

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.

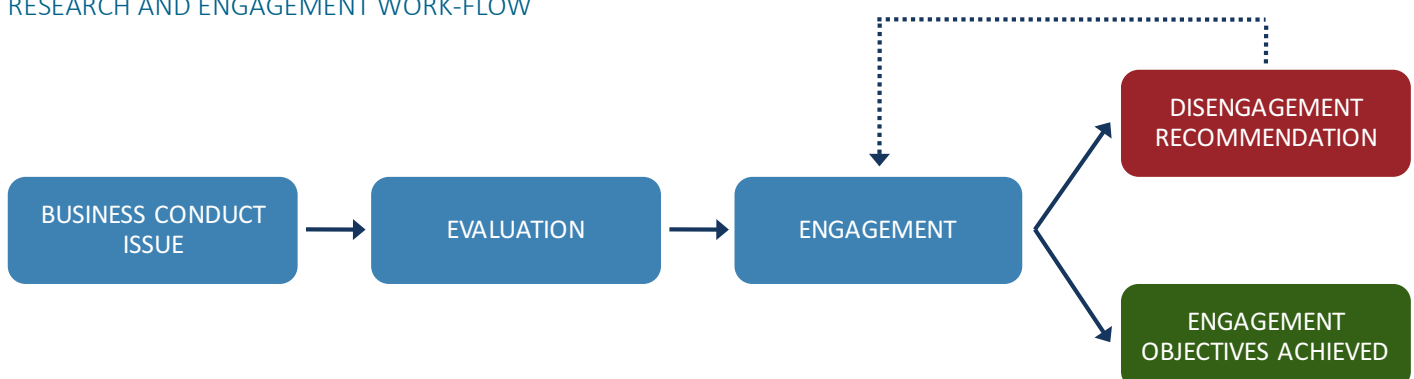
We believe that changes in business conduct drives changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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 unspoiled 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 BIRLESİK METAL-İSCİLERİ SENDİKASI (BMİS) 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 Hägebrink

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.

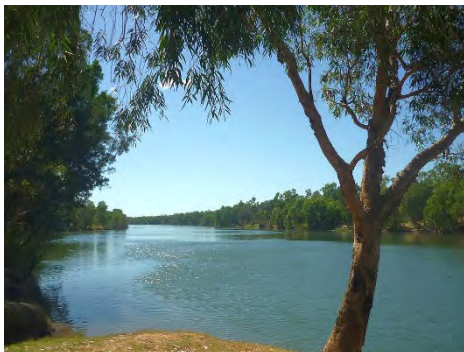
In 2013, at a zinc, lead and silver mine operated by the Glencore-owned McArthur River Mine in the Northern Territories of Australia, a waste rock dump spontaneously combusted, producing clouds of toxic gases including sulphur dioxide, an irritant which can lead to long-term respiratory

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

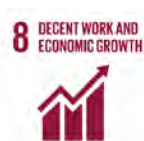


K Bruce Jackson

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

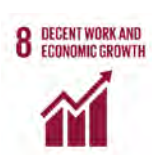


Kate Jalbert

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:



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

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.

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

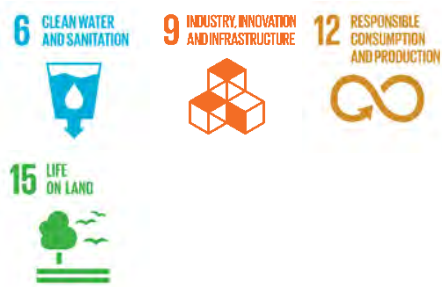
Status: Engage

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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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.

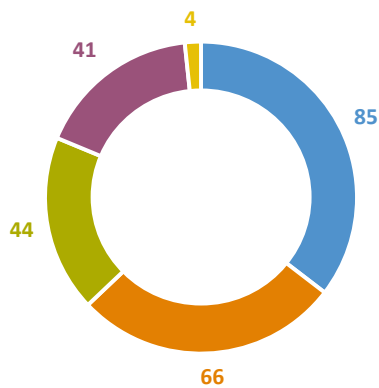
D) Poorly rated companies are not necessarily poor companies. Over the years, the first engagement meeting with GES has often been the first conversation that EM companies have had on ESG. We still meet companies with very limited ESG disclosure and these companies obviously have a very poor ESG rating. 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.

