



Annual Engagement Report

2022

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This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Union Bancaire Privée, UBP SA in 2022. Use of and access to this information is limited to clients of Sustainalytics and is subject to Sustainalytics' legal terms and conditions.

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Executive Summary



Paulina Segreto

Paulina Segreto

Director
ESG Products

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

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

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

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

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

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

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

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

Corporate Culture Roundtable with Banks



Angela Flaermich

Associate Director
Stewardship Services

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

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

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

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

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

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



Nigel Rossouw

Associate Director
Stewardship Services

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

Interesting soundbites from the Roundtable discussions include:

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

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

Annual Statistics January – December 2022

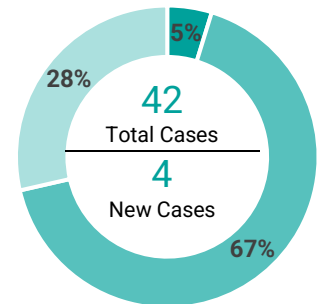
In 2022, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **42** Engage and Resolved cases.

As of 31 December 2022, we have **36** ongoing Engage cases and **6** Resolved cases throughout 2022.

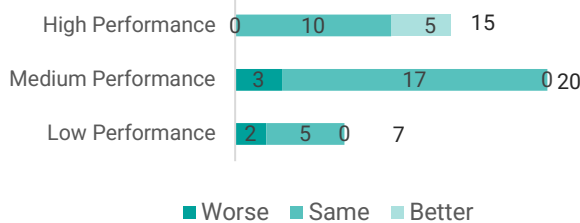


Cases by Theme

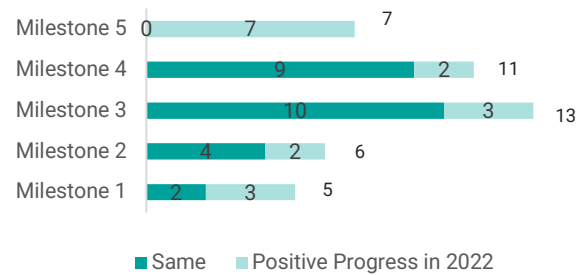
Environmental	2
Social	28
Governance	12



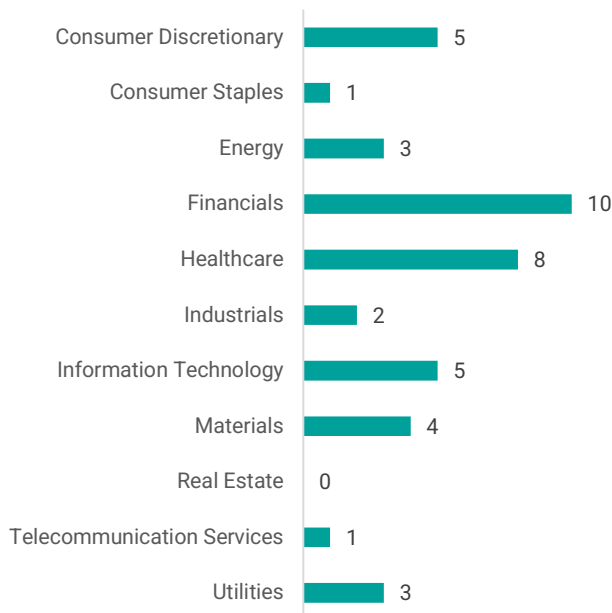
Engagement Performance Overview¹



