCO), a company involved in a number of high-level corruption scandals in South Korea over a number of years. Over the course of GES' engagement, KEPCO started to take a number of measures to improve its ethics and compliance system, as well as strengthening its risk management. GES assessed the magnitude of changes introduced by KEPCO as adequate to resolve the case.

For nearly three years, GES held a constructive dialogue with NESTLE SA regarding allegations of labour rights violations in the company's seafood supply chain in Thailand. The company has engaged with the relevant stakeholders and successfully implemented an action plan that aimed at improving traceability across the seafood supply chain as well as working and living conditions of workers. Based on corrective actions and improvements undertaken, the engagement on this issue was finalised and the case resolved.

In addition, GES started engagement with several companies from different sectors linked to corruption, health and safety at work and human rights violations in Q4.

In November 2018, GES started engagement with BRF - a multinational food producer headquartered in Brazil, involved in the Carne Fraca investigation which was conducted by Brazilian federal authorities. Allegedly, the company arranged bribes and favours for federal agricultural inspectors and politicians to overlook unsanitary practices and falsify documentation for products, which might have been rotten or contaminated. The focus of this engagement is mainly on the implementation of the BRF's anti-bribery and anti-corruption policy.

Furthermore, GES started to engage with HYUNDAI MOTOR COMPANY, which was questioned by the authorities in South Korea in connection with an alleged corruption scheme, involving the President of South Korea and her close friend in early 2017. Due to identified gaps in the company's anti-corruption programme, GES decided to continue the dialogue with Hyundai with focus on the programme, as well as to what extent the company's anti-corruption policies are being properly implemented, monitored and reported.

Following a severe accident involving an explosion at a natural gas drilling rig in Oklahoma, US, in which five people were killed and one injured, GES decided to engage with PATTERSON UTI ENERGY, a contractor of the oil well drilling. The engagement is focused on improvements in its health and safety practices that could prevent further fatal accidents, as well as disclosure on health and safety statistics.

GES also decided to upgrade a case on SIEMENS GAMESA RENEWABLE ENERGY to engage, a company created in 2017 by the merger between

Siemens and Gamesa and which is linked to Western Sahara operations. Recently, the company confirmed that it prolonged the service contract for the wind farm project with 15 years in the region. The focus of this engagement will be on the company's human rights due diligence and stakeholder engagement in Western Sahara and other high-risk countries.

Furthermore, GES has developed and implemented a UN Guiding Principles (UNGP) assessment methodology for all of GES' human rights and labour rights cases, within our Business Conduct Engagement product. The assessments are available on the Engagement Forum and performed on all human rights and labour rights cases with the status *Engage*. The assessment methodology has two parts: a) the evaluation of the human rights salience of the case(s) linked to the company in question and b) the evaluation of the company's preparedness to align its practices with the UNGPs. The idea is to provide a tool to assist GES' clients in prioritising which companies to focus engagement efforts on and inform such engagements on where improvements are most needed. Clients will be invited to a webinar on this topic during February 2019.

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APPLE INC

Labour rights violations at suppliers



Izabela Żurowska
Engagement Manager

Status: Resolved

Contribution to SDGs:



GES has been engaging with APPLE INC (Apple) since 2009 over recurring allegations of labour rights violations in the company's supply chain. Since 2009, NGOs such as CHINA LABOR WATCH and STUDENTS AND SCHOLARS AGAINST CORPORATE MISBEHAVIOUR (SACOM) have been reporting on poor working conditions at the company's suppliers mainly in China and Taiwan. The alleged violations included triggering a number of workers' suicides, bonded labour, forced unpaid leave, cancelling statutory holidays, not compensating for overtime, and laying off workers illegally, as well as causing negative impacts on the environment and peoples' health. In addition, Apple was also listed among the companies which sources cobalt from the Democratic Republic of the Congo, where child labour is widespread.

Due to Apple's leading position in the technology sector, which has come under intense public scrutiny in the last few years, Apple's practices have also been thoroughly examined. Since the first NGO reports surfaced, Apple's responsiveness to its labour rights issues has been remarkable. Over the course of the engagement, the company managed to eliminate many problems and it became a leader in tackling some of the most persistent issues within the electronics industry, such as the sourcing of minerals or bonded labour. In 2017, Apple returned USD 1.9 million in excessive recruitment fees to 1,558 people affected by bonded labour, totalling USD 30 million in reimbursements to over 35,000 employees since 2008.

Apple's response to the recurring concerns has been thorough and adequate. As a member of all the relevant industry initiatives, the company has led many collaborative efforts to improve the working conditions in electronics. Nonetheless, those actions have not fully translated into a decreased number of incidents. As is the case for all the companies in the technology sector, Apple's complex supply chain issues are ever-growing and rely on factors such as market fluctuations and political changes. Despite Apple's engagement with governments and peers on various issues, some of the problems such as the use of student labour in China are not easily solved.

Apple is fully aware of the need for collaborative action, but it has also been strengthening its own policies and processes. By implementing its Supplier Code of Conduct (the Code) and Supplier Responsibility Standards (Supplier Standards), which are arguably the most complete set of standards and expectations in the electronics industry, Apple has set up the highest standards for its suppliers and partners exceeding local, regional, and countries' laws.

Due to the company's extensive efforts and high level of preparedness to address and improve labour rights in its supply chain, GES decided to resolve the case in December 2018.

BRISTOL-MYERS SQUIBB

Corrupt practices



Andrzej Dyngosz
Engagement Manager

Status: Resolved

Contribution to SDGs:



GES has been engaging with BRISTOL-MYERS SQUIBB (BMS) in relation to allegations that between 2009 and 2014, BMS CHINA sales representatives tried to secure and boost business by giving health care providers (HCPs) cash, jewellery and other gifts, meals, travel, entertainment, and sponsorships for conferences and meetings. BMS signed a cease and desist order and agreed to a two-year self-monitoring period of reporting to the government.

The most serious allegations brought forward by the US SECURITIES AND EXCHANGE COMMISSION (SEC) at the time were that BMS had lacked internal controls over interactions with health care providers at BMS China and that the company had not investigated claims of alleged bribery that were made by its employees, had not promptly remediated gaps relating to controls over interactions with HCPs, and had not monitored potential inappropriate payments to HCPs that had been identified repeatedly in annual internal audits between 2009 and 2013.

However, following the allegations, BMS has improved its internal controls and compliance programme to prevent such instances of corruption in the future. As a result of the SEC's cease and desist order, BMS implemented significant measures to enhance its anti-corruption procedures and strengthen controls relating to interactions with HCPs.

In its dialogue with GES, the company stated that controls and policies had been put in place to address the issue of bribery. It also noted that a zero-tolerance policy on corruption is in place and the company is committed to the highest standards of business ethics. Disciplinary actions, including employment termination and written and oral warnings, were taken against employees who had committed violations of the company's policies. Lastly, the company further developed and improved its compliance programme.

All this was confirmed in 2016, when the media reported that BMS had tightened the rules on how its sales representatives could work with doctors in China. BMS had restricted entertaining doctors at company expense or paying them to speak at medical conferences. As of December 2018, the company has published and updated key documents and policies including Principles of Integrity, the Audit Committee Charter, the Standards of Business Conduct and Ethics for Third Parties and the Global Citizenship Report.

In GES' view, the company has taken sufficient actions to prevent future instances of corruption and bribery. Given how quickly and widely the company has introduced the necessary changes within the organisation, GES believes that BMS has an adequate anti-bribery and corruption framework in place.

CAIRN ENERGY, KOSMOS ENERGY LTD

Illegal exploration of natural resources



Enrique Figallo
Engagement Manager

Status: Resolved

Contribution to SDGs:



In early 2018, WESTERN SAHARA RESOURCE WATCH, an NGO working to preserve the natural resources in Western Sahara (WS) for their use by its people, reported that the Moroccan state-owned oil company, NATIONAL OFFICE OF HYDROCARBONS AND MINES (ONHYM), had announced the withdrawal of CAIRN ENERGY (Cairn) and KOSMOS ENERGY LIMITED (Kosmos) from WS. The contract was reassigned to ONHYM. Consequently, both companies provided certain transition services to ONHYM as part of the handover of operatorship and continued to fund the remainder of the seismic programme, which was concluded in July 2018.

In an opinion issued in 2002 by the UN UNDER-SECRETARY GENERAL FOR LEGAL AFFAIRS, the exploration and exploitation of natural resources in non-self-governing territories, particularly WS, was declared illegal if conducted in disregard of the interests and wishes of the people.

Since 2013, GES has been engaging with Kosmos and Cairn in regard to their oil exploration partnership with ONHYM in the offshore Cap Boujdour block in WS. Since the beginning of this exploration project, it had been agreed between Cairn and Kosmos that the latter takes the lead on responsible business behaviour issues in WS and Cairn supports and ensures compliance via the company's responsible business approach. Throughout the years, Kosmos dedicated time and resources to developing a better understanding of the complex situation in WS, including a Community Relations Coordinator based in the region. Kosmos consulted with local communities and carried out social investments to benefit the local communities.

In September 2018, both Cairn and Kosmos confirmed that their physical operations in WS had ceased and they were only involved in assisting with the quality assurance of the seismic interpretation report until November 2019. Moreover, Kosmos will continue with its social investments through educational programmes in WS for a further year.

Both Cairn and Kosmos have a strong approach to responsible business behaviour, and their ongoing participation in the quality assurance of a seismic report is part of the obligations that they both need to meet in order to fulfil their agreement with ONHYM. In view of these positive developments, GES has decided to resolve both cases.

CHEVRON CORP

Environmental damage in the Amazon jungle



K Bruce Jackson
Senior Engagement Manager

Status: Resolved

From 1972 to 1992, TEXACO PETROLEUM COMPANY (Texaco), which was acquired by CHEVRON CORP (Chevron) in 2000, was the developer and 37.5 per cent owner of extensive oilfields in the Lago Agrio region of the Ecuadorian Amazon. The company operated four fields with some 300 wells drilled.

In 1990, PETROECUADOR - the Ecuadorian state-owned oil company, took over overall operational control. During its operations, Texaco reportedly released some 80 billion litres of crude oil, drilling mud, 'produced water' and other toxic wastes into the Ecuadorian environment. The wastes contain a variety of chemicals, including benzene, toluene, ethylbenzene, xylene, polyaromatic hydrocarbons, solvents, corrosion inhibitors, biocides and metals, such as chromium, barium, cadmium and lead. Studies on the

Contribution to SDGs:



consequences of these waste disposal practices indicate a correlation between soil and water contamination and serious health impacts, such as cancer, birth defects and miscarriages.

In 1993, lawyers for the indigenous residents of Lago Agrio commenced legal action in the US against Texaco to recover damages for the pollution.

In response to the legal action, a tripartite agreement to address the pollution was signed between Texaco, Petroecuador and the Ecuadorian government in 1995. They agreed that each company would clean up the contamination proportionate to their ownership share of the joint venture, following which the companies would be released from further claims.

Texaco therefore agreed to clean up 40 per cent of the historic contamination. The company commissioned international environmental consultants to undertake remedial works and spent some USD 40 million to cap more than 200 pits and build schools and medical centres between 1995 and 1997. The Ecuadorean government oversaw the works and certified the clean-up in 1998, releasing the company from further liability.

Despite this, legal action against Texaco, later Chevron, continued, which eventually resulted in the Ecuadorian courts fining Chevron USD 18 billion in February 2011. The fine was reduced to USD 9.5 billion by an Ecuadorian court in November 2013.

Clean-up of the remaining 60 per cent was the agreed responsibility of Petroecuador. Limited remedial works were only started by Petroecuador in 2006 and were reportedly stopped by the government shortly after commencement.

Although Texaco and Chevron have never denied that historic contamination remains, Chevron has always stated that the 1998 Government release from further liability indemnifies it. In addition, Chevron has argued that the 2011 ruling was obtained fraudulently, a finding upheld by a federal court in the US. This was confirmed, in September 2018, the PERMANENT COURT OF ARBITRATION in The Hague issued a ruling in favour of Chevron and Texaco, finding that Ecuador had violated its obligations under international treaties, investment agreements and international law. The tribunal unanimously held that the judgment rendered against Chevron in Ecuador in 2011 was fraudulent; it also held that it was Ecuador which had breached its obligations under the 1998 settlement agreement releasing Texaco and its affiliates from public environmental claims.

GES previously designated the case 'disengage' due to Chevron's refusal to discuss the issue further, however, given the recent judgement, GES considers that Chevron has fulfilled its obligations and therefore considers the case to be resolved.

FAST RETAILING

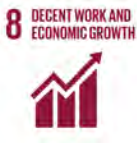
Labour rights violations in supply chain



Ellinor Hägebrink
Engagement Manager

Status: Resolved

Contribution to SDGs:



GES has been engaging with FAST RETAILING since 2015 in relation to allegations of labour rights violations in the company's supply chain. In 2015, NGOs STUDENTS AND SCHOLARS AGAINST CORPORATE MISBEHAVIOUR (SACOM), HUMAN RIGHTS NOW and LABOUR ACTION CHINA reported on substandard working conditions at two of the company's suppliers in China. The alleged infringements included a lack of personal protective equipment, a lack of freedom of association and excessive overtime.

As a response to the allegations, Fast Retailing committed to improve working conditions at its suppliers and conducted its own investigations, revealing several issues, including long working hours. Actions taken included: training employees on risks, the use of protective clothes and the handling of chemical substances and reducing overtime by increasing the workforce and the number of breaks. In 2018, the company published a progress report on its website on improved conditions at its two suppliers. The company had visited the two factories in 2017, to interview employees and check onsite documentation, and it confirmed the successful implementation of its instructed improvements at both factories.