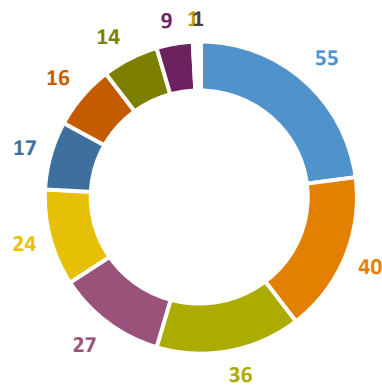
ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



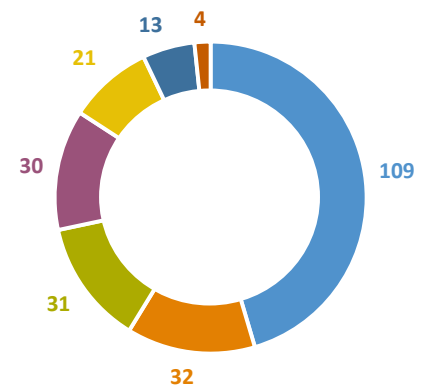
- Labour Rights
- Human Rights
- Environment
- Corruption
- Inhumane Weapons

INDUSTRY SECTOR BREAKDOWN



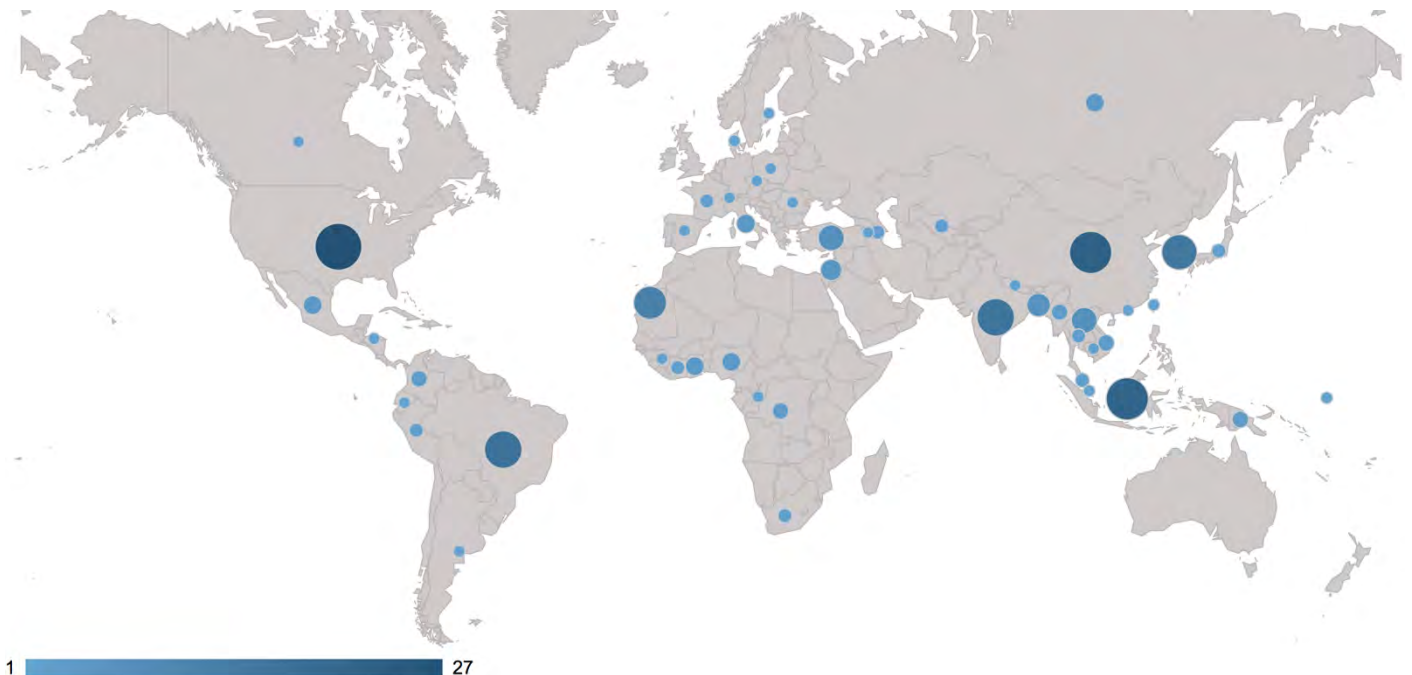
- Materials
- Industrials
- Consumer Staples
- Energy
- Consumer Discretionary
- Financials
- Utilities
- Information Technology
- Health Care
- Telecommunication Services
- Real Estate

