



ANNUAL ENGAGEMENT REPORT

2019

This report summarizes the shareholder engagement activities that Sustainalytics performed on behalf of Union Bancaire Privée, UBP SA in 2019. 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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ENGAGEMENT HIGHLIGHTS IN 2019

2019 was a significant watershed year for our Engagement programme as GES International was brought into the Sustainalytics family. We re-developed our existing engagement products and launched a fully enhanced, extended engagement offering. Our team was dedicated to harmonizing our research and engagement products and we were delighted to introduce Global Standards Engagement to clients and the wider market on May 31, 2019.

With the transition from GES' Business Conduct Engagement to Sustainalytics' Global Standards Engagement in May 2019, we extended our engagement scope and introduced 140 new Engage cases. The scope extension included Business Ethics norms, which now covers competition (illegal abuse of dominance), accounting fraud, illegal tax evasion (including transfer mispricing), money-laundering, as well as bribery and corruption for private gain but impacting society at large.

During 2019, our team engaged with 171 companies within our Global Standards Engagement service and we reached 194 milestones; resolved 28 cases; and 190 cases were archived. Our engagement universe expanded globally and so did the team as we established our first North American engagement team based in Toronto. Overall, the Sustainalytics Engagement team grew to more than 25 persons located in London, Stockholm, Amsterdam, Toronto and Copenhagen.

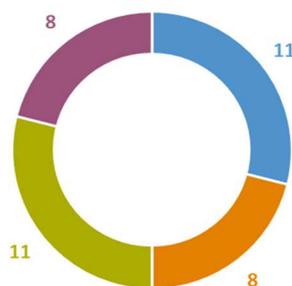
2019 saw many developments within the responsible investment sphere, including increased legislation and policy making which further highlights that the incorporation of ESG and active ownership are a part of investors' fiduciary duties to their clients and beneficiaries. The Modern Slavery Act was introduced in Australia and the EU established the EU Taxonomy, its classification system for sustainable activities. It was also the year when many US institutional investors became more vocal about shareholder engagement and the broader sustainability agenda.

An increased focus on and scrutiny of health and safety in complex and global supply chains made its way to the forefront, especially in the light of the Vale dam collapse in Minas Gerais, Brazil, and with the voluntary Chapter 11 bankruptcy of PG&E earlier in the year following wildfires in California ignited by its electrical transmission lines. We have also seen many cases of gross negligence from companies when it comes to impacts on stakeholders and the environment. Whether it regards workplace accidents, pollution, or quality and safety violations of products and services, it is furthering the need and drive for a reassessment of companies' license to operate and understanding of purpose and role in society, in order to enable better corporate stewardship. Further results of some of these developments, is the increasing pressure on company boards to embrace the sustainability agenda, especially in alignment with the Sustainable Development Goals.

This Annual Engagement Report summarises Global Standards Engagement activities for 2019 and provides a number of statistics, including data for the PRI's reporting framework. We trust you will find the insights and summaries shared interesting and look forward to continuing our work together in 2020.

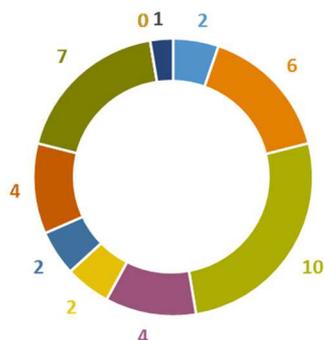
ENGAGEMENT SUMMARY REPORT

NORM AREA BREAKDOWN



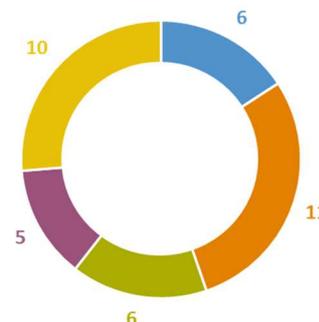
- Business Ethics
- Environment
- Human Rights
- Labour Rights