In dialogue with GES, the company further stated it has conducted regular monitoring of textile suppliers and extended its supplier monitoring programme to now cover 70 per cent of production. The company has also shared information on how it works to ensure freedom of association in its supply chain by having a Business Ethics Committee review and validate the workers' representative election processes through interviews with factory management and work representatives and also conducting follow up audits.

Furthermore, the company has increased transparency of its supply chain by releasing a list of its main partners, as well as publicly sharing more information on how it ensures and monitors human rights in its supply chain.

In GES' view, Fast Retailing has developed and implemented measures to prevent labour rights violations across its supply chain, and mechanisms to ensure that these commitments are fulfilled throughout both the organisation and its suppliers. With this, the company has demonstrated a responsible approach, and at the same time increased transparency.

IMPALA PLATINUM

Recurring workplace accidents



K Bruce Jackson
Senior Engagement Manager

Status: Resolved

IMPALA PLATINUM (Implats) is the world's second largest platinum group metals mining company and has a number of operations, primarily in South Africa and Zimbabwe. It employs almost 53,000 workers, of which approximately 25 per cent are contractors. Its largest operations are located in the Rustenburg area of South Africa.

Implats' operations, particularly its Rustenburg mines, have suffered several fatal incidents over the last few years. GES' assessment shows that between 2013 and 2017, the company experienced about forty fatalities from accidents within its group-wide operations, with its Rustenburg mines being its health and safety 'Achilles heel'. The Rustenburg operations accounted for the clear majority of deaths each year whilst its other, primarily Zimbabwean, operations have been consistently low at two or fewer

Contribution to SDGs:



fatalities a year. In several of its sustainability reports, the company emphasised that its accident statistics were not good enough.

GES has been in dialogue with Implats for several years. The company has been very open to dialogue, with several calls and face-to-face meetings at its Johannesburg offices. The most recent took place in October 2018.

To counter the risk of accidents, the company initially invested heavily into technical solutions, for example by increasing the level of mechanisation in high-risk areas. However, as many of the fatal accidents were attributed to human behaviour, Implats has concentrated its recent training efforts on improving worker and leadership behaviour, namely trying to instil better risk awareness and the willingness to stop work when a safety concern has been raised. This focus throughout the workforce is to ensure that:

- Workers look out for themselves and for others.
- Workers have a greater risk awareness when entering operational areas.
- There is increased visibility of site management underground, particularly at the work face, to ensure the message of safe working is not just stated but acted upon.

Implats has also increased the emphasis on leadership training; has a policy of 'zero harm in the workplace' and describes its ongoing health and safety training in its sustainability reporting.

The new approach seems to be gaining momentum, with only two fatalities in the 2018 calendar year, one at its Rustenberg No.10 Shaft in January and a second at No.16 Shaft located in the south-eastern part of its Rustenberg lease area, in September. In the October 2018 meeting, Implats stated that it had gone fatality-free for seven months, which was a record for the company.

Implats has improved its health and safety procedures, training and technical solutions. It has addressed technical as well as behavioural concerns and based upon the consequent significant decrease in fatalities in 2018, GES considers the case to be resolved.

KOREA ELECTRIC POWER COMPANY

Corrupt practices



K Bruce Jackson
Senior Engagement Manager

Status: Resolved

KOREA ELECTRIC POWER CORPORATION (KEPCO) is an integrated electric utility company in South Korea. Its segments include transmission and distribution, nuclear power generation, and thermal power generation. It is a majority state-owned enterprise, approximately 37.3 per cent of its stock is publicly owned. Between 2012 and 2015, KEPCO and/or its subsidiaries suffered a number of high-level corruption scandals.

In 2012, over 20 personnel including executives and managers at the KOREA HYDRO NUCLEAR POWER (KHNP), a wholly-owned subsidiary of KEPCO, were indicted for corruption. They allegedly received at least KRW 2.22 billion (USD 1.94 million) in exchange for helping vendors and suppliers to secure lucrative deals with the company. It was then later revealed that KHNP had received numerous faulty parts between 2003 and 2012 through

Contribution to SDGs:



these corrupt supply deals, which resulted in two reactors being temporarily shut-down, and ultimately in the resignation of KEPCO's president and CEO.

In 2015, several high-ranking officials of KEPCO were arrested on charges of taking bribes from a supplier. According to the prosecutors, ten of KEPCO's executives were allegedly offered about USD 320,000 in kickbacks in exchange for providing various kinds of assistance in the bidding process, between 2008 and 2014. In 2015, KHNP punished four of its high-ranking managers for alleged corruption.

Also, in 2015, the South Korean Authorities launched an investigation into the corruption at KEPCO and its subsidiaries. That same year, the US SECURITIES AND EXCHANGE COMMISSION commenced investigations into allegations of corruption at several KEPCO subsidiaries, including KOREA WESTERN POWER CO., KOREA EAST-WEST POWER CO., KOREA SOUTHERN POWER CO., KOREA SOUTH-EAST POWER CO. and KOREA MIDLAND POWER CO. In 2017, the New South Wales Government in Australia similarly began an investigation into historic corruption at KEPCO.

KEPCO has engaged constructively with GES through an ongoing dialogue that has included several face-to-face meetings at their offices in Korea.

Following the number of allegations that arose during 2015, the Korean government passed the Solicitation and Graft Act, which came into force in 2016. As a result, the company has improved its anti-bribery and corruption protocols and procedures, including an Ethical Management System (EMS). One of the most significant changes was the implementation of a corruption reporting system, with several reporting channels for stakeholders.

During the 2017 meeting, KEPCO disclosed that it had established a new policy to prevent the abuse of power between employees and a code of conduct to create value for society. The company furthermore indicated that it was constantly improving its EMS.

The company's 2018 sustainability report provides greater clarity on some of the initiatives enacted to address corruption. The Anti-Corruption and Civils Rights Commission awarded KEPCO the highest rating in the 2017 Anti-Corruption Measures Evaluation since 2012.

GES acknowledges that KEPCO has implemented several anti-bribery and corruption initiatives. Although disclosure could be improved, for a state-owned company the openness of the dialogue and improved levels of reporting should be commended. GES, therefore, considers the case to be resolved.

NESTLÉ SA

Labour rights violations



Ewelina Łukasik-Morawska
Engagement Manager

Status: Resolved

Contribution to SDGs:



GES has been engaging with NESTLE SA (Nestlé) since 2015 in relation to allegations of labour rights violations in the company's seafood supply chain. In 2015, a company supplying fish to THAI UNION GROUP, a supplier to Nestlé, was reportedly abusing its workers. The alleged violations included payment issues and forced overtime shifts, as well as involuntary detention and fatalities caused by improper working conditions. Nestlé stated that such practices were unacceptable and launched an internal investigation in its supply chain to identify any potential wrongdoings. The key findings were presented in a Thailand Action Plan for the Responsible Sourcing of Seafood, detailing the company's commitment to eliminating labour and human rights abuses in the seafood supply chain in Thailand.

Over the course of the engagement, GES held a few conference calls with Nestlé to discuss traceability enhancement, supplier risk assessment, grievance mechanisms and education programmes provided to migrants as well as collaboration with all relevant stakeholders. Between January 2016 and December 2017, Nestlé implemented the Action Plan, which aimed at improving labour conditions and eliminating human rights abuses in its supply chain. Nestlé, in cooperation with its major supplier, the Thai government, and Thailand's SHRIMP SUSTAINABLE SUPPLY CHAIN TASK FORCE, introduced a supply chain traceability system that enables traceability of seafood ingredients from fishing vessels through the supply chain to finished products. This includes the implementation of a fishing vessel verification programme that covers third-party verified audits of randomly selected boats. Currently, 99 per cent of the seafood ingredients that Nestlé sources from its seafood supply chain in Thailand are traceable back to fishing vessels and farms. Back in 2015, the company's traceability was only nine per cent.

Nestlé, in cooperation with a number of stakeholders, developed an education programme for factories, primary processors and fish farms to help end unfair practices, and tools to support the inspection of fishing vessels to identify where forced and child labour is taking place. The training programme has already been introduced to a number of port and boat workers. The first group that underwent training was informed about how to use a grievance mechanism. In December 2017, the company launched a demonstration boat that acts as part of an education programme focused on training migrant workers in the fishing industry. The idea of the demonstration boat is to show what it is like to have a boat that complies with all international requirements including the ILO Convention on Human Rights at Sea. Currently, Nestlé is using this boat as a training facility and it invites boat captains onto the boat to make them aware of the requirements that they should abide by. Nestlé also trains them on good working conditions and health and safety requirements.

In July 2018, Nestlé published a new Responsible Sourcing Standard that replaced previous versions of the Nestlé Supplier Code. The document describes the policies and requirements which Nestlé applies within its supply chain.

Given that the measures taken by Nestlé to address human and labour concerns have been satisfactory, GES regards the case as resolved.

BRF SA

Corrupt practices



Enrique Figallo
Engagement Manager

Status: Upgraded to Engage

Contribution to SDGs:



BRF SA is a multinational food producer with operations primarily in Brazil, the Americas, Europe, the Middle East, Africa, and Asia. The company is headquartered in Brazil. In 2017, Brazilian federal authorities launched the 'Carne Fraca' investigation regarding a corruption scheme involving the nation's largest meat producers, including BRF. Reportedly, the companies bribed government officials to approve the sale and export of contaminated meat.

Throughout 2017, the Brazilian police identified more than 60 formal suspects in relation to the corruption scheme, including a BRF executive. During 2018, several executives of BRF were released by the police but were suspended from their positions at the company. Furthermore, in October 2018, the AGRICULTURE MINISTRY initiated inspections at some of BRF's plants in connection with the ongoing corruption probe.

GES has established dialogue with BRF SA and learned that the company has a compliance programme in place and has been working on refining several initiatives designed to strengthen the company's ethics and integrity framework.

According to TRANSPARENCY INTERNATIONAL, Brazil is considered a corrupt country; ranking 96 of 180. As such, given that the company faces high ethical and business risks and potential costs due to the seriousness of the corruption allegations, GES decided to engage with BRF in order to ensure that it will improve its anti-corruption policies and programmes.

HYUNDAI MOTOR COMPANY

Corrupt practices



Enrique Figallo
Engagement Manager

Status: Upgraded to Engage

Contribution to SDGs:



In early 2017, executives of several companies, including executives of HYUNDAI MOTOR COMPANY (Hyundai), one of the biggest car manufacturers in South Korea, were questioned by the authorities in South Korea in connection with an alleged corruption scheme involving the President of South Korea and a close friend.

Moreover, news media reported that Hyundai did not report cash donations to two controversial foundations two years ago. During the same month, Hyundai and its affiliates officially announced their withdrawal from the FEDERATION OF KOREAN INDUSTRIES (FKI), the largest business lobby in South Korea. FKI was supposedly suspected of working on behalf of the President and her close friend.

In early 2018, prosecutors visited the head office of DAS, an auto parts supplier for Hyundai, to find evidence related to a secret fund allegedly stacked for South Korea's former president. He was later convicted of collecting bribes from various sources, including large business conglomerates, and sentenced to 15 years in prison for corruption and embezzlement.

Furthermore, another former South Korean president, was sentenced to 24 years in prison after being found guilty of crimes that exposed deep links between politics and the nation's corporate giants.

GES established dialogue with Hyundai and learned that the company has not found any inappropriate transactions that would favour particular individuals. The company has not provided any more comments on the allegations as the issue is currently under investigation.

Given that the company faces high ethical and business risks and potential costs due to the seriousness of the corruption allegations, GES decided to continue dialogue with Hyundai in order to ensure that it will improve its anti-corruption programme, and that its anti-corruption policies are properly implemented, monitored and reported.

PATTERSON UTI ENERGY

Fatal workplace accidents



Henry Pallister-Dixon
Engagement Manager

Status: Upgraded to Engage

Contribution to SDGs:



PATTERSON UTI ENERGY (Patterson) is an oil well drilling contractor headquartered in Houston, Texas. In addition to contract drilling, the company provides pressure pumping services and directional drilling services. It operates drilling in the United States and Canada.

The case was upgraded to Engage in November 2018, following a severe accident involving an explosion at a natural gas drilling rig at Quinton, Oklahoma, US. In the incident five people were killed and one injured. The accident occurred during drilling work performed by Patterson for the operator of the well site. The accident was described as the deadliest shale-drilling accident in the last decade.

An investigation was launched into the incident by the US CHEMICAL SAFETY BOARD (CSB) in August, which noted that Patterson, as the drilling operator, 'had a more direct control over the primary operations and emergency response'. In April, it was reported that the CSB and the OKLAHOMA CORPORATION COMMISSION (OCC) was also investigating the January accident. The company was also noted as having the second-worst fatality rate in the oil and gas industry. Furthermore, it commented that the incident had been recorded by an OCC inspector as a confirmed breach of agency rules.

Furthermore, in another incident in July 2018, a Patterson oil rig caught on fire in Howard County, Texas. The cause of the fire is currently unknown, but the company did confirm that this was not related to a lack of controls at the well site. There were no injuries reported in this incident.