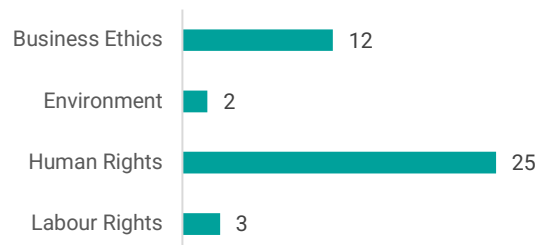
Milestone Overview²



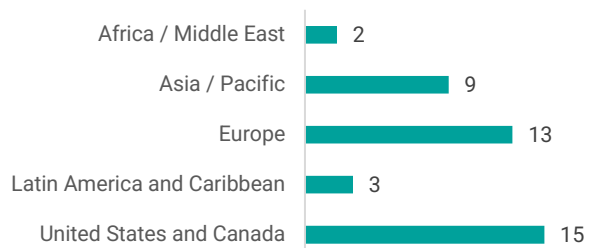
Cases by Sector



Cases by Norm



Cases by Headquarters

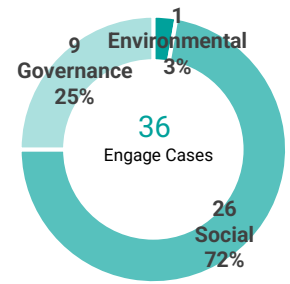


¹ In November 2022, we adjusted our calculation of Performance, the combination of Progress and Response to better reflect that Standard Progress or Response implies Medium Performance.

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

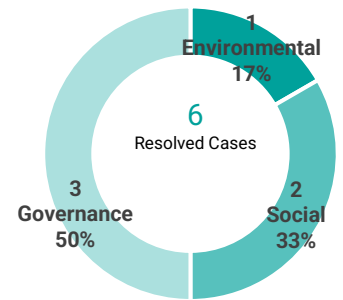
Engage Cases

Engage cases as of 31 December 2021 **36 cases / 33 companies**
 Engage cases worked on during the year **43 cases / 40 companies**
 New Engage cases during the year **4 cases / 4 companies**
 Number of Engage cases with Medium and High development **29 cases / 80.6 % of all Engage cases**



Resolved Cases

Resolved cases as of 31 December 2021 **6 cases / 6 companies**
 Dialogue statistics on the Resolved cases
 • Meeting **3 meetings / 0.75 meetings per case**
 • Email/Telephone/Postal Mail/Fax **33 contacts / 8.25 contacts per case**



Disengage Cases

Disengage cases as of 31 December 2020 **4 cases / 3 companies**
 New Disengage cases during the year **3 cases / 0 cases due to Low Performance**

Archived Cases

Total number of Archived cases during the year **2 cases / 2 companies**

Associated Cases

Total number of Associated cases during the year **7 cases / 7 companies**

Activities

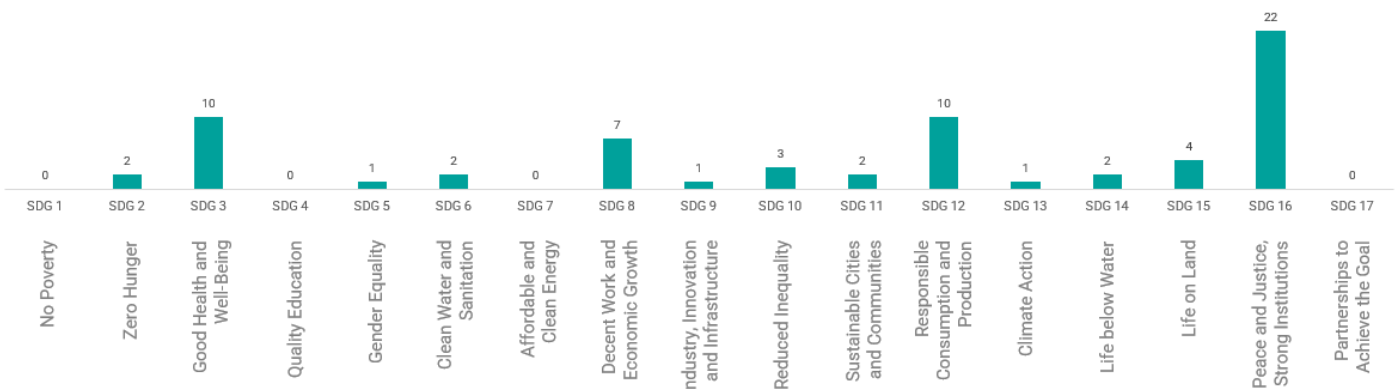
Number of contacts with companies on ESG issues **904 contacts / including 494 outgoing contacts and 339 incoming contacts**
 Number of content-related communications **280 contacts / including 129 outgoing contacts and 85 incoming contacts**
 Number of meetings held with companies on ESG issues **3 Meetings In-Person / 63 Conference Calls**

Number of meetings quarterly breakdown

Quarter	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec
Meetings	13	17	14	22

Total impact related milestones achieved (milestones 3-5)³ **31 milestones / 31 companies**

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



³ Based on the old framework.