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

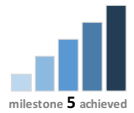
PEGATRON (2015)

Poor working conditions

China

Change objective

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.



ENGAGE LIST

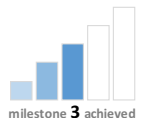
ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (2015)

Environmental and human rights violations in port project

India

Change objective

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 → standard ► same

BANGKOK BANK PUBLIC (2014)

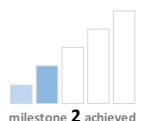
Financing of a dam project with environmental and human rights risks

Laos



● poor ↘ poor ▼ same

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.



BHARAT HEAVY ELECTRICALS LIMITED (2017)

Project with environmental and human rights risks

Bangladesh



● none ↘ poor ▼ same

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.



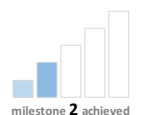
CHINA COMMUNICATIONS CONSTRUCTION CO (2017)

Fatal workplace accident

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



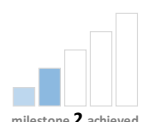
CHINA RAILWAY CONSTRUCTION CORP (2011)

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)

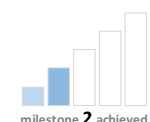
Recurring fatal workplace accidents

China


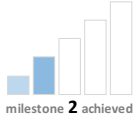


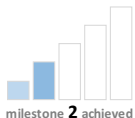

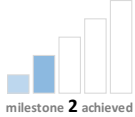
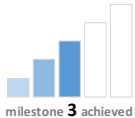
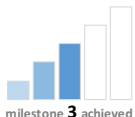
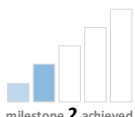
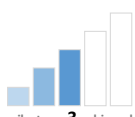
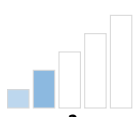


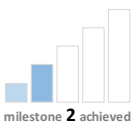
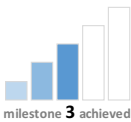
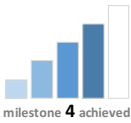
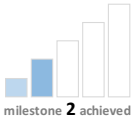
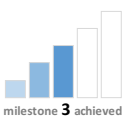
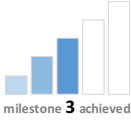


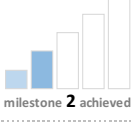
● poor ↘ poor ▼ same

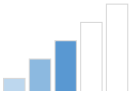
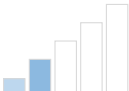
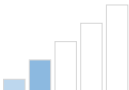
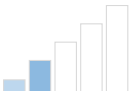

China Railway Group should re-evaluate its existing health and safety policies and practices and prevent future accidents by aligning its management systems with international standards, such as ILO Convention 167 on safety and health in construction, and ILO Convention 174 on prevention of major industrial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