The company has yet to enter into dialogue on the health and safety issues with GES, while limited information regarding the company's commitment to health and safety is currently available. GES would like to see improved disclosure on health and safety statistics, such as injury frequency rates, or numbers on lost time incident rates, as well as safety policies in place and any frameworks in place to ensure accountability and responsibility on site. As such, GES will focus efforts on engaging with the company in order to push for a constructive dialogue surrounding action on safety issues.

SIEMENS GAMESA RENEWABLE ENERGY

Operations in occupied territory



Enrique Figallo
Engagement Manager

Status: Upgraded to Engage

Contribution to SDGs:



In 2017, SIEMENS WIND POWER (Siemens) and GAMESA concluded a merger of their wind power business into SIEMENS GAMESA RENEWABLE ENERGY (Siemens Gamesa), in which Siemens holds a 59 per cent stake. Siemens Gamesa is a Spain-based company engaged in the manufacturing of renewable energy equipment, particularly wind power, both onshore, offshore and services. The company is present in Western Sahara (WS) through its involvement as a service provider in wind power projects.

Before the merger, GES was in dialogue with both Siemens and Gamesa regarding their wind farm operations in WS. After, GES continued the dialogue with representatives of Siemens Gamesa to better understand its operations in WS.

Companies operating in WS are facing an increased legal and reputational risk. In an opinion issued in 2002 by the UN UNDER-SECRETARY GENERAL FOR LEGAL AFFAIRS, the exploration and exploitation of natural resources in non-self-governing territories, particularly WS, was declared illegal, if conducted in disregard of the interests and wishes of the people.

In 2012, Siemens signed a contract for the delivery and installation of wind turbines, and a five-year service contract for each project for the Haouma and Fom El Oued wind power projects, of which Fom El Oued is located in WS. Moreover, in 2015, the consortium of Siemens, ENEL GREEN POWER, and NAREVA won a tender issued by Morocco's national electricity agency to construct five wind farms in Morocco, two of which would be located in WS.

Furthermore, in 2017, WESTERN SAHARA RESOURCE WATCH (WSRW), an NGO working to preserve the natural resources in WS for the usage of its people, brought attention to a press release by the UK turbine erection company WINDHOIST, stating that it will be erecting 56 Siemens Gamesa turbines at the Aftissat Wind Farm, located south of Boujdour in WS.

In 2018, Siemens Gamesa confirmed that it has prolonged the service contract for the Fom el Oued project for 15 years. As such, GES decided to continue engaging with the company to better understand the company's approach to human rights as a service provider and how the project developers in WS are conducting human rights due diligence and stakeholder dialogue with Saharawi representatives.

EMERGING MARKETS 2018 - AND 2019

Update on the Emerging Markets Engagement programme



Palle Ellemann

Lead Emerging Markets
Engagement



Anders Planck-Hendriksen

Engagement Manager

In 2018 and more than ever before, Emerging Market (EM) companies sent us requests to provide feedback on material ESG risks and opportunities. This is a very positive trend, showing that the companies trust and value input from GES, and also that these companies are becoming more systematic in consulting stakeholders on materiality in ESG. In the Emerging Markets Engagement programme, we spend significant time in the beginning of the engagement process discussing the materiality of ESG risks. This is done because we know that there may be differences in the understanding of what the responsibility of the company is and what is material and what is not. EM companies, which are early in the 'ESG journey', will typically mention just a few ESG issues when prompted, so part of the engagement objective is often to build a stronger awareness and risk management system of ESG issues. This part is important because a good understanding of the materiality of ESG risks will help the company to focus ESG efforts and disclosure, and also prevent the process from becoming an inconvenient box-ticking exercise.

Some of the Emerging Markets went through important elections in 2018, which could have a significant impact on ESG risks and opportunities. While the political continuity in Russia and China was perhaps more foreseeable, the Brazilian elections were unpredictable to the end as it was unclear who the candidates would be due to several corruption cases involving the country's politicians. Right-wing politician Bolsonaro eventually won the elections on an anti-corruption, tough-on-crime campaign. Bolsonaro, a controversial figure to some extent, is often called the 'tropical Trump', among other things, because he also likes to come out with tough statements. During his campaign, he pledged to withdraw Brazil from the Paris Agreement, but has since then seemed to backtrack on that idea after massive criticism from Brazilian people and institutions. Nonetheless, it is expected that environmental regulations in Brazil will be relaxed in an attempt to stimulate growth in the agricultural sector, among other things.

In Mexico, the left-wing candidate Andres Manuel López Obrador – known as AMLO - won the elections with a promise to crack down on corruption and elitism. He is opposed to the liberalisation of the energy sector, which was implemented by his predecessor and he wants to stimulate growth in low-income sectors, including agriculture. Insecurity of direction in the energy sector is likely to slow down the transition to low-carbon energy, including the many renewable energy projects that Mexican companies have been developing in recent years. In the months leading up to the general elections, AMLO blamed the widespread violence in the country on Mexico being a 'poverty factory' – a notion that resonates with many Mexicans who resent the unequal wealth distribution, widespread corruption, and violence in the country. However, AMLO's plans for addressing these widespread issues remains largely unknown.

On the Korean Peninsula, relations between the North and South continue to improve, which is fuelling optimism on both sides of the border. South Korean President Moon, whose main electoral promise was to end the impunity of the political establishment and the close links between politics and business, has vowed to 'root out the evils' and bring 'irreversible, sustainable' changes to the country's corporate landscape. However, the government faces a balancing act in reforming the dominant local

conglomerates in ways that could be painful for the sprawling business groups since it relies on them to promote economic growth.

In 2019, we will see more elections potentially changing the market conditions for EM companies. In 2019, Thailand is finally scheduled to return to democracy after the military intervention in 2014, an election that has been postponed several times. It is, however, based on a very different constitution in which the military keeps strong control of the new government which is most likely going to be led by the same former General Prayut who has been running the country for the past five years.

In South Africa, the absolute majority of the party which has ruled since Mandela assumed the Presidency in 1994 (ANC) is being seriously challenged by the corrupt leadership of the former Zuma-government. If intermediate President Ramaphosa manages to maintain an ANC majority in the elections, he will still face significant internal challenges to keep the party together. At the same time, the vitally-important mining industry is losing power as an engine for growth and employment and the energy sector is crumbling from massive corruption and lack of investment. The country's outlook is therefore quite uncertain and focus will be directed on the election outcome in May

The world's largest democracy, India, is also moving towards elections during the spring. The trend is positive in India, where Prime Minister Modi's government initiated large energy reforms which are stimulating renewable energy and other growth initiatives. The Prime Minister is still popular, especially compared with his most prominent challenger, the Congress party leader, Rahul Gandhi. That appeal should ensure his re-election, however, Modi enters 2019 with his aura dented, as the previous December saw the Congress party coming out stronger in state elections. Though India's economy is growing faster than that of any other major country, it is still not growing fast enough to create work for the expanding population. A large number of Indian farmers are particularly struggling with lower prices of staples, a key issue for elections in a country where 70 per cent of people still directly or indirectly earn their living from agriculture.

GES will continue expanding engagement on Emerging Markets by visiting at least twelve different markets in 2019. We will conduct more than 110 meetings with EM companies and will look to inspire every single one of them to address ESG risks and opportunities in a proactive manner. Existing clients may join any trip and meeting they want to, and we invite non-clients to join us and get a taste of what it means to engage in Emerging Markets.

UNGP ASSESSMENT TOOL

Integration of the UN Guiding Principles into the Business Conduct Engagement



Paulina Segreto

Head of Business Conduct Engagement



Stina Nilsson

Senior Engagement Manager

In the last few years we have seen a growing number of investor initiatives, as well as strengthened legislation in relation to corporates' respect for human rights. We have also observed an increasing number of investors focus on social issues in their investment decisions and expect companies to operate according to the UN Guiding Principles on Business and Human Rights(UNGPs). It is easy to understand that companies prepared to manage such new legislative and investors demands have a competitive advantage over those peers who are not.

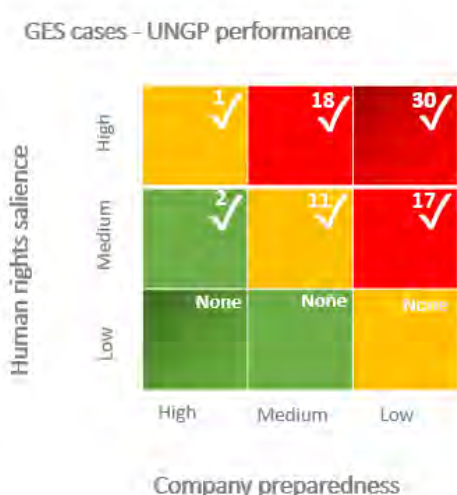
At GES, we can also observe and assist an increasing number of investors taking social issues into account in their investment decisions and expect companies to operate according to the UN Guiding Principles on Business and Human Rights (UNGPs). To meet this increased interest and spur further development we have developed an assessment tool which evaluates companies' alignment with the on the UNGPs.

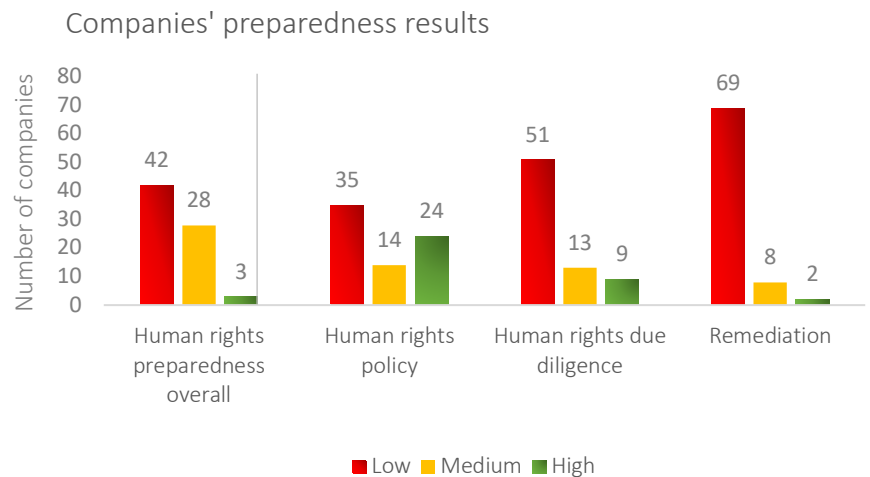
The assessment has two parts:

- a) evaluating **human rights salience** of the case(s) linked to the company in question by assessing the scale of the adverse human rights impacts, whether they are ongoing and/or systematic impacts, and whether they are confirmed violations of international norms (according to GES methodology);
- b) evaluating the **company's preparedness** to align its practices with the UNGPs. This draws from the three key parts in the UNGPs regarding companies' responsibility to respect human rights i.e. having in place a human rights policy, a human rights due diligence process and a procedure to remediate adverse human rights impacts linked to the company.

Through our Business Conduct Engagement, we annually conduct dialogues and engages with almost 200 companies on human rights related topics. We have built a unique database covering some of the most severe corporate human rights controversies over the last decade. Based on ongoing controversies, at the end of 2018, we assessed a total number of 79 GES engagement cases with a human rights and/or labour rights focus, within the Business Conduct Engagement service relating to 73 companies in total. As of those, 30 cases received the lowest grades i.e. high level of human rights salience status, together with low preparedness level to address human rights risks and adverse impacts.

In terms of human rights salience, 62 per cent of the companies were assessed as 'High' and the remaining 38 per cent as 'Medium'. Sectors with the most identified human rights and labour rights incidents are Extractives, Food & Food Retailing, Construction & Engineering and Commercial Banks. The company preparedness assessment in total showed that 58 per cent of the companies analysed had a 'Low' level of preparedness, 38 per cent got 'Medium' score and only four per cent of the companies were assessed as 'High' performers. Food & Food Retailing and Extractive companies were best prepared in general (but at the same time also overrepresented in number of human rights and labour rights incidents). The assessments also showed that companies headquartered in China have consistently low human rights preparedness.





When it comes to three key parts of the company preparedness analysed, GES identified that more than half of the companies analysed has scored 'Medium' or 'High' in disclosure of a human rights policy. Preparedness levels were much lower in terms of human rights due diligence and remediation. Main gaps identified in the overall assessment of companies' preparedness were the lack of a clear human rights risk assessment to proactively identify elevated human rights risks. Another major shortcoming identified was that remedial practices were generally poor and most companies lacked a robust grievance mechanism.

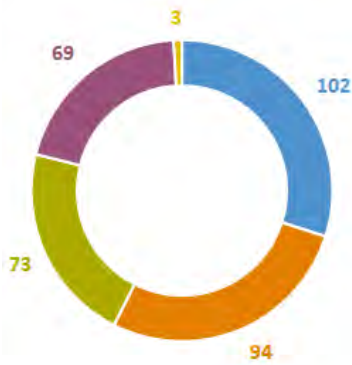
The assessments provide GES clients with a tool to:

- understand human rights risks and adverse impacts in their portfolios;
- select companies to prioritise engagement efforts on; and
- inform the engagement process where improvements are most needed.

It is our hope that our assessments become a tool for investors to become better informed of portfolio human rights risks and encourage additional engagement efforts to close major gaps in corporate respect for human rights.