Company Dialogue & Progress Summary

Legend

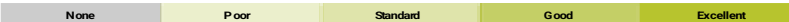
Country The country in the list indicates where the business conduct issue occurred. The breakdown into the regions: Africa/ Middle East, Asia/ Pacific, Europe, Latin America and Caribbean and United States and Canada is based on where the company headquarter is.

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

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



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




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

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


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

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



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

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



Engage

AFRICA / MIDDLE EAST

MTN Group Ltd. (South Africa, 2019)

► Involvement With Entities Violating Human Rights

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			





Teva Pharmaceutical Industries Ltd. (United States, 2019)

► Price-Fixing Violations

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			

ASIA / PACIFIC





Ntpc Ltd. (Bangladesh, 2017)

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

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			

Ntpc Ltd. (India, 2018)

► Occupational Health and Safety

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			





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

► Involvement With Entities Violating Human Rights

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

Milestones 

Performance

FEB	MAY	AUG	NOV
			

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

PTT Exploration & Production Plc (Myanmar, 2022)

► Involvement With Entities Violating Human Rights

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

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

Milestones

Performance

FEB	MAY	AUG	NOV
			New

Rio Tinto Ltd. (Australia, 2020)

► Community Relations - Indigenous Peoples

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

Milestones

Performance

FEB	MAY	AUG	NOV

Tencent Holdings Ltd. (China, 2021)

► Involvement With Entities Violating Human Rights

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

Milestones

Performance

FEB	MAY	AUG	NOV

Weibo Corp. (China, 2021)

► Involvement With Entities Violating Human Rights

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

Milestones

Performance

FEB	MAY	AUG	NOV

Tracker

Westpac Banking Corp. (Australia, 2020)

► Money Laundering

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

Milestones

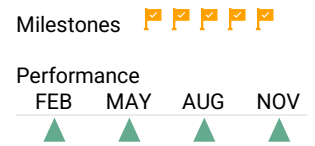
Performance

FEB	MAY	AUG	NOV

EUROPE

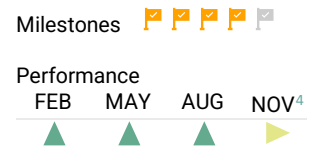
Barclays Plc (United Kingdom, 2019)
 ▶ Business Ethics

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



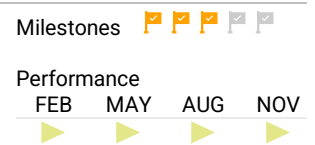
Bayer AG (United States, 2018)
 ▶ Quality and Safety - Human Rights

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



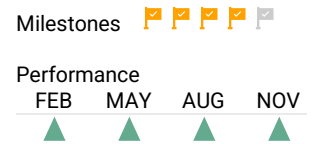
Credit Suisse Group AG (Switzerland, 2019)
 ▶ Business Ethics

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



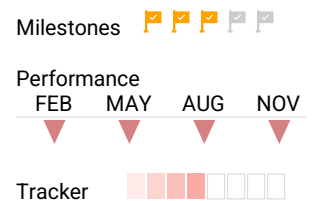
Danske Bank A/S (Estonia, 2018)
 ▶ Money Laundering

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



Deutsche Bank AG (Russia, 2019)
 ▶ Money Laundering

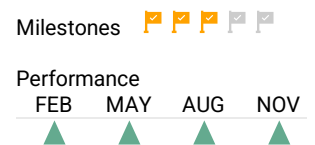
Engagement Commentary: Deutsche Bank has been a challenging engagement. For three years, the company was unwilling to discuss topics related to anti-money-laundering efforts. We eventually made progress with a conference call in May 2022, and Deutsche Bank joined our corporate culture roundtable with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