COAL INDIA LIMITED (2017) <i>Human rights violations</i>	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.	<div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div><div>9 months</div><div>low performance</div></div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 1 achieved</div>
● poor → poor ▼ same				
COAL INDIA LIMITED (2016) <i>Recurring fatal accidents</i>	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.		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 1 achieved</div>
● poor → standard ► same				
FAST RETAILING CO (2016) <i>Labour rights violations in supply chain</i>	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.		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 2 achieved</div>
● standard → standard ► same				
FELDA GLOBAL VENTURES (2017) <i>Labour rights abuses</i>	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.		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 4 achieved</div>
● good ↗ good ▲ same				
HON HAI PRECISION INDUSTRY CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i>	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.		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 3 achieved</div>
● standard → standard ► same				
HON HAI PRECISION INDUSTRY CO (2017) <i>Poor working conditions</i>	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.		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 3 achieved</div>
● standard → standard ► same				
HYUNDAI HEAVY INDUSTRIES CO LTD (2016) <i>Recurring workplace accidents</i>	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		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 3 achieved</div>
● good → standard ▲ same				
KASIKORNBANK (2014) <i>Financing of a dam project with environmental and human rights risks</i>	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.		<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 4 achieved</div>
● good → standard ▲ same				
KRUNG THAI BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i>	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.	<div><div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div><div>3 months</div><div>low performance</div></div>	<div><div></div><div></div><div></div><div></div><div></div></div> <div>milestone 2 achieved</div>
● poor ↓ none ▼ same				

NINTENDO CO (2017) <i>Environmental and human rights impacts caused by purchasing tin</i>	Indonesia	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.		
● poor ➔ poor ▼ worse				
NTPC (2017) <i>Project with environmental and human rights risks</i>	Bangladesh	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.	 6 months low performance	
● poor ➔ poor ▼ same				
NTPC (2018) <i>Recurring workplace accidents</i>	India	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.		
● standard ➔ standard ► new				
PETROCHINA (2017) <i>Corrupt practices</i>	China	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.		
● poor ➔ poor ► worse				
POSCO (2012) <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.		
● standard ➔ standard ► same				
POSCO (2010) <i>Environmental and human rights violations in steel project</i>	India	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.		
● standard ➔ poor ► same				
POSCO (2010) <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	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.		
● standard ➔ poor ► same				
POSCO DAEWOO (2010) <i>Child labour and forced labour in cotton supply chain</i>	Uzbekistan	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.		
● standard ➔ standard ► same				
POSCO DAEWOO (2010) <i>Human rights and environmental violations in a pipeline project</i>	Burma/ Myanmar	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.		
● standard ➔ standard ► same				

PTT PCL (2011) <i>Project with environmental and social risks</i>	Laos	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.	
● poor → standard ► same			
SAMSUNG ELECTRONICS (2017) <i>Corrupt practices</i>	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) <i>Poor working conditions in various countries</i>	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 ▲ better			
SIAM COMMERCIAL BANK (2014) <i>Financing of a dam project with environmental and human rights risks</i>	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) <i>Corrupt practices</i>	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) <i>Human rights violations in various countries</i>	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) <i>Labour rights violations</i>	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) <i>Unsafe nuclear power production</i>	Japan	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.	
● standard → standard ► same			
WILMAR INTERNATIONAL LIMITED (2017) <i>Labour rights violations at palm oil plantations</i>	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) <i>Environmental impact caused by online trade of endangered species</i>	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.	 milestone 3 achieved
● standard → standard ► same			
ZIJIN MINING GROUP (2015) <i>Environmental impacts from waste practices</i>	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.	 milestone 2 achieved
● standard → standard ► same			
ZIJIN MINING GROUP (2015) <i>Human rights violations in mining operation</i>	Papua New Guinea	Zijin Mining Corp should demonstrate that it has initiated a process to align its practices to international human rights standards.	 milestone 2 achieved
● standard → standard ► same			
ZTE CORP (2017) <i>Environmental and human rights impacts caused by purchasing tin</i>	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.	 milestone 2 achieved
● poor ↘ poor ▼ same	 12 months low performance		

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

GERDAU PN (2015)
Corrupt practices

Brazil

Change objective

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

BRASKEM SA (2017)
Corrupt practices

Brazil

Change objective

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)
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.

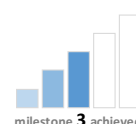


● good ↗ good ▲ same

ELETROBRAS (2016)
Corrupt practices

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.

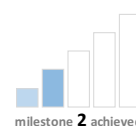


● good ↗ good ▲ better

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.