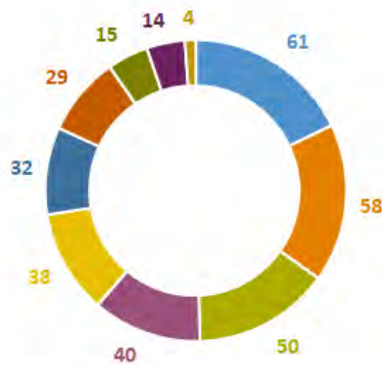
ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



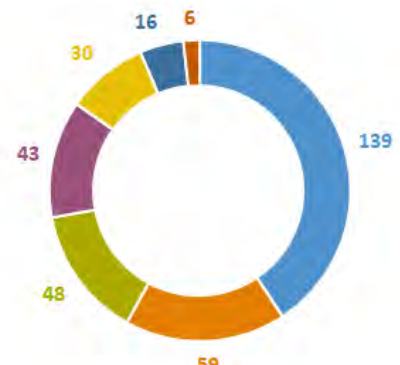
- Labour Rights
- Human Rights
- Environment
- Corruption
- Inhumane Weapons

INDUSTRY SECTOR BREAKDOWN



- Industrials
- Materials
- Energy
- Consumer Staples
- Consumer Discretionary
- Financials
- Utilities
- Information Technology
- Health Care
- Telecommunication Services

GEOGRAPHIC BREAKDOWN



- Asia
- Central / South America
- North America
- Africa
- Europe
- Middle East
- Oceania

ENGAGEMENT MAP



During Q4 2018 GES has been in active dialogue with companies as well as external sources associated to **341** business conduct issues.

In **127** *Engage* cases we have continued our dialogue to track bespoke engagement goals and to seek measurable results of business conduct changes.

In **214** *Evaluate* cases the objective of the dialogue is to bring the amount of credible information to a level that allows issuance of the next recommendation; either to archive the case or, to further engage with the company – if it is a case with severe consequences for the environment or humans.

COMPANY DIALOGUE & PROGRESS SUMMARY

HOW TO READ THIS REPORT

Country The country in the list indicates where the business conduct issue occurred. The breakdown into the regions Africa, Asia, Central/South America, Europe, Middle East, North America and Oceania is based on where the company headquarter is.

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

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

- excellent
- good
- standard
- poor
- none

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

- ↑ excellent
- ↗ good
- standard
- ↘ poor
- ↓ none

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

- ▲ High performance: good or excellent response and / or progress of the business conduct issue
- ▶ 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 – indicates the change in either Response or Progress since the last quarterly report.

Time The indicator describes the time elapsed with low performance. One piece equals three months.



After two years, the case will be reviewed by GES and a disengage recommendation can be issued if all other engagement options are ineffective

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



RESOLVED LIST

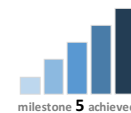
AFRICA

Change objective

IMPALA PLATINUM (2014)
Recurring fatal accidents

South Africa

Implats has put in a number of technical solutions to reduce the risk of accidents, mechanising some aspects of the operation to minimise prolonged exposure to high risk areas. It is now working on amending behaviour within the workforce, to develop better risk awareness. This has resulted in only one fatality in calendar year 2018.

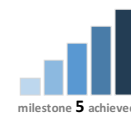


ASIA

FAST RETAILING CO (2015)
Recurring workplace accidents

China

Fast Retailing has developed and implemented measures to prevent labour rights violations across its supply chain, and mechanisms to ensure that these commitments are fulfilled throughout both the organisation and its suppliers. The company has increased transparency regarding its actions to mitigate labour rights-related risk and human rights risk preparedness in general.



KOREA ELECTRIC POWER CORPORATION (2015)
Corrupt practices

South Korea

Since the corruption was revealed, KEPCO has undertaken an exhaustive programme to improve its ethics and compliance system, with a focus on training including employees (especially senior management) and suppliers in its business integrity system. KEPCO has also strengthened its risk management and risk factor monitoring process, to enable contingency planning and appropriate risk response for those operating in environments with elevated corruption risks.

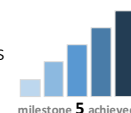


CENTRAL / SOUTH AMERICA

KOSMOS ENERGY LTD (2012)
Illegal exploration of natural resources

Western Sahara

Kosmos has ended all its physical operations in the region. In addition, Kosmos has carried out social investments to bring benefits to the local communities and will continue the programmes for one more year to ensure a responsible exit. Furthermore, Kosmos has developed a high level of human rights risk preparedness, including due diligence processes and stakeholder engagement.

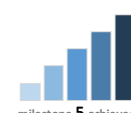


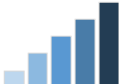
EUROPE

CAIRN ENERGY (2013)
Illegal exploration of natural resources

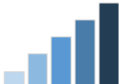
Western Sahara

Since 2013, Cairn was responsive to GES dialogue and, overall, it integrates human rights into its CSR Policy and Business Principles. In September 2018, Cairn, as one of the operators of the project, confirmed that it had ceased its physical operations in Western Sahara. Cairn stated that it no longer had any business interest in Western Sahara.

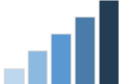


NESTLE SA (2015) <i>Labour rights violations</i>	Thailand	Nestlé introduced a verifiable supply chain traceability system that enables traceability of seafood ingredients through the supply chain to finished products. Nestlé also implemented business requirements toward its suppliers that address human rights and labour standards. Nestlé's reporting covers monitoring of management systems assessed by an independent body.	 <p>milestone 5 achieved</p>
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NORTH AMERICA

APPLE INC (2009) <i>Labour rights violations at suppliers</i>	Taiwan	Apple ensures that its commitments on labour rights are implemented and fulfilled throughout the organisation and its suppliers. The company increased its preparedness to prevent labour rights violations and became transparent about the actions it took towards incidents as well as engaged in dialogue with stakeholders.	 <p>milestone 5 achieved</p>
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BRISTOL-MYERS SQUIBB CO (2015) <i>Corrupt practices</i>	China	Bristol-Myers Squibb has updated its anti-corruption policies to reflect its risk exposure in this area globally. It has ensured that the policy is implemented globally, including at the subsidiary level. The anti-bribery programme is transparent in terms of allocated resources, implementation, monitoring mechanisms, whistle-blowing policy, corrective actions and external verification.	 <p>milestone 5 achieved</p>
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CHEVRON CORP (2003) <i>Environmental damage in Amazon jungle</i>	Taiwan	The September 2018 ruling from the International Court of Arbitration in the Hague confirmed that Texaco had met its obligations through its remedial works before 1997. Also, Chevron has improved its environmental practices since the GES engagement began including an Operational Excellence Management System and an Environmental, Social and Health Impact Assessment process.	 <p>milestone 5 achieved</p>
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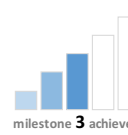
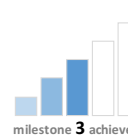
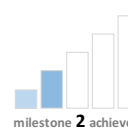

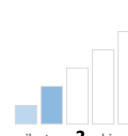
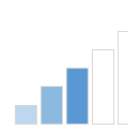
ARCHIVED

KASIKORNBANK (2015) <i>Financing of dam project with environmental and human rights risks</i>	Laos	The change objective has been partially fulfilled, as Kasikornbank has an internal credit policy addressing ESG risks based on international standards, and thereby has implemented a precautionary approach. The first part of the change objective (ensuring Xayaburi is in line with international standards) has not been achieved and is unlikely to be achieved due to the decreased leverage of the bank.
SUN HUNG KAI PROPERTIES (2015) <i>Human rights violations in various countries</i>	Nauru	The contract between the Australian government and Wilson Security for the provision of security services to Australia's offshore detention centres came to an end in October 2017, and there are no clear indications that the company continues with this or similar assignments in any capacity.

ENGAGE LIST

AFRICA

Change objective

<p>ESKOM HOLDINGS SOC LTD (2017) <i>Corrupt practices</i></p>	<p>South Africa</p>	<p>Eskom should ensure that the financial irregularities identified in the reports to date are investigated thoroughly, and any senior managers associated with the irregularities dismissed. In addition, the company should strengthen its anti-corruption procedure, ensure that it has a fully resourced and independent (from Board-level interference) compliance and audit programme, with regular external verification, whose reports are communicated publicly.</p>	
<p>● standard ● standard ► better</p>			
<p>ESKOM HOLDINGS SOC LTD (2016) <i>Recurring fatal accidents</i></p>	<p>South Africa</p>	<p>Eskom should provide evidence that the causes of the recorded accidents have been identified and measures have been put in place to prevent similar occurrences in the future.</p>	
<p>● standard ● standard ► better</p>			
<p>HARMONY GOLD (2018) <i>Deep sea tailings placement</i></p>	<p>Papua New Guinea</p>	<p>Harmony Gold should disclose the baseline studies and associated impact assessments in order to support its decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.</p>	
<p>● standard ● standard ► better</p>			
<p>HARMONY GOLD (2015) <i>Recurring fatal accidents at workplace</i></p>	<p>South Africa</p>	<p>Harmony Gold should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings. The company's efforts should be independently third party verified.</p>	
<p>● good → standard ▲ same</p>			
<p>OCP SA (2016) <i>Operations in occupied territory</i></p>	<p>Morocco</p>	<p>OCP should demonstrate how its activities in Western Sahara will continue in line with international law as well as the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	
<p>● standard ↘ poor ► better</p>			
<p>SIBANYE-STILLWATER (2018) <i>Recurring workplace accidents</i></p>	<p>South Africa</p>	<p>The company should, based upon a review of the incidents, seek to identify the main causes of the accidents and to put into place improvements in its health and safety training and working practices to develop an enhanced health and safety culture at its operations. Sibanye-Stillwater's safety performance will be monitored by GES for at least two years and is expected to show decreasing figures during the time.</p>	
<p>● standard ● standard ► same</p>			

ASIA

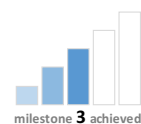
Change objective

ADANI ENTERPRISES (2015)
Environmental and human rights violations in port and power plant project

India

Adani should contribute to improving local fishermen’s livelihood and consider the cumulative effects of its operations in the area. The company should adopt comprehensive environmental policies and proper due diligence.

● poor → standard ► same

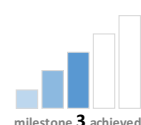


ADANI ENTERPRISES (2016)
Project with environmental and human rights risks

Australia

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

● standard → standard ► same

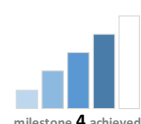


ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)
Environmental and human rights violations in port project

India

APSEZ should adhere to the court’s orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra port. APSEZ should improve local fishermen’s livelihood and engage in stakeholder dialogue. All the company’s efforts in Mundra should be clearly communicated to stakeholders.

● good ↗ good ▲ same

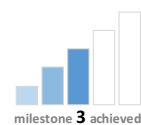


ADANI POWER (2015)
Environmental and human rights violations in power plant project

India

Adani Power should adhere to the court’s orders and restore the damaged ecology in Mundra. The company should strictly follow the environmental clearance conditions granted for the Mundra power plant. Adani Power should improve local fishermen’s livelihood and engage in stakeholder dialogue. All the company’s efforts in Mundra should be clearly communicated to stakeholders.

● standard ↗ good ▲ same

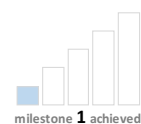


AGRICULTURAL BANK OF CHINA LTD (2018)
Corrupt practices

China

ABC should update its anti-corruption policies and ensure that they are implemented globally. The company should introduce a zero-tolerance policy for corruption and make sure that it is committed to implementing the anti-corruption programme.

● none ↓ none ▼ new

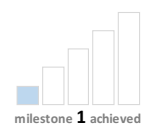


AGRICULTURAL BANK OF CHINA LTD (2018)
Money laundering

United States

ABC should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored.

● none ↓ none ▼ new

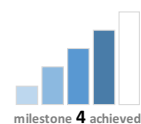


ASTRA AGRO LESTARI (2015)
Rainforest destruction

Indonesia

Astra Agro Lestari should adopt and implement a Sustainability Policy which is aligned with the Roundtable of Sustainable Palm Oil’s certification process and HCV. Furthermore, the company should improve stakeholder dialogue by addressing the concerns raised by NGOs and other stakeholders.

● standard → standard ► same

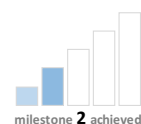


BANGKOK BANK PUBLIC (2014)
Financing of a dam project with environmental and human rights risks

Laos

Bangkok Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.

● poor ↘ poor ▼ same



BHARAT HEAVY ELECTRICALS LIMITED (2017)

Project with environmental and human rights risks

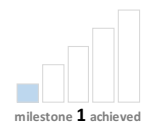
● none ↓ none ▼ worse

Bangladesh



low performance

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



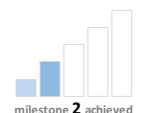
CHINA COMMUNICATIONS CONSTRUCTION CO (2017)

Fatal workplace accident

● standard → standard ► same

China

China Communications Construction Company should improve its existing health and safety policies and practices across the company, including the subsidiaries, to prevent future accidents.



CHINA NATIONAL PETROLEUM CORP (2017)

Corrupt practices

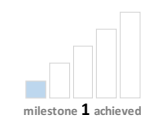
● none ↓ none ▼ same

China



low performance

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



CHINA NATIONAL PETROLEUM CORP (2018)

Fatal accidents associated with pipelines

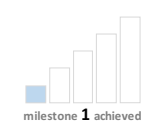
● none ↓ none ▼ same

China



low performance

CNPC should investigate and make public the causes of the pipeline explosion and explain any identified improvements to prevent future reoccurrences.