*Associated Company: **DWS Group GmbH & Co. KGaA** (New)

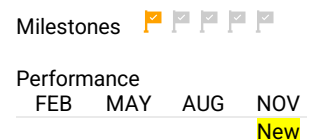
EDP-Energias de Portugal SA (Portugal, 2020)
 ▶ Bribery and Corruption

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



Koninklijke Philips NV (United States, 2022)
 ▶ Quality and Safety

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



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

Medtronic Plc (United States, 2022)

► Quality and Safety - Human Rights

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

Milestones

Performance

FEB	MAY	AUG	NOV
	New		

Sanofi (Philippines, 2020)

► Quality and Safety - Human Rights

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

Milestones

Performance

FEB	MAY	AUG	NOV

Siemens Gamesa Renewable Energy SA (Western Sahara, 2018)

► Involvement With Entities Violating Human Rights

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

Milestones

Performance

FEB	MAY	AUG	NOV

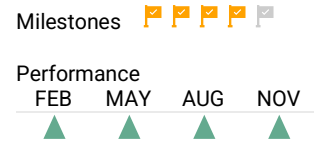
*Associated company: **Siemens Energy AG**

LATIN AMERICA AND CARRIBEAN

BRF SA (Brazil, 2019)

► Consumer Interests - Human Rights

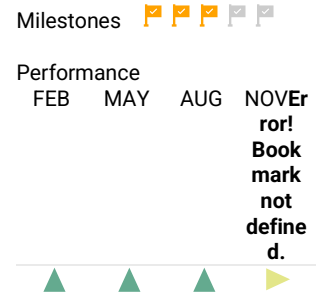
Engagement Commentary: Sustainalytics held one conference call with BRF in 2022. The company has been responsive and open in dialogue, though personnel changes in 2022 precluded a second meeting. It has provided updates on its efforts to ensure a food safety culture. The focus in 2023 will be on encouraging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



Petróleos Mexicanos EPE (Mexico, 2015)

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

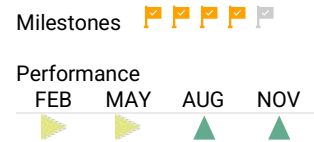
Engagement Commentary: Sustainalytics held four conference calls with Petróleos Mexicanos (PEMEX) in 2022. The company has maintained the level of pipeline fuel theft at approximately the same levels since 2019. In 2023, Sustainalytics will focus the engagement on critical control management and safety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



Vale SA (Brazil, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

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

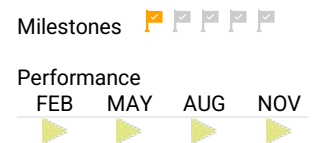


UNITED STATES AND CANADA

Activision Blizzard, Inc. (United States, 2021)

► Discrimination and Harassment

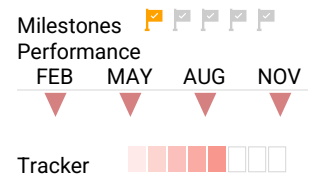
Engagement Commentary: In 2022, Activision was willing to communicate in a limited capacity and the tone was friendly and encouraging. However, the company did not disclose anything beyond what was in the public domain. Microsoft is set to acquire the company, and Activision stated that it is unable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



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

► Freedom of Association

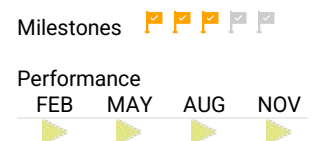
Engagement Commentary: Sustainalytics' engagement with Amazon.com produced limited results in 2022, though contact with the company was maintained. We raised more detailed points for the engagement discussion with the company and will pursue a conference call in 2023 to discuss those.