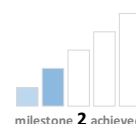


● standard → standard ► same

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.

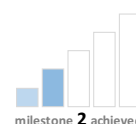


● standard → standard ► same

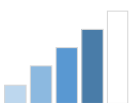
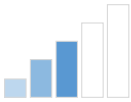
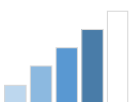
JBS SA (2015)
Repeated labour rights violations

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

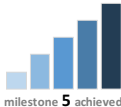
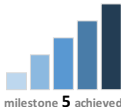
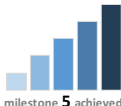
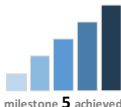
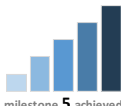
PETROBRAS (2015) <i>Corrupt practices</i>	Brazil	Petrobras should ensure that the bribery scheme has been investigated thoroughly and it should cooperate with the investigating authorities. Its anti-corruption programme should be strengthened in order to reflect its corruption risk exposure. Allocated resources, implementation, corrective actions and external verification in relation to the programme should be communicated.	 milestone 4 achieved
● excellent ↑ excellent ▲ better			
SOUTHERN COPPER CORPORATION (2016) <i>Human rights violations in mining project</i>	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.	 milestone 3 achieved
● standard → standard ► better			
VALE SA (2016) <i>Environmental and human rights violations caused by dam collapse</i>	Brazil	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.	 milestone 4 achieved
● good ↗ good ▲ better			

EVALUATE LIST

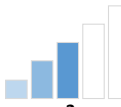

BANCO SANTANDER BRASIL, BRF SA, COMPANHIA SIDERURGICA NACIONAL, ECOPETROL, ELETROBRAS, GERDAU PN, GRUPO MEXICO, JBS SA, MEXICHEM SAB DE CV, PETROBRAS, SUZANO PAPEL E CELULOSE



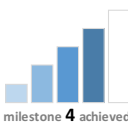
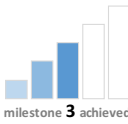


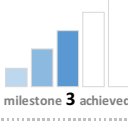


EUROPE

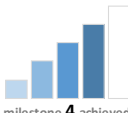
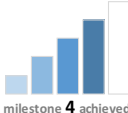
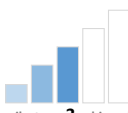
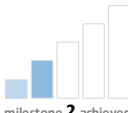
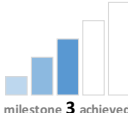
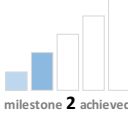
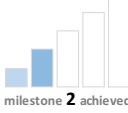
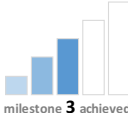
RESOLVED LIST

		<i>Change objective</i>	
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.	 milestone 5 achieved
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.	 milestone 5 achieved
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.	 milestone 5 achieved
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.	 milestone 5 achieved
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	 milestone 5 achieved

ENGAGE LIST

		<i>Change objective</i>	
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.	 milestone 3 achieved
● 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.	 milestone 3 achieved
● standard → standard ► same			

BRITISH AMERICAN TOBACCO (2017) <i>Labour rights violations on tobacco farms</i>	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			milestone 3 achieved
ENI (2015) <i>Corrupt practices</i>	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			milestone 3 achieved
GLAXOSMITHKLINE (2015) <i>Corrupt practices</i>	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 → standard ► same			milestone 4 achieved
GLENCORE PLC (2015) <i>Operations in occupied territory</i>	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.	
● standard → standard ► same			milestone 3 achieved
HEIDELBERGCEMENT (2015) <i>Natural resources extraction on occupied territories</i>	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			milestone 4 achieved
LEONARDO SPA (2013) <i>Corrupt practices</i>	India	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.	
● good ↗ good ▲ same			milestone 3 achieved
LINDT & SPRUENGLI AG (2011) <i>Child labour in cocoa industry</i>	Ghana	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.	
● excellent ↗ good ▲ same			milestone 3 achieved
NESTLÉ SA (2009) <i>Child labour in cocoa industry</i>	Ghana	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.	
● excellent ↗ good ▲ same			milestone 3 achieved
NESTLÉ SA (2017) <i>Labour rights violations</i>	Thailand	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.	
● standard ↗ good ▲ same			milestone 4 achieved