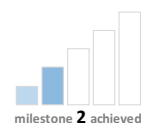
CHINA RAILWAY CONSTRUCTION CORP (2011)

Forced evictions

● standard ↘ poor ► same

Ecuador

CRCC should be transparent and inform its stakeholders on how it views the allegations surrounding the Mirador mining project in Ecuador. Furthermore, the company should demonstrate that it has implemented the necessary policies and programmes to properly assess and mitigate social and environmental risks of all its projects, including of its subsidiaries.



CHINA RAILWAY GROUP (2014)

Recurring fatal workplace accidents

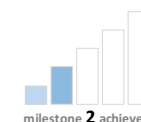
● poor ↘ poor ▼ same

China



low performance

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



COAL INDIA LIMITED (2017)

Human rights violations

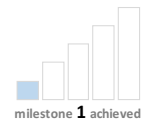
● poor ↓ none ▼ worse

India



low performance

Coal India should align its practices with the relevant IFC Performance Standards, in particular those related to consultation, resettlement and compensation to project affected local communities.



COAL INDIA LIMITED (2016)

Recurring fatal accidents

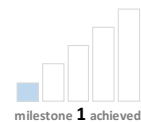
● poor ↓ none ▼ worse

India



low performance

Coal India should adequately strengthen its health and safety management systems to an extent that would result in a material and sustained decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.



EXPORT IMPORT BANK OF INDIA (2017)

Project with environmental and human rights risks

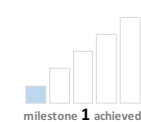
● none ↓ none ▼ same

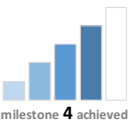
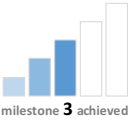
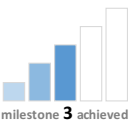
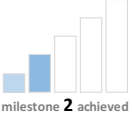
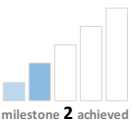
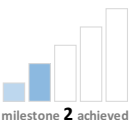
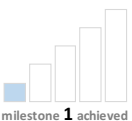
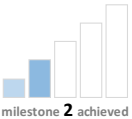
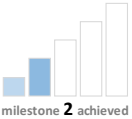
Bangladesh


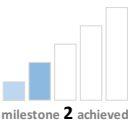

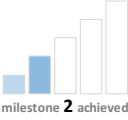

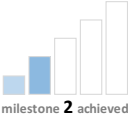

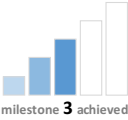

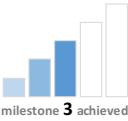

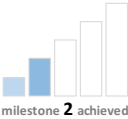

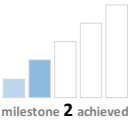

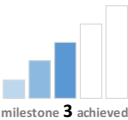

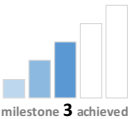


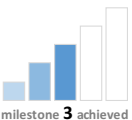
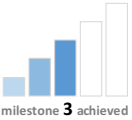
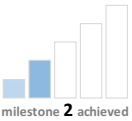
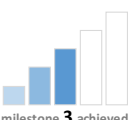
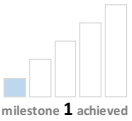


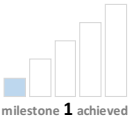
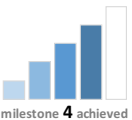
low performance

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



<p>FGV HOLDINGS BHD (2017) <i>Labour rights abuses</i></p>	<p>Malaysia</p>	<p>FGV Holdings Bhd should establish a social and human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also develop supplier guidelines for responsible business conduct at all levels, including business partners and contractors.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>HON HAI PRECISION INDUSTRY CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>Hon Hai Precision Industry (trading as Foxconn Technology Group) should engage with its supplier of tin Shenkman Technology and improve the situation in Bangka and Belitung through joining the IDH Indonesian Tin Working Group.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>HON HAI PRECISION INDUSTRY CO (2017) <i>Poor working conditions</i></p>	<p>China</p>	<p>Hon Hai Precision Industry (trading as Foxconn Technology Group) should prevent labour rights violation in its supply chain and ensure that its commitments on labour rights are implemented and fulfilled throughout the organisation and suppliers. The company should be more transparent about the actions it takes towards incidents, enforcement and remedial measures as well as audits.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>HYUNDAI MOTOR COMPANY (2018) <i>Corrupt practices</i></p>	<p>South Korea</p>	<p>Hyundai Motor should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ new</p>			
<p>INDOFOOD AGRI RESOURCES (2018) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>IndoAgri should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>INDOFOOD SUKSES MAKMUR (2018) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>Indofood Sukses Makmur should adopt and implement a social and human right due diligence programme to identify, prevent and mitigate any social and/or human rights impacts. The company should also adopt a grievance mechanism.</p>	 <p>milestone 2 achieved</p>
<p>● standard → standard ► same</p>			
<p>INDUSTRIAL AND COMMERCIAL BANK OF CHINA (2018) <i>Money laundering</i></p>	<p>Spain</p>	<p>ICBC should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored.</p>	 <p>milestone 1 achieved</p>
<p>● poor ↓ none ▼ new</p>			
<p>ITALIAN-THAI DEVELOPMENT (2011) <i>Project with environmental and human rights risks</i></p>	<p>Burma/ Myanmar</p>	<p>Italian-Thai Development should halt construction of the Dawei Development Project until a thorough environmental and social impact assessment has been conducted. The company should also be transparent about how it mitigates risks such as land grabbing, human rights and environmental protection when operating in weak governance zones.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>			
<p>KRUNG THAI BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Krung Thai Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>			

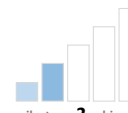

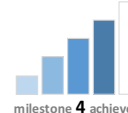
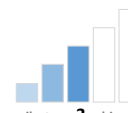
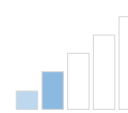

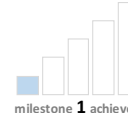

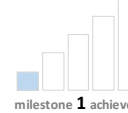

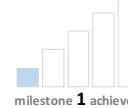
<p>NINTENDO CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>  <p>9 months low performance</p>	<p>Nintendo should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<p>NTPC (2017) <i>Project with environmental and human rights risks</i></p>	<p>Bangladesh</p> 	<p>NTPC should align its operations with WHC and IUCN recommendations regarding pollution from coal ash by air, pollution from wastewater and waste ash, increased shipping and dredging, and the cumulative impact of industrial and related development infrastructure. The original WHC and IUCN recommended was that the Rampal project should be cancelled and relocated to avoid negative impact on the Sundarbans but WHC and IUCN may find other mitigation efforts satisfactory.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ worse</p>			
<p>NTPC (2018) <i>Recurring workplace accidents</i></p>	<p>India</p> 	<p>NTPC should make sure that families to the decedent workers have received financial support. The company should also demonstrate that the causes of the accidents have been fully investigated and that safety management systems are improved in accordance with the findings.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ worse</p>			
<p>OLAM INTERNATIONAL (2012) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p> 	<p>Olam International should implement a responsible supply chain policy audited by third party and aligned with the ILO core conventions, especially conventions 105 and 182. The company should trace its cotton back to the fields to find out under what conditions the cotton is harvested and cease purchases from Uzbekistan if the practice of forced labour is not eliminated.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>OLAM INTERNATIONAL (2011) <i>Child labour in cocoa industry</i></p>	<p>Ivory Coast</p> 	<p>Olam International should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ better</p>			
<p>PETROCHINA (2017) <i>Corrupt practices</i></p>	<p>China</p>  <p>9 months low performance</p>	<p>PetroChina should ensure that it has anti-corruption policies and procedures in place, which are fully integrated into its businesses and its subsidiaries. The company should indicate the nature of any anti-corruption training undertaken and how the effectiveness of the training is monitored. The company should increase its level of disclosure on ESG matter.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↓ none ▼ same</p>			
<p>PETROCHINA (2018) <i>Fatal accidents associated with pipelines</i></p>	<p>China</p>  <p>3 months low performance</p>	<p>PetroChina should show that it has investigated the pipeline explosions, has identified the causes and has a programme of actions in place to address these causes.</p>	 <p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<p>POSCO (2012) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p> 	<p>POSCO should cease its operations linked to Uzbek cotton or demonstrate how its subsidiary Daewoo is having a concrete positive impact on the harvesting practices in the country. POSCO should also align its group-wide policies with the UN Guiding Principles on Business and Human Rights and the ILO core conventions, especially conventions 138 and 182 on child labour and forced labour.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>POSCO (2010) <i>Human rights and environmental violations in a pipeline project</i></p>	<p>Burma/ Myanmar</p> 	<p>POSCO should ensure that Daewoo prevents negative human rights and environmental impacts of the Shwe project as well as verify that the company and its subcontractors are not complicit in human rights abuses such as forced labour or illegal confiscation of land. POSCO should further encourage Daewoo to cooperate with the independent third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p>● standard ↘ poor ► same</p>			

<p>POSCO DAEWOO (2010) <i>Child labour and forced labour in cotton supply chain</i></p>	<p>Uzbekistan</p>	<p>Daewoo should implement a supply chain management system aligned with the ILO core conventions, especially conventions 138 and 182, and use its leverage in Uzbekistan to push for better labour practices. If Daewoo is not able to guarantee that the cotton supplied to it is produced without forced labour, it should develop a timeline for withdrawing from Uzbekistan.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>POSCO DAEWOO (2010) <i>Human rights and environmental violations in a pipeline project</i></p>	<p>Burma/ Myanmar</p>	<p>Daewoo should prevent negative human rights and environmental impacts of the Shwe Project as well as ensure that neither the company itself or its contractors and subcontractors are complicit in human rights abuses such as forced labour or illegal confiscation of land. In addition, Daewoo should cooperate with independent, verifiable, third-parties monitoring the project.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>PTT PCL (2011) <i>Project with environmental and social risks</i></p>	<p>Laos</p>	<p>PTT should demonstrate that the dam is operated as designed regarding environmental and social risk mitigation. This includes flow management which prioritises the integrity of impacted fish populations and sediment flow above power production.</p>	 <p>milestone 2 achieved</p>
<p>● poor → standard ► same</p>			
<p>SAMSUNG ELECTRONICS (2017) <i>Corrupt practices</i></p>	<p>South Korea</p>	<p>Samsung should adopt detailed policies for political, charitable contributions, facilitation payments, gifts and travel expenses. The company should further ensure that its anti-corruption policies are properly implemented and monitored. Samsung should increase independence of its board of directors and assure its audit and related party committees are fully independent.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>SHENMAO TECHNOLOGY (2017) <i>Environmental and human rights impacts caused by sourcing tin</i></p>	<p>Indonesia</p>	<p>Shenmao should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung in Indonesia.</p>	 <p>milestone 1 achieved</p>
<p>● none ↓ none ▼ same</p>			
<p>SIAM COMMERCIAL BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i></p>	<p>Laos</p>	<p>Siam Commercial Bank should ensure that impacts from the Xayaburi dam are in line with international standards, before continuing financing the project. If not, the bank should withdraw its credit. To prevent financing of future similar projects the bank should adopt corporate policies that address environmental and social risks in infrastructure projects, e.g. the Equator Principles.</p>	 <p>milestone 3 achieved</p>
<p>● standard → standard ► better</p>			
<p>SINGAPORE TECHNOLOGIES ENGINEERING (2017) <i>Corrupt practices</i></p>	<p>Singapore</p>	<p>ST Engineering should update its anti-corruption policy to reflect its risk exposure and commit to preventing further incidents in the future. Policies on facilitation payments, gifts, entertainment, travel expenses and sales practices should be detailed and reflect the context in which the company operates. The company should further ensure that its anti-corruption policies are properly implemented, through training of the staff, as well as monitored and reported.</p>	 <p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>STATE OIL COMPANY OF THE AZERBAIJAN REPUBLIC (2016) <i>Recurring fatal accidents</i></p>	<p>Azerbaijan</p>	<p>SOCAR should ensure they have suitable health and safety monitoring and training in place for all operations, which are audited, with practical long-term improvement targets in place that are publicly reported.</p>	 <p>milestone 1 achieved</p>
<p>● poor ↓ none ▼ same</p>			
<p>THAI UNION GROUP (2017) <i>Labour rights violations</i></p>	<p>Thailand</p>	<p>TUG should ensure an effective implementation of its Ethical Migrant Worker Recruitment policy and a verifiable supply chain traceability system. Progress from the strengthened systems should be reported publicly, together with challenges and failures identified during the independent third-party assessments.</p>	 <p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			