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

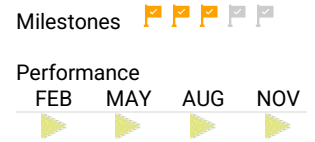
► Occupational Health and Safety

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



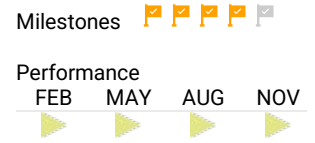
Citigroup, Inc. (United States, 2019)
 ▶ Business Ethics

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



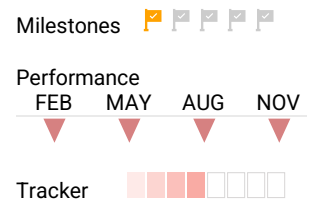
Johnson & Johnson (United States, 2018)
 ▶ Quality and Safety - Human Rights

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



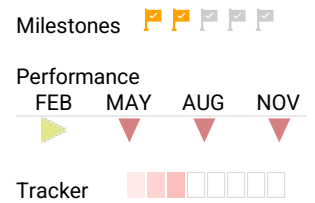
Mattel, Inc. (United States, 2021)
 ▶ Quality and Safety - Human Rights

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



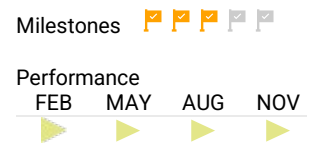
McDonald's Corp. (United States, 2015)
 ▶ Labour Rights

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



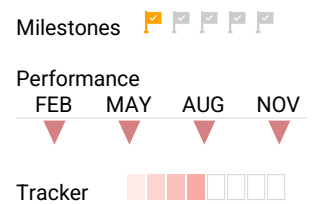
Meta Platforms, Inc. (United States, 2018)
 ▶ Data Privacy and Security

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



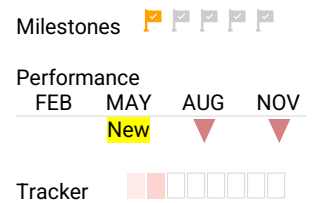
Meta Platforms, Inc. (United States, 2018)
 ▶ Social Impact - Products

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



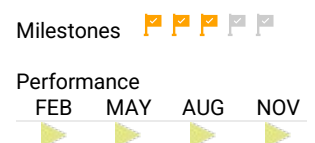
Starbucks Corp. (United States, 2022)
 ▶ Freedom of Association

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



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

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



Thermo Fisher Scientific, Inc. (China, 2021)

► Involvement With Entities Violating Human Rights

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

Milestones

Performance

FEB	MAY	AUG	NOV

Wells Fargo & Co. (United States, 2019)

► Business Ethics

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

Milestones

Performance

FEB	MAY	AUG	NOV

Disengage

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

AFRICA / MIDDLE EAST	Saudi Arabian Oil Co. ▶ Involvement With Entities Violating Human Rights *Associated company: Saudi Basic Industries Corp	Saudi Arabia
EUROPE	Sberbank Russia PJSC ▶ Involvement with Entities Violating Human Rights (New)	Russia
	Gazprom PJSC ▶ Consumer Interests - Business Ethics (New) ▶ Involvement with Entities Violating Human Rights (New)	Russia

Resolved

ASIA / PACIFIC

Commonwealth Bank of Australia (Australia, 2019)

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

ISSUE

► Money Laundering

MILESTONES

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EUROPE

ING Groep N.V. (Russia, 2019)

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

ISSUE

► Money Laundering

MILESTONES

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Swedbank AB (Sweden, 2019)

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

ISSUE

► Money Laundering

MILESTONES

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Volvo AB (Israel, 2019)

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

ISSUE

► Involvement with Entities Violating Human Rights

MILESTONES

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UNITED STATES AND CANADA

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

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

ISSUE

► Activities Resulting in Adverse Environmental and Human Rights Impacts

MILESTONES

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

UBP in Brief

Union Bancaire Privée (UBP) was founded in 1969 by Edgar de Picciotto, whose vision from the outset was to offer investors an astute and innovative wealth management service. Today, we continue to apply our forward-looking vision, our entrepreneurial spirit and our leading investment expertise to offer our clients significant added value and performance over the long term.

We focus on the one activity we excel at – wealth management for private and institutional clients. Our energy and resources are dedicated to constantly expanding our expertise in this field. We are proud to attract and foster outstanding talent among our teams, in order to offer a service of the highest calibre.