NORDEA BANK (2015) <i>Money laundering</i>	Sweden	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.	● standard → standard ► same	 milestone 4 achieved
NORILSK NICKEL (2010) <i>Environmental and health impacts from metal extraction operations</i>	Russian Federation	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.	● good ↗ good ▲ same	 milestone 4 achieved
NOVARTIS AG (2017) <i>Corrupt practices</i>	Turkey	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.	● good → standard ▲ same	 milestone 3 achieved
ROYAL DUTCH SHELL (2015) <i>Corrupt practices</i>	Nigeria	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.	● standard → standard ► same	 milestone 2 achieved
ROYAL DUTCH SHELL (2009) <i>Human rights violations resulting from pollution and environmental damage</i>	Nigeria	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.	● good → standard ▲ same	 milestone 3 achieved
SIEMENS (2017) <i>Operations in occupied territory</i>	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	 milestone 2 achieved
VOLKSWAGEN (2016) <i>Environmental impact caused by emissions defeat device</i>	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	 milestone 2 achieved
VTB BANK (2011) <i>Financing of project with environmental risks</i>	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.	● standard → standard ► same	 milestone 3 achieved

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 <i>Nuclear weapons programmes</i>	France
BAE SYSTEMS <i>Nuclear weapons programmes</i>	United Kingdom
LEONARDO SPA <i>Nuclear weapons programmes</i>	France
SAFRAN GROUP <i>Nuclear weapons programmes</i>	France

MIDDLE EAST

ENGAGE LIST

AKBANK (2010) Turkey
Financing of controversial hydropower project

Change objective

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.

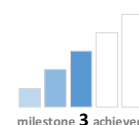
● standard ↘ poor ► same



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

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.

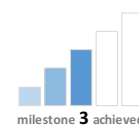
● good ↓ none ► same



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

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.

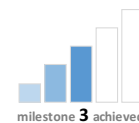
● good ↓ none ► same



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

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.

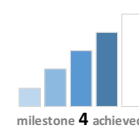
● good ↓ none ► same



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

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 Palestine
Security systems for illegal separation barrier in occupied territories

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

NORTH AMERICA

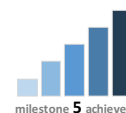
RESOLVED LIST

Change objective

BARRICK GOLD CORP (2017)
Recurring pollution incidents

Argentina

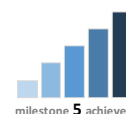
Barrick had already remedied the immediate concerns regarding the release of contaminated water at Pascua Lama and has remedial action plans in place agreed with the authorities at both Pueblo Viejo and Veladero. The company has used the same model for community consultation and investment from its Pueblo 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

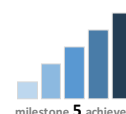
Crown Holdings shows that its global workforce has the right to free association and the right to collective bargaining as stipulated in the ILO conventions through its sustainability reports, which show 74 per cent unionisations across its global operations.



FREEPORT MCMORAN (2009)
Environmental impacts from waste practices

Indonesia

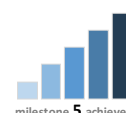
Freeport McMoRan has undertaken noticeable improvements in health and safety awareness and training both at Grasberg and globally. The number of fatalities has decreased significantly since the case was opened, and the nature of the accidents in 2015, were not due to the systems in place.



T-MOBILE US (2016)
Anti-union practices

United States

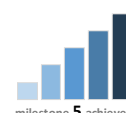
T-Mobile US (TMUS) ended the alleged practices of hindering freedom of association and engaged in a dialogue with employees supporting unionisation. The company adhered to the US National Labor Relations Board's decisions. TMUS' management of labour rights is aligned with the US National Labor Relations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



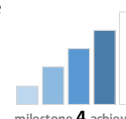
ENGAGE LIST

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.



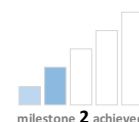
● standard ↗ good ▲ better

BRISTOL-MYERS SQUIBB CO (2017)*Corrupt practices*

China

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.