<p>TKJP CORP* (2016) <i>Product-related fatalities</i></p>	<p>United States</p>	<p>TKJP (formerly Takata) should finalise the recall of affected vehicles, acting in line and under the supervision of the authorities; it should adhere to the results and recommendations of ongoing investigations as well as lawsuits. The company should also mitigate the risk on similar incidents in the future by, for example, introducing relevant measures across its manufacturing facilities including safety culture assessment and improvement.</p>	<p>milestone 4 achieved</p>
<p>*formerly TAKATA CORP</p>			
<p>● poor → standard ► same</p>			
<p>TOKYO ELECTRIC POWER COMPANY (2011) <i>Unsafe nuclear power production</i></p>	<p>Japan</p>	<p>TEPCO should ensure it operates its nuclear power plants safely, that any contamination is contained to the affected area and monitoring is in place to measures both environmental and health effects and that a compensation programme is in place as and when the effects of accidents are identified.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>WILMAR INTERNATIONAL LIMITED (2017) <i>Labour rights violations at palm oil plantations</i></p>	<p>Indonesia</p>	<p>Wilmar should ensure proper implementation of the No Deforestation, No Peat, No Exploitation policy and the human rights due diligence programme to identify, prevent and mitigate any social and/or human rights impacts caused, or, contributed by its own activities or its business partners. The company should also ensure effective implementation of Child Protection Policy at all levels including business partners and contractors.</p>	<p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p>YAHOO JAPAN CORP (2016) <i>Environmental impact caused by online trade of endangered species</i></p>	<p>Japan</p>	<p>Yahoo Japan should prevent controversial activities at its websites by ensuring rigorous monitoring systems and adhering not only to local laws but also international environmental standards. The company should strengthen its environmental policies and be more transparent with reporting on the actions taken towards incidents.</p>	<p>milestone 3 achieved</p>
<p>● standard ↗ good ▲ same</p>			
<p>ZIJIN MINING GROUP (2015) <i>Environmental impacts from waste practices</i></p>	<p>Papua New Guinea</p>	<p>Zijin should exert pressure on Barrick to ensure responsible management of tailings and to address potential long-term legacy issues at Porgera as well as ensure that it is reported in a publicly available strategy. Zijin should adopt a policy of prohibiting the future use of riverine tailings disposal.</p>	<p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>ZIJIN MINING GROUP (2015) <i>Human rights violations in mining operation</i></p>	<p>Papua New Guinea</p>	<p>Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.</p>	<p>milestone 2 achieved</p>
<p>● standard ↘ poor ► same</p>			
<p>ZTE CORP (2017) <i>Environmental and human rights impacts caused by purchasing tin</i></p>	<p>Indonesia</p>	<p>ZTE should show its commitment to responsible sourcing of tin through joining the multi-stakeholder initiative IDH Indonesia Tin Working Group and working towards improving the situation in Bangka and Belitung.</p>	<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<p>21 months low performance</p>			

CENTRAL / SOUTH AMERICA

Change objective


<p>BRF SA (2018) <i>Corrupt practices</i></p> <p>● standard → standard ► new</p>	<p>Brazil</p>	<p>BRF should improve its anti-corruption programme in order to reflect its corruption risk exposure. The company should also ensure that the bribery scheme has been investigated thoroughly and that its anti-corruption programme is transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification. The company should further ensure that its anti-corruption policies are properly implemented, monitored and reported.</p>	 <p>milestone 2 achieved</p>
<p>CEMEX (2016) <i>Supporting illegal settlements in occupied territories</i></p> <p>● good ↗ good ▲ same</p>	<p>Palestine</p>	<p>Cemex should demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	 <p>milestone 4 achieved</p>
<p>GRUPO MEXICO (2016) <i>Human rights violations in mining project</i></p> <p>● good ↗ good ▲ better</p>	<p>Peru</p>	<p>Grupo Mexico should align its practices to the Voluntary Principles on Security and Human Rights, or similar. The company should demonstrate that an adequate and continuous consultation process is being carried out in the communities nearby the project, as well as have a water management system in place for the Tia Maria project, aligned with international standards.</p>	 <p>milestone 4 achieved</p>
<p>JBS SA (2017) <i>Corrupt practices</i></p> <p>● good → standard ▲ same</p>	<p>Brazil</p>	<p>JBS should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.</p>	 <p>milestone 3 achieved</p>
<p>JBS SA (2015) <i>Repeated labour rights violations</i></p> <p>● standard ↘ poor ► same</p>	<p>United States</p>	<p>JBS should take responsibility for addressing the frequent health and safety (H&S) incidents at its subsidiaries. It should further develop H&S policies and practices aligned with ILO standards, and ensure their enforcement across the group. This should include proactively assessing risks and mitigating hazards and be complemented with an appropriate disclosure.</p>	 <p>milestone 2 achieved</p>
<p>PETROLEOS DE VENEZUELA (2017) <i>Corrupt practices</i></p> <p>● none ↓ none ▼ same</p>	<p>United States</p>  <p>low performance</p>	<p>PDVSA should strengthen its anti-corruption measures in order to reflect its corruption risk exposure, including disclosure of a zero-tolerance policy, implementation and monitoring.</p>	 <p>milestone 1 achieved</p>
<p>PETROLEOS DE VENEZUELA (2017) <i>Recurring oil spills</i></p> <p>● none ↓ none ▼ same</p>	<p>Venezuela</p>  <p>low performance</p>	<p>PDVSA should ensure it has a maintenance programme in place for all of its facilities and it has suitable measures in place to prevent and mitigate any future spills. The company should ensure it has an environmental policy in place, public reporting of its spill incidents and any corrective measures undertaken.</p>	 <p>milestone 1 achieved</p>
<p>PETROLEOS DE VENEZUELA (2017) <i>Recurring workplace accidents</i></p> <p>● none ↓ none ▼ same</p>	<p>Venezuela</p>  <p>low performance</p>	<p>PDVSA should ensure it has health and safety policies in place, health and safety monitoring, trainings and audits, the safety performance publicly reported, publicly reported safety improvement targets. In addition, the company should ensure proper regular maintenance of its facilities by e.g. initiating annual, external audits.</p>	 <p>milestone 1 achieved</p>

PETROLEOS MEXICANOS (2015)
Recurring fatal accidents

Mexico

PEMEX should adequately strengthen its health and safety management systems to an extent that would result in a noticeable decrease in accident rates. The company should also demonstrate that it has thoroughly examined and investigated the root causes of past accidents, and subsequently identified and corrected gaps in its systems.

● good → standard ▲ same




milestone 4 achieved

PETROLEOS MEXICANOS (2015)
Repeated spills

Mexico

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

● good → standard ▲ same



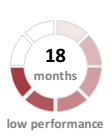
milestone 4 achieved

PETROTRIN (2017)
Recurring pollution incidents

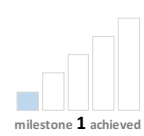
Trinidad and Tobago

Petrotrin should ensure there is a properly financed and resourced maintenance programme in place for all its facilities and that there are suitable measures in place to mitigate any future leaks and spills before they cause any further detrimental impact to the environment.

● none ↓ none ▼ same



18 months
low performance




milestone 1 achieved

SOUTHERN COPPER CORPORATION (2016)
Human rights violations in mining project

Peru

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


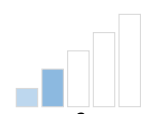
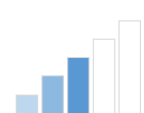

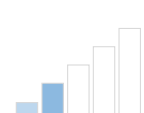
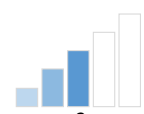
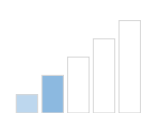
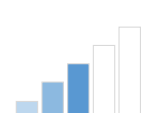
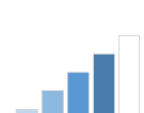
● standard → standard ► same



milestone 4 achieved

EUROPE

Change objective

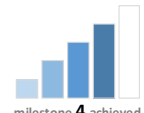
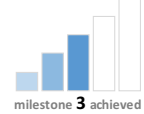





<p>ANDRITZ AG (2010) <i>Supplying to dam projects resulting in breaches of international standards</i></p> <p>● standard → standard ► better</p>	<p>Turkey</p>	<p>Andritz should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 3 achieved</p>
<p>ATLANTIA SPA (2018) <i>Bridge collapse resulting in fatalities</i></p> <p>● good → standard ▲ new</p>	<p>Italy</p>	<p>Atlantia needs to identify the cause of the bridge collapse, assess projects within its control to prevent similar failures in the future, develop a remedial strategy for the affected people, ensure project monitoring and maintenance systems and emergency procedures are in place.</p>	 <p>milestone 2 achieved</p>
<p>BARRY CALLEBAUT AG (2010) <i>Child labour in the cocoa industry</i></p> <p>● excellent → standard ▲ better</p>	<p>Ivory Coast</p>	<p>Barry Callebaut should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 and ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>BAYER (2018) <i>Concealing data on product-related toxicity</i></p> <p>● poor ↘ poor ▼ same</p>	<p>Germany</p> <div style="text-align: center;">  <p>3 months low performance</p> </div>	<p>Bayer (formerly Monsanto) should ensure that it has a policy and procedure for the disclosure of health, safety, and environmental data to both regulators and consumers.</p>	 <p>milestone 2 achieved</p>
<p>BRITISH AMERICAN TOBACCO (2017) <i>Labour rights violations on tobacco farms</i></p> <p>● good → standard ▲ same</p>	<p>United Kingdom</p>	<p>BAT should ensure proper implementation of the Sustainable Tobacco Programme and enforce the ban on child labour in practice. The company should provide regular trainings on the main pillars of the Programme including child labour prevention and safe working environment. BAT should conduct regular monitoring in the supply chain for child labour and other human rights risks. Progress on the Programme implementation should be reported publicly.</p>	 <p>milestone 3 achieved</p>
<p>DANSKE BANK (2018) <i>Money laundering</i></p> <p>● standard → standard ► new</p>	<p>Estonia</p>	<p>Danske Bank should ensure that it has implemented risk management systems and internal controls that aim to prevent financial crime and money laundering and demonstrate that they are robust and universally applied. Danske Bank should ensure that the board has sufficient and effective oversight of the business.</p>	 <p>milestone 2 achieved</p>
<p>ENI (2015) <i>Corrupt practices</i></p> <p>● standard → standard ► same</p>	<p>Nigeria</p>	<p>ENI should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	 <p>milestone 3 achieved</p>
<p>EUROCHEM (2016) <i>Operations in occupied territory</i></p> <p>● standard → standard ► same</p>	<p>Western Sahara</p>	<p>EuroChem should fulfil its plan to completely cease its imports of phosphates from Western Sahara or demonstrate how the trade is in line with the interests and wishes of the Saharawi people, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.</p>	 <p>milestone 4 achieved</p>

<p>GLAXOSMITHKLINE (2015) <i>Corrupt practices</i></p>	<p>China</p>	<p>GlaxoSmithKline should improve its anti-corruption programme in order to reflect its corruption risk exposure. The anti-corruption programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	<p>milestone 4 achieved</p>
<p>● standard ↗ good ▲ same</p>			
<p>HEIDELBERGCEMENT (2015) <i>Natural resources extraction on occupied territories</i></p>	<p>Palestine</p>	<p>HeidelbergCement should be able to demonstrate that its operations on occupied Palestinian territory are in compliance with international humanitarian law. A structured dialogue with relevant stakeholders as well as an effective grievance mechanism are key elements needed to achieve that.</p>	<p>milestone 4 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>LEONARDO SPA (2013) <i>Corrupt practices</i></p>	<p>India</p>	<p>Leonardo should adopt an anti-corruption policy that includes a zero tolerance for bribery and should improve its anti-corruption programme in order to reflect its corruption risk exposure. The programme should be transparent in terms of allocated resources, implementation, follow-up mechanisms, corrective actions and external verification.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>LINDT & SPRUENGLI AG (2011) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Lindt & Sprungeli should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NESTLÉ SA (2009) <i>Child labour in cocoa industry</i></p>	<p>Ghana</p>	<p>Nestlé should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NORDEA BANK ABP (2015) <i>Money laundering</i></p>	<p>Sweden</p>	<p>Nordea should ensure that the issues raised by the Swedish Financial Supervisory Authority are addressed and managed in a responsible manner in order to manage the risks of contributing to illegal Money Laundering and facilitating financing of illegal activities such as terrorism.</p>	<p>milestone 4 achieved</p>
<p>● standard → standard ► same</p>			
<p>NORILSK NICKEL (2010) <i>Environmental and health impacts from metal extraction operations</i></p>	<p>Russian Federation</p>	<p>Norilsk Nickel should ensure for its Polar division that operations related health impacts are properly managed, that emissions will not cause excessive harm to the environment and that historical impacts are properly remediated. Operations should align with the Russian environmental regulations, the CLRTAP, the Espoo Convention and the UN Convention on Biological Diversity.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>NOVARTIS AG (2017) <i>Corrupt practices</i></p>	<p>Turkey</p>	<p>Novartis should ensure that the revised and updated anti-bribery policy is followed worldwide and at subsidiary level as well as reflects the company's corruption risk exposure. Allocated resources, implementation, corrective actions, monitoring and external verification in relation to the policy should be communicated.</p>	<p>milestone 3 achieved</p>
<p>● good → standard ▲ same</p>			
<p>POYRY OYJ (2013) <i>Project with environmental risks</i></p>	<p>Laos</p>	<p>Pöyry should be more transparent towards stakeholders on what international standards it adheres to and follows. Moreover, the company should communicate in more detail how it manages and mitigates ESG risks in the projects which the company operates.</p>	<p>milestone 3 achieved</p>
<p>● poor ↘ poor ▼ worse</p>			