All the divisions of our Bank serve each other. Our integrated business model ensures an exceptionally efficient and agile spread of skills and knowledge. Our business is built on a strong commitment to sharing our know-how and exchanging ideas with our clients.

We build solutions around your views and your needs. Our aim is to provide constant, in-depth guidance, and to empower you to directly influence your wealth management strategies. This approach enables us to deliver the bespoke investment solutions upon which our success is founded.

Fast-moving and visionary

UBP has grown, in just a few decades, to be recognised among our peers as a stable, reliable and successful private bank with an unmatched talent for entrepreneurship and vision.

Today, UBP stands among the leaders in the field of wealth management in Switzerland. It continues to expand both in its home market and abroad, consistently stepping up its private banking activities and reinforcing its asset management capabilities. In the last six years, the Bank has acquired the international private banking divisions of Royal Bank of Scotland (Couetts) and Lloyds, as well as the Swiss subsidiary of the ABN AMRO group.

With the acquisition of Couetts, UBP has made its mark in Asia. We have also set up a leading asset management team in China, UBP Investment Management (Shanghai) Ltd.

In addition, the Bank has joined forces with several leading companies around the globe – such as Partners Group, SEB, AJO, Adams, Portland Hill Capital and Noah – to be able to offer specific expertise to our clients.

Solid and well-established

With assets under management of CHF 126.8 billion as at the end of December 2018 and a professional, global workforce of around 1,781 people, Union Bancaire Privée is a major player in Switzerland's wealth-management industry.

Headquartered in Geneva, the Bank has over twenty locations in key economic and financial hubs worldwide, enabling it to combine global expertise with local know-how.

The Bank sets itself apart with its financial robustness, which is thanks to careful risk management and conservative balance sheet oversight. With a Tier 1 ratio of 26.6% – well above the regulatory requirements –, UBP ranks among the most strongly capitalised Swiss banks.

In January 2019 the rating agency Moody's assigned UBP a long-term deposit rating of Aa2 with stable outlook. This high-grade rating is an endorsement of UBP's ongoing solidity.

Agile and robust

The size and the structure of our organisation enable prompt and fully informed decision-making. We continuously demonstrate our ability to act quickly and seize opportunities, and this agility benefits not only our clients, but also serves our own vision for growth.

We manage our business carefully, keeping the Bank financially sound. The strategic and far-sighted choices we make allow us to keep growing, as we firmly believe in the future of our wealth management business, regardless of any dramatic shifts in the financial industry.