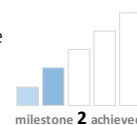
● poor → standard ► same

**BUNGE LIMITED (2017)***Deforestation*

Brazil

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.

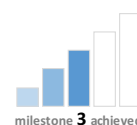
● standard → standard ► same

**ENBRIDGE (2016)***Violations of indigenous peoples' rights*

United States

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.

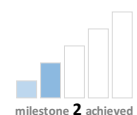
● good ↗ good ▲ better

**EQUIFAX (2018)***Major data breach*

United States

Equifax should ensure that it puts in place adequate internal controls and risk management procedures to manage cybersecurity risks.

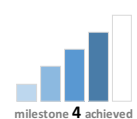
● good → standard ▲ new

**FREEPORT MCMORAN (2009)***Human rights violations by security forces*

Indonesia

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.

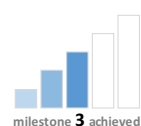
● standard → standard ► same

**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.

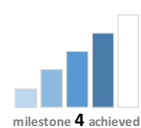
● standard → standard ► same

**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.

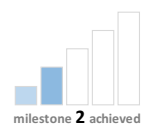
● good → standard ▲ same

**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.

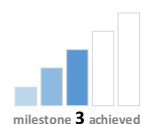
● standard ↘ poor ► same


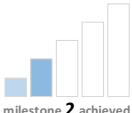
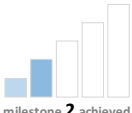
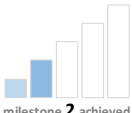
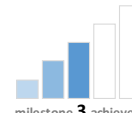
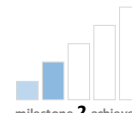
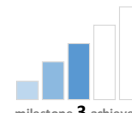
**MONDELEZ INTERNATIONAL (2009)***Child labour in the cocoa industry*

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



MONSANTO CO (2017) <i>Concealing data on product-related toxicity</i>	United States	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>● poor ↓ none ▼ same</p>			low performance	milestone 2 achieved
NUTRIEN (2018) <i>Operations in occupied territory</i>	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.		
<p>● standard → standard ► new</p>				milestone 2 achieved
PHILLIPS 66 (2016) <i>Violations of indigenous peoples' rights</i>	United States	Philips 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>● standard → standard ► same</p>				milestone 2 achieved
TRANSCANADA CORP (2018) <i>Environmental and human rights violations</i>	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.		
<p>● standard → standard ► new</p>				milestone 3 achieved
TWENTY-FIRST CENTURY FOX (2017) <i>Sexual harassment and discrimination</i>	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.		
<p>● standard → standard ► same</p>				milestone 2 achieved
WAL-MART STORES (2017) <i>Labour rights violations in various countries</i>	United States	Walmart should cease and mitigate non-compliance in areas related to labour rights and strengthen its policies and guidelines on these issues.		
<p>● standard → standard ► same</p>				milestone 3 achieved

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 United States
Nuclear weapons programmes

CHEVRON CORP Ecuador
Environmental damage in Amazon jungle

FLUOR CORP United States
Nuclear weapons development

GENERAL DYNAMICS United States
Nuclear weapons programmes

HONEYWELL INTERNATIONAL United States
Nuclear weapons programmes

HUNTINGTON INGALLS INDUSTRIES United States
Nuclear weapons development

INNOPHOS HOLDINGS Western Sahara
Operations in occupied territory

JACOBS ENGINEERING GROUP United Kingdom
Nuclear weapons programmes

LOCKHEED MARTIN United Kingdom
Nuclear weapons programmes

MOTOROLA SOLUTIONS Palestine
Human rights violations in occupied territories

NORTHROP GRUMMAN CORP United States
Nuclear weapons programmes

RAYTHEON COMPANY United States
Nuclear weapons programmes

TEXTRON United States
Involvement in cluster munitions

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

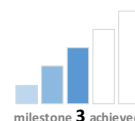
INCITEC PIVOT LTD (2009)

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

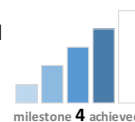
▼ same

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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