<p>ROYAL DUTCH SHELL (2015) <i>Corrupt practices</i></p>	<p>Nigeria</p>	<p>Shell should demonstrate that its code of conduct, due diligence and risk management processes in the areas of acquisitions and divestments are robust and universally applied.</p>	
<p>● standard → standard ► same</p>			
<p>ROYAL DUTCH SHELL (2009) <i>Human rights violations resulting from pollution and environmental damage</i></p>	<p>Nigeria</p>	<p>Shell should have a detailed programme in place to address the recommendations of the UNEP’s Environmental Assessment of Ogoniland and demonstrate that regular progress is being made towards achieving the objectives. The company should communicate the plan and progress transparently to shareholders. Shell should also exert its influence on all stakeholders to counter oil theft activity and its related social and environmental impacts.</p>	
<p>● good → standard ▲ same</p>			
<p>SIEMENS (2017) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Siemens should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	
<p>● standard ↘ poor ► same</p>			
<p>SIEMENS GAMESA RENEWABLE ENERGY SA (2018) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Siemens Gamesa Renewable Energy should demonstrate how its activities in Western Sahara are in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights. Should this not be possible, the company should withdraw from Western Sahara.</p>	
<p>● standard ↘ poor ► new</p>			
<p>VEDANTA RESOURCES (2017) <i>Human rights violations in mining operation</i></p>	<p>Zambia</p>	<p>Vedanta/Konkola Copper Mines should ensure all contamination both historic (i.e. pre-2004) and under their ownership is remediated to a standard that allows community members to grow and eat crops safely. KCM should also ensure all infrastructure has been either replaced or repaired in order to mitigate against future potential leaks or spills.</p>	
<p>● standard → standard ► same</p>			
<p>VOLKSWAGEN (2016) <i>Environmental impact caused by emissions defeat device</i></p>	<p>United States</p>	<p>VW should ensure that it has adequate risk management systems and internal controls and that the Supervisory Board has sufficient oversight, independence and skills in order to prevent future violations. Furthermore, VW should demonstrate that it has improved its corporate culture.</p>	
<p>● standard → standard ► same</p>			
<p>VTB BANK (2011) <i>Financing of project with environmental risks</i></p>	<p>Armenia</p>	<p>VTB Bank should strengthen its risk assessment process and monitoring process in large projects and should sign the Equator Principles. The company should also ensure that the operating company, Vallex Group, adopts a precautionary principle approach since the mining project is located in a sensitive biodiversity area.</p>	
<p>● standard ↘ poor ► same</p>			


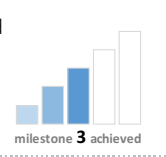
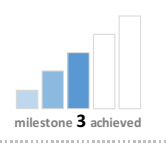

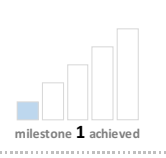
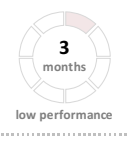

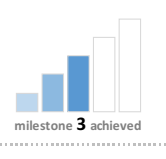
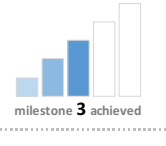
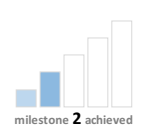
MIDDLE EAST

Change objective

<p>AKBANK (2010) <i>Financing of controversial hydropower project</i></p> <p>● standard → standard ► better</p>	<p>Turkey</p>	<p>Akbank should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 4 achieved</p>
<p>BANK HAPOALIM (2010) <i>Financing of illegal settlements in occupied territories</i></p> <p>● good ↓ none ► same</p>	<p>Palestine</p>	<p>Bank Hapoalim should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>BANK LEUMI (2010) <i>Financing of illegal settlements in occupied territories</i></p> <p>● good ↓ none ► same</p>	<p>Palestine</p>	<p>Bank Leumi should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>FIRST INTERNATIONAL BANK OF ISRAEL (2011) <i>Financing of illegal settlements in occupied territories</i></p> <p>● good ↓ none ► same</p>	<p>Palestine</p>	<p>First International Bank of Israel should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>ISRAEL DISCOUNT BANK (2010) <i>Financing of illegal settlements in occupied territories</i></p> <p>● good ↓ none ► same</p>	<p>Palestine</p>	<p>Israel Discount Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>MIZRAHI TEFAHOT BANK LTD (2010) <i>Financing of illegal settlements in occupied territories</i></p> <p>● good ↓ none ► same</p>	<p>Palestine</p>	<p>Mizrahi Tefahot Bank should cease providing financial support to activities that are linked to violations of the Fourth Geneva Convention. The bank should adopt a corporate policy that supports the protection of internationally proclaimed human rights and the humanitarian law.</p>	 <p>milestone 3 achieved</p>
<p>TURKIYE GARANTI BANKASI (2010) <i>Financing of a dam project resulting in breaches of environmental standards</i></p> <p>● good ↗ good ▲ same</p>	<p>Turkey</p>	<p>Turkiye Garanti Bankasi should adopt corporate policies that address environmental and social risks in infrastructure projects. The policies should advocate a precautionary approach and require that projects comply with internationally proclaimed environmental and social standards.</p>	 <p>milestone 4 achieved</p>

NORTH AMERICA

Change objective

<p>BUNGE LIMITED (2017) <i>Deforestation</i></p> <p>● standard → standard ► same</p>	<p>Brazil</p>	<p>Bunge should develop a time-bound no-deforestation policy that excludes high conservation value or land under conservation and high carbon stock land or peatland from exploitation, and which requires the free, prior and informed consent of local people. The company should also ensure effective implementation of the policy across its supply chain.</p>	 <p>milestone 3 achieved</p>
<p>CARGILL INC (2012) <i>Child labour and forced labour in cotton industry</i></p> <p>● standard ↘ poor ► same</p>	<p>Uzbekistan</p>	<p>Cargill should adopt a responsible supply chain policy which ought to be audited by third party. The company should also demonstrate how its engagement with the government is having an impact on the use of forced labour within the cotton industry in Uzbekistan or stop sourcing from the country. The company's management of labour rights should align with the ILO core conventions.</p>	 <p>milestone 3 achieved</p>
<p>CARGILL INC (2012) <i>Child labour in the cocoa industry</i></p> <p>● standard → standard ► same</p>	<p>Ivory Coast</p>	<p>Cargill should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	 <p>milestone 3 achieved</p>
<p>CHEMOURS COMPANY (2017) <i>Recurring pollution incidents</i></p> <p>● none ↓ none ▼ same</p>	<p>United States</p>  <p>3 months low performance</p>	<p>Chemours should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>DOWDUPONT INC (2017) <i>Recurring pollution incidents</i></p> <p>● none ↓ none ▼ same</p>	<p>United States</p>  <p>3 months low performance</p>	<p>DuPont should address legacy issues in relation to pollution on its existing operations and show that its current waste practices comply with international best practice, in order to prevent future liabilities arising from potential detrimental human health or environmental impacts.</p>	 <p>milestone 1 achieved</p>
<p>ENBRIDGE (2016) <i>Violations of indigenous peoples' rights</i></p> <p>● good ↗ good ▲ same</p>	<p>United States</p>	<p>Enbridge should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 3 achieved</p>
<p>ENBRIDGE ENERGY PARTNERS (2016) <i>Violations of indigenous peoples' rights</i></p> <p>● good ↗ good ▲ same</p>	<p>United States</p>	<p>Enbridge Energy Partners should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 3 achieved</p>
<p>ENERGY TRANSFER LP* (2016) <i>Violations of indigenous peoples' rights</i></p> <p>● standard ↘ poor ► new</p>	<p>United States</p>	<p>Energy Transfer LP should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.</p>	 <p>milestone 2 achieved</p>


* On 19 Oct 2018, Energy Transfer Equity LP (ETE) and Energy Transfer Partners LP (ETP) announced their merger, after which the companies have been operating as one entity under the name Energy Transfer LP.

<p>EQUIFAX (2018) <i>Major data breach</i></p>	<p>United States</p>	<p>Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.</p>	<p>milestone 4 achieved</p>
<p>● good ↗ good ▲ same</p>			
<p>FACEBOOK (2018) <i>Privacy breach</i></p>	<p>United States</p>	<p>Facebook should implement its commitments to privacy and data security by ensuring that it has in place adequate internal controls systems and risk management procedures to manage the cybersecurity risks. Specifically, the company should ensure an adequate protection level for personal data. Facebook should increase transparency in reporting on the management of data security and users' privacy.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>HERSHEY (2010) <i>Child labour in cocoa industry</i></p>	<p>Ivory Coast</p>	<p>Hershey should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● standard → standard ► same</p>			
<p>JOHNSON & JOHNSON (2010) <i>Product-related injuries</i></p>	<p>United States</p>	<p>Johnson & Johnson should develop a code for the disclosure of all product-related data across all its operations to ensure concerns in relation to its products are communicated to users as soon as is practicable.</p>	<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ same</p>			
<p>6 months low performance</p>			
<p>LUMBER LIQUIDATORS (2015) <i>Illegal logging</i></p>	<p>Russian Federation</p>	<p>Lumber Liquidators should evaluate its entire supply chain and take reasonable and prudential measures to exclude illegally harvested wood. The company should confirm that its exports and imports of wood are in compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora.</p>	<p>milestone 3 achieved</p>
<p>● poor → standard ► same</p>			
<p>MATTEL (2010) <i>Poor working conditions at supplier factories</i></p>	<p>China</p>	<p>Mattel should prevent labour rights violations in its supply chain through effective implementation and proactive enforcement of its Responsible Supply Chain Standards at all Mattel-owned factories as well as vendors. The company should also be more transparent about the auditing process and findings.</p>	<p>milestone 4 achieved</p>
<p>● good → standard ▲ same</p>			
<p>MCDONALD'S CORP (2015) <i>Labour rights violations at franchisees</i></p>	<p>United States</p>	<p>McDonald's should actively promote the company's Standard of Business Conduct among its franchisees, and ensure franchisees live up to this especially with regards to labour rights. Efforts taken by the company to ensure compliance in this area should be transparently reported to relevant stakeholders.</p>	<p>milestone 2 achieved</p>
<p>● poor ↘ poor ▼ worse</p>			
<p>MONDELEZ INTERNATIONAL (2009) <i>Child labour in the cocoa industry</i></p>	<p>Ghana</p>	<p>Mondelez should roll out a system to identify and remediate cases of child labour in its cocoa supply chain to a majority of its farmer base in Ivory Coast and Ghana by 2020 as well as ensure continuous roll-out beyond 2020 to eventually cover its entire farmer base in the two countries. The company should also demonstrate progress towards a living income for farmers in Ivory Coast and Ghana.</p>	<p>milestone 3 achieved</p>
<p>● excellent ↗ good ▲ same</p>			
<p>NUTRIEN LTD (2018) <i>Operations in occupied territory</i></p>	<p>Western Sahara</p>	<p>Nutrien should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.</p>	<p>milestone 3 achieved</p>
<p>● good ↗ good ▲ same</p>			

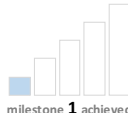
PATTERSON UTI ENERGY (2018)
Fatal workplace accident

United States

Patterson-UTI Energy needs to investigate and identify the causes of the accident and then ensure that it has identified the lessons learnt and has improved its procedures accordingly. The company should also disclose its health and safety policy and provide details of any related training, as well as be more transparent on reporting similar incidents.



● none ↓ none ▼ **new**



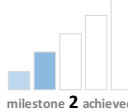
milestone 1 achieved

PHILLIPS 66 (2016)
Violations of indigenous peoples' rights

United States

Phillips 66 should enter in to a reconciliation dialogue with Standing Rock, with the objective to reach an agreement on how to improve trust and collaboration related to similar project in the future, as well as mitigation measures by the company to minimise risks and impacts on Standing Rock's territory and population, including its water resources.

● standard → standard ► same



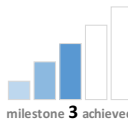
milestone 2 achieved

PILGRIM'S PRIDE CORP (2015)
Repeated health and safety violations

United States

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

● poor → standard ► same



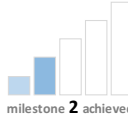
milestone 3 achieved

TESLA INC (2018)
Labour rights violations

United States

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

● standard → standard ► same



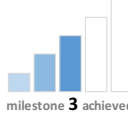
milestone 2 achieved

TRANSCANADA CORP (2018)
Environmental and human rights violations

United States

Transcanada should ensure that an appropriate ESIA has been conducted along the full length of the proposed pipeline. It should also disclose preventive and mitigating measures in relation to long-term harm to the environment and people dependent upon the natural resources. In addition, the company should demonstrate that its consultation process addresses not just landowners, but the wider potentially affected community, including indigenous peoples.

● standard → standard ► same



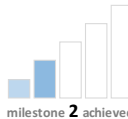
milestone 3 achieved

TWENTY-FIRST CENTURY FOX (2017)
Sexual harassment and discrimination

United States

Twenty-First Century Fox should ensure that it creates an anti-harassment and discrimination programme at Fox News Channel adapted to its risk exposure. It should also ensure that the company's corporate culture supports anti-harassment and discrimination policies/programmes and has mechanisms in place to monitor compliance with any stated policies and procedures.

● standard → standard ► same



milestone 2 achieved

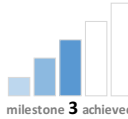
WALMART INC* 2017)
Labour rights violations in various countries

United States

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

* formerly Wal-Mart Stores

● standard → standard ► same



milestone 3 achieved

OCEANIA

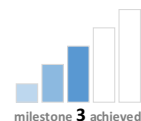
Change objective

INCITEC PIVOT LTD (2009)
Operations in occupied territory

Western Sahara

IPL should create and implement a plan on how to cease its imports of phosphates from Western Sahara or demonstrate how the exploitation is in line with the interests and wishes of Saharawis, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and International Covenant on Economic, Social and Cultural Rights.

● standard → standard ► better

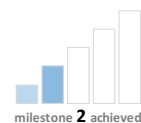


NEWCREST MINING LTD (2018)
Deep sea tailings placement

Papua New Guinea

Newcrest Mining should disclose the baseline studies, and associated impact assessments in order to support their decision to adopt DSTP. In addition, the company should develop and report upon the mitigation and monitoring measures that are to be adopted to ensure that the impact on the marine environment and potentially on humans through fishing and other activities, does not lead to long-term harm to either the environment or human health.