Global Standards Engagement Overview

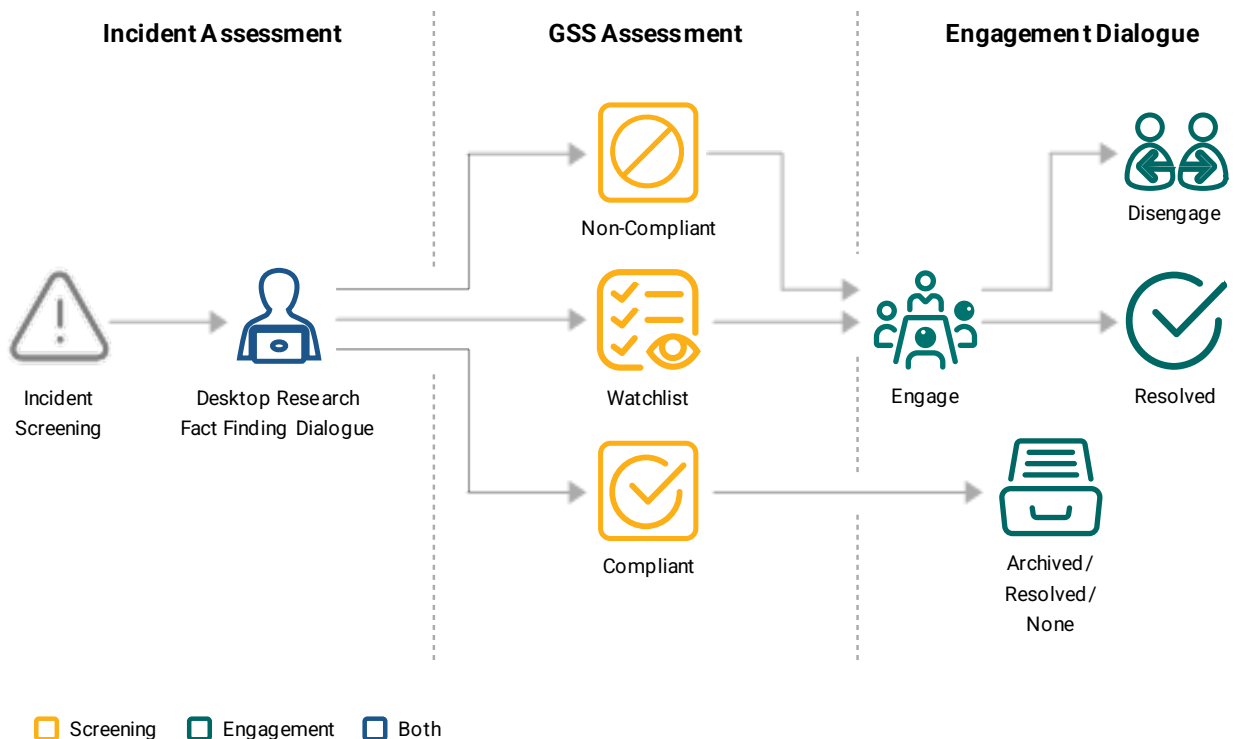
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment of the incident as well as the company's role in mitigating the related repercussions and recurrence. The aim of Global Standards Engagement is not only to verify how a company addresses the incident, but also to effectuate change in the company's policies and/or processes, in order to ensure that it has proper policies and programmes in place to avoid future reoccurrences as well as improve its ESG disclosure.

The Global Standards Engagement is based on our Global Standards Screening (GSS) analysis of more than 20,000 companies. The engagement scope is global and spread across all sectors. Company size ranges from small to large cap.

GSS provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes to or is linked to violations of international norms and standards. The basis of the GSS' assessments is the United Nations (UN) Global Compact Principles. GSS company assessments reflect several dimensions, including:

- Severity of Impacts on Stakeholders and/or Environment – scale, scope and irremediability.
- Company Responsibility – accountability, exceptionality and systematic nature.
- Company Management – response, management systems and implementation.

We start engaging with the companies that are assessed as **Watchlist** or **Non-Compliant** in the Global Standards Screening.



Global Standards Engagement Status

Evaluate

- Cases with potential systematic incidents or an isolated incident that has severe consequences in relation to the environment or humans.
- Verification of the severity and company's responsibility takes between three-six months.
- The fact-finding dialogue and desktop research aims to assess companies' responses to the incident and preparedness to address the problem.

Engage

- Issue identified by Global Standards Screening (assessed as Watchlist or Non-Compliant) such as cases with systematic incidents or an isolated incident that has severe consequences in relation to the environment or society.
- Companies with clear gaps in their policies and management systems.
- Using a variety of engagement activities, the dialogue aims to effect change at the company, to be evidenced by it making a commitment and developing a strategy to address the identified shortcomings.

Associated

- This status flags to clients when the company or case is related to another company or case (for instance a non-autonomous subsidiary), where engagement will take place at the parent company and/or the company involved in the issue. We might engage with other companies in the corporate group if the engagement dialogue with the company closest to the incident is not willing to engage. This also means that some of the companies that are Watchlist/Non-Compliant will receive the engagement status 'Associated'.

Disengage

- Poor or no progress and/or poor or no response from the company within a period of two years after the start of engagement.
- Companies classified as non-engageable due to no or limited publicly traded securities or under significant distress.
- Companies whose business models rely on activities where engagement would likely be not fruitful (such as involvement in controversial weapons or State-Owned Enterprises complicit in human rights abuses).
- Regular engagement case on Russian or Belarusian company, where we pause our engagement due to the situation in Ukraine.