● standard ↘ poor ► same

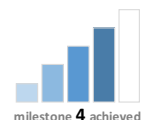


WESFARMERS (2007)
Operations in occupied territory

Western Sahara

Wesfarmers/CSBP should commit to entirely and permanently ending its imports of phosphate rock from Western Sahara, in accordance with the right to self-determination stipulated in the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

● good ↗ good ▲ better



EVALUATE LIST

AFRICA

ESKOM HOLDINGS SOC LTD, LAFARGEHOLCIM MAROC, TIGER BRANDS, TRANSNET SOC

ASIA

AIRASIA BERHAD, ALUMINUM CORPORATION OF CHINA, ASL MARINE HOLDINGS, BRITISHAMERICAN TOBACCO BANGLADESH, CHINA DEVELOPMENT BANK, CHINA HUARONG ASSETMANAGEMENT CO LTD, CHINA NATIONAL PETROLEUM CORP, CHINA PETROCHEMICALCORPORATION, CHINA PETROLEUM & CHEMICAL CORP, CHINA RAILWAY GROUP LTD, CHINA STEELCORPORATION, CHIN-POON INDUSTRIAL CO LTD, CK HUTCHISON HOLDINGS, CLP HOLDINGS LTD,DGB FINANCIAL GROUP CO LTD, DONG-A SOCIO HOLDINGS, ELECTRICITY GENERATING, ENERGYEARTH PCL, FORMOSA PLASTICS CORP, GRAPHITE INDIA LIMITED, GRASIM INDUSTRIES, HABIBBANK, IMPERIAL PACIFIC INTERNATIONAL, INDIAN OIL CORPORATION LIMITED, INDOFOOD AGRISOURCES, ITALIAN-THAI DEVELOPMENT, KEPPEL CORP, KOREA AEROSPACE INDUSTRIES, KOREAELECTRIC POWER CORPORATION, KOREAN AIR LINES CO LTD, KT CORP, LG CHEMICAL, LGELECTRONICS, LONSUM, LUTHAI TEXTILE CO, MARUHA NICHIRO CORP, MMG LTD, NIEN HSINGTEXTILE, OIL & NATURAL GAS CORPORATION, OJI HOLDINGS CORPORATION, PANASONICCORPORATION, PERTAMINA PT, PERUSAHAAN LISTRIK NEGARA, POSCO, POSCO DAEWOOD, POWERCONSTRUCTION CORPORATION OF CHINA, PT WASKITA KARYA, QUANTA COMPUTER, RATCHABURIELECTRICITY GENERATING HOLDING, RELIANCE INDUSTRIES, SALIM IVOMAS PRATAMA, SAMSUNGELECTRONICS, SAMSUNG SDI, SINA CORP, SINOPEC SHANGHAI PETROCHEMICAL, SK HOLDINGS ,STEEL AUTHORITY OF INDIA, STERLING BIOTECH, SUMITOMO CORP, SUMITOMO METAL MININGCO LTD, TATA POWER, TDK CORP, THE PEOPLE'S INSURANCE CO, TOSHIBA CORP, TOYOTA MOTORCORPORATION, UPL LIMITED, VEDANTA LIMITED, WILMAR INTERNATIONAL LIMITED, WOORIBANK, YOUNGONE HOLDINGS

CENTRAL / SOUTH AMERICA

BANCO NACIONAL DE DESENVOLVIMENTO, BANCO SANTANDER BRASIL, CAIXA ECONOMICAFEDERAL, CCR SA, COMPANHIA SIDERURGICA NACIONAL, ECOPETROL, ECORODOVIASINFRAESTRUTURA E LOGISTICA SA, EDP ENERGIAS DO BRASIL SA, ELETROBRAS, EMPRESASPUBLICAS MEDELLIN, GEOPARK LIMITED, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SABDE CV, PETROLEOS DEL PERU, PETROLEOS MEXICANOS, SOCIEDAD QUIMICA Y MINERA DE CHILE,TRIUNFO PARTICIPACOES E INVESTIMENTOS SA, VEON LTD, YPF SA

EUROPE

AGROKOR, ALROSA, ALSTOM, AP MOELLER MAERSK, ARCELORMITTAL, BANCO SANTANDER SA,BHP GROUP, BOLLORE, BP PLC, CAIXABANK SA, DIGI COMMUNICATIONS, DRAEGERWERK AG & COKGAA, DURO FELGUERA SA, EDP ENERGIAS DE PORTUGAL, ELECTRICITE DE FRANCE, ENEL, ENELGREEN POWER, ENI, FIAT CHRYSLER AUTOMOBILES, G4S, GLENCORE PLC, GRUPA AZOTY AS,HEIDELBERGCEMENT, HENNES & MAURITZ, HUGO BOSS AG, IBERDROLA, JASTRZEBSKA SPOLKAWEGLOWA, KOENIG & BAUER AG, LAFARGEHOLCIM, METINVEST BV, MOTHERCARE,NORGESGRUPPEN ASA, OCADO GROUP, ORANO, PKN ORLEN, RENAULT, RHEINMETALL AG,ROBERT BOSCH GMBH, ROSNEFT, SAAB, SAINSBURY, STOCKMANN OYJ, TECHNICOLOR SA, TESCOPLC, THALES, WARTSILA OYJ ABP, VEDANTA RESOURCES, VEOLIA ENVIRONNEMENT SA

MIDDLE EAST

BEZEQ, GLOBAL TELECOM HOLDING SAE, MINRAV HOLDINGS, SHAPIR ENGINEERING & INDUSTRY, UNION BANK OF ISRAEL

NORTH AMERICA

ALLERGAN PLC, ALMADEN MINERALS, AMAZON.COM, BOMBARDIER INC, CARGILL INC, CBCORPORATION , CHEVRON CORP, COCA-COLA CO, CORECIVIC INC, COSTCO WHOLESALE CORP,DUCOMMUN, DXC TECHNOLOGY, ENERGY TRANSFER LP, FERONIA INC, FRONTERA ENERGYCORPORATION, GAP, GENERAL ELECTRIC, GENERAL MOTORS, GEO GROUP, GOLDMAN SACHSGROUP, INSYS THERAPEUTICS INC, INTERNATIONAL FINANCE CORPORATION, JOHNSON & JOHNSON, KINDER MORGAN CANADA, KINDER MORGAN INC, MERCK & CO, NEWMONT MININGCORP, NISOURCE, NRG ENERGY, PG&E CORP, PILGRIM'S PRIDE CORP, RESTAURANT BRANDS INTLINC, RESTAURANT BRANDS INTL LP, SCICLONE PHARMACEUTICALS, STRYKER CORP, TENNECO INC,TERNIUM SA, TEXTRON, TRANSCANADA CORP, VISTRA ENERGY CORP, WOLVERINE WORLD WIDEINC, ZIMMER BIOMET HOLDINGS INC

OCEANIA

RETAIL FOOD GROUP LTD, RIO TINTO, SOUTH32 LTD

DISENGAGE LIST

ASIA

BHARAT ELECTRONICS <i>Dual-use nuclear weapons technologies</i>	India
CH. KARNCHANG PUBLIC CO <i>Project with environmental and social risks</i>	Laos
HANWHA CORPORATION <i>Involvement in cluster munitions</i>	South Korea
LARSEN & TOUBRO <i>Dual-use nuclear weapons technologies</i>	India
METALLURGICAL CORPORATION OF CHINA <i>Environmental impacts from waste practices</i>	Papua New Guinea
POONGSAN CORPORATION <i>Involvement in cluster munitions</i>	South Korea
POONGSAN HOLDINGS CORPORATION <i>Involvement in cluster munitions</i>	South Korea
WALCHANDNAGAR INDUSTRIES <i>Dual-use nuclear weapons technologies</i>	India

EUROPE

AIRBUS GROUP <i>Nuclear weapons programmes</i>	France
BAE SYSTEMS <i>Nuclear weapons programmes</i>	United Kingdom
CNIM <i>Nuclear weapons programmes</i>	France
DASSAULT AVIATION <i>Dual-use nuclear weapons technologies</i>	France
LEONARDO SPA <i>Nuclear weapons programmes</i>	France
PETROMAROC CORPORATION <i>Operations in occupied territory</i>	Western Sahara
SAFRAN GROUP <i>Nuclear weapons programmes</i>	France
SAN LEON ENERGY <i>Operations in occupied territory</i>	Western Sahara
SERCO GROUP <i>Nuclear weapons programmes</i>	United Kingdom

MIDDLE EAST

ELBIT SYSTEMS <i>Security systems for illegal separation barrier in occupied territories</i>	Palestine
INDUSTRIAL BUILDINGS CORPORATION <i>Construction of illegal settlements in occupied territories</i>	Palestine
JERUSALEM ECONOMY LTD <i>Construction of illegal settlements in occupied territories</i>	Palestine
TURKIYE HALK BANKASI <i>Financing of a dam project resulting in breaches of environmental standards</i>	Turkey

NORTH AMERICA

AECOM <i>Nuclear weapons programmes</i>	United States
AEROJET ROCKETDYNE HLDGS <i>Nuclear weapons development</i>	United States
BOEING CO <i>Nuclear weapons programmes</i>	United States
BWX TECHNOLOGIES <i>Nuclear weapons programmes</i>	United States
FLUOR CORP <i>Nuclear weapons development</i>	United States
GENERAL DYNAMICS <i>Nuclear weapons programmes</i>	United States
HONEYWELL INTERNATIONAL <i>Nuclear weapons programmes</i>	United States
HUNTINGTON INGALLS INDUSTRIES <i>Nuclear weapons development</i>	United States
INNOPHOS HOLDINGS <i>Operations in occupied territory</i>	Western Sahara
JACOBS ENGINEERING GROUP <i>Nuclear weapons programmes</i>	United Kingdom
LOCKHEED MARTIN <i>Nuclear weapons programmes</i>	United Kingdom
MOTOROLA SOLUTIONS <i>Human rights violations in occupied territories</i>	Palestine
NORTHROP GRUMMAN CORP <i>Nuclear weapons programmes</i>	United States
RAYTHEON COMPANY <i>Nuclear weapons programmes</i>	United States
UNITED TECHNOLOGIES CORP* <i>Nuclear weapons development</i>	United States

* On 26 November 2018 United Technologies Corp. (UTC) announced the completion of its acquisition of Rockwell Collins (Rockwell). As a result, Rockwell was combined with UTC Aerospace Systems to form Collins Aerospace Systems. The new company operates as a unit of UTC. Due to the acquisition UTC has taken over Rockwell Collins' involvement.

OUR APPROACH

In principle, the sustainability approach of Erste Asset Management is based on a three-dimensional structure. The dimensions of criteria definition, best-in-class and engagement / active ownership mutually enhance each other within an integrated process. A variety of approaches to sustainable investments are combined in this way in order to join somewhat restrictive elements with active, positive and dialog-based elements.

The dialog with the companies and the use of our own voting rights lie at the core of our active ownership policy. In both cases, the engagement serves to improve the future viability of the companies. Moreover, the engagement results are integrated into the company selection as well.

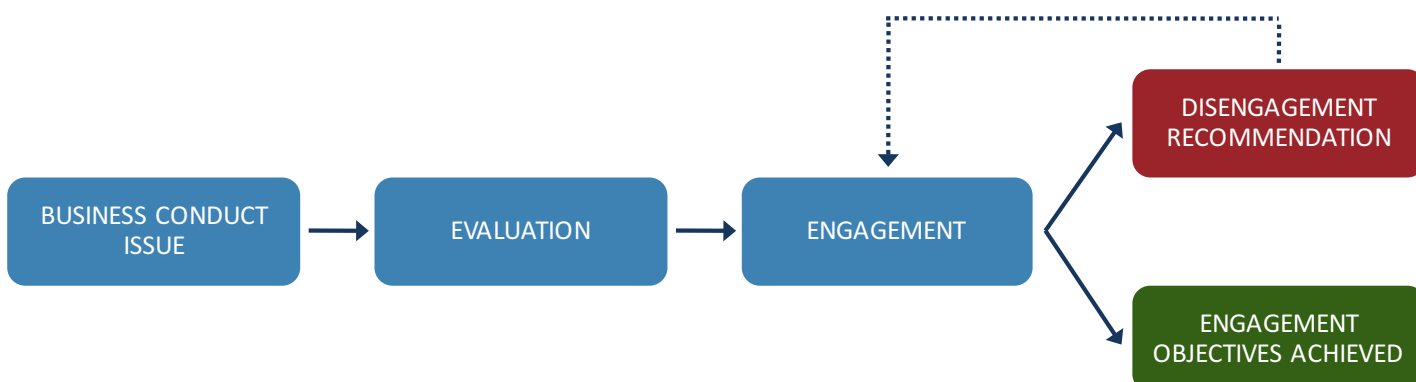
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

RESEARCH AND ENGAGEMENT WORK-FLOW



ABOUT ERSTE ASSET MANAGEMENT

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

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



GES is a leading provider of responsible investment and engagement services to institutional investors. We support asset owners and asset managers in developing and implementing integrated investment strategies with regard for environmental, social and governance (ESG) considerations.

Representing more than EUR 1.8 trillion of investments worldwide, GES acts as an owner-advocate by evaluating material ESG risks in clients' portfolios, engaging with company representatives and providing voting support at general meetings. GES is an independent company founded in 1992 with over 60 employees globally, of which 40 are dedicated to corporate engagement. We have offices in the UK, Sweden, Denmark, Poland and Switzerland with engagement professionals based in a number of other European countries.