Resolved

- The change objective has successfully been met, and the engagement has been concluded.

Archived

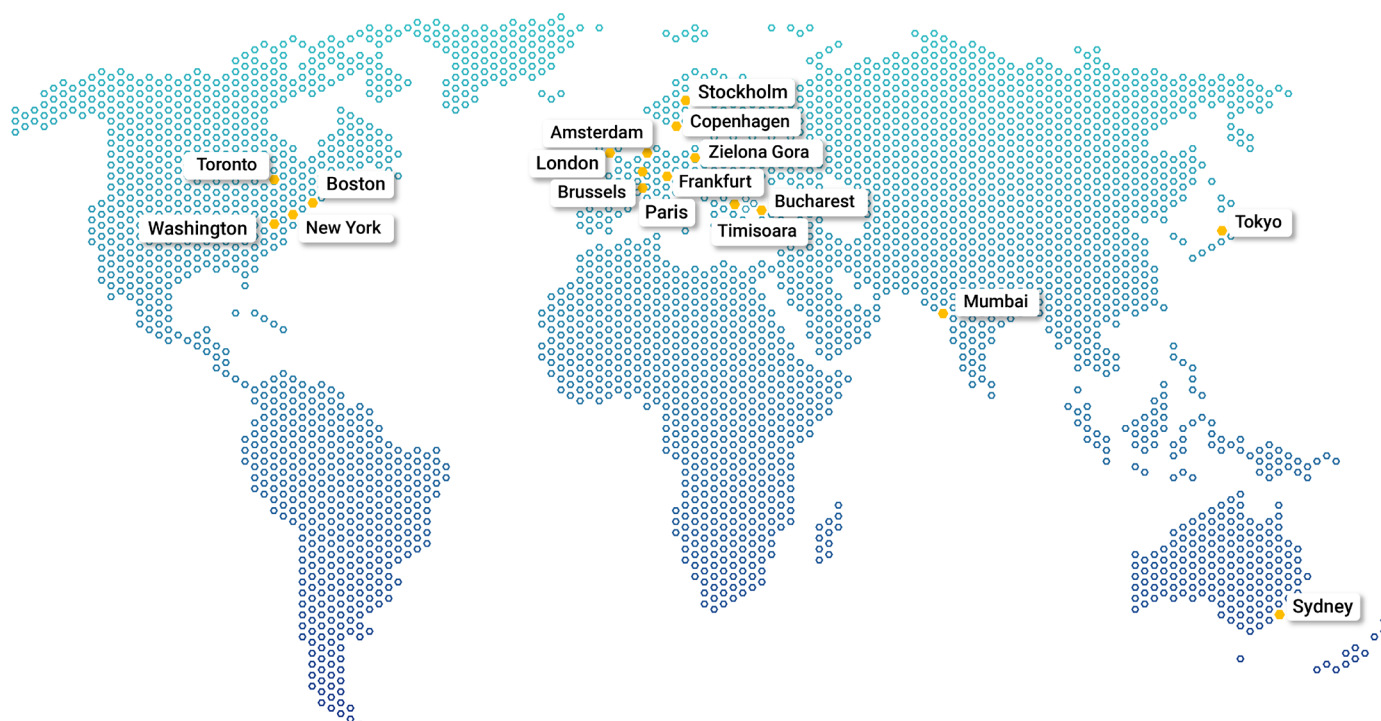
- Engagement is currently not warranted, and the case will be continuously assessed for any future changes.

About Sustainalytics

About Morningstar Sustainalytics

Morningstar Sustainalytics is a leading ESG research, ratings and stewardship firm that supports investors around the world with the development and implementation of responsible investment strategies. For 30 years, the firm has been at the forefront of developing high-quality innovative solutions to meet the evolving needs of global investors. Today, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds which incorporate ESG and corporate governance information and assessments into their investment processes. Morningstar Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Morningstar Sustainalytics has more than 1,800 staff members, including more than 800 analysts and over 40 Engagement Managers with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com.



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