INDUSTRY SECTOR BREAKDOWN



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

GEOGRAPHIC BREAKDOWN



- Africa / Middle East
- Asia / Pacific
- Europe
- Latin America and Caribbean
- United States and Canada

ENGAGEMENT MAP



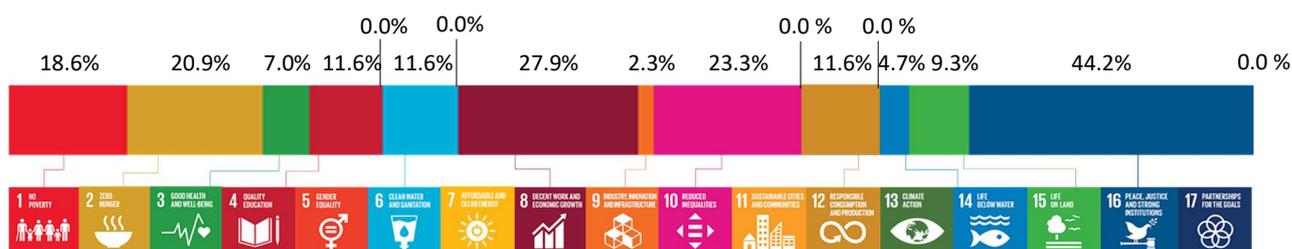
Per 31 December 2019, Sustainalytics worked on **38** issues related to Global Standards Engagement.

Of **21** *Engage* cases, we have continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **18** cases. The remaining **3** cases were added when Global Standards Engagement was introduced in May 2019 and engagement may commence in Q1, 2020.

In **17** *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.

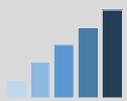
ENGAGE CASES		PRI INDICATOR
Engagement cases as of 31 December 2019	21 cases / 20 companies	
Environmental issues	1 cases / 4.8 %	
Social issues	14 cases / 66.7 %	
Governance issues	6 cases / 28.6 %	
Engagement cases worked on during the year	36 cases / 32 companies	LEA 9.1
New engagement cases during the year	6 cases	
Number of engage cases with medium and high development	17 (81.0%)	
EVALUATE CASES		
Evaluate cases as of 31 December 2019	17 cases / 12 companies	
Environmental issues	7 cases / 41.2 %	
Social issues	5 cases / 29.4 %	
Governance issues	5 cases / 29.4 %	
Evaluate cases worked on during the year	39 cases / 30 companies	
New evaluate cases during the year	19 cases	
DISENGAGE CASES		
Disengage cases as of 31 December 2019	0 cases / 0 companies	LEA 5.2
New disengage cases during the year	0 cases / 0 cases due to low performance	LEA 5.2
CLOSED CASES		
Archived cases during the year	31 cases / 27 companies	
Resolved cases during the year	9 cases / 7 companies	
Total number of closed cases during the year	40 cases	
ACTIVITY		
Number of contacts with companies on ESG issues	403 e-mails / outgoing letters	
Number of meetings held with companies on ESG issues	20 meetings	LEA 10.1
Face to face	9	LEA 10.1
Conference calls	11	LEA 10.1
Total impact related milestones achieved (milestones 3-5)	29 milestones / 23 companies	LEA 5.1, 5.2

UN SUSTAINABLE DEVELOPMENT GOALS (SDGs) DISTRIBUTION AMONG ALL ENGAGE CASES IN 2019



COMPANY DIALOGUE & PROGRESS SUMMARY

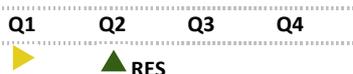
HOW TO READ THIS REPORT

Country	<p>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.</p>
Year	<p>The year shows when the case was upgraded to Engage status.</p>
Response	<p>The indicator describes how the company responds to Sustainalytics' inquiries.</p> <ul style="list-style-type: none"> ● excellent ● good ● standard ● poor ● none
Progress	<p>The indicator describes whether or not the violation continues, or how the company's work to prevent future violations is developing.</p> <ul style="list-style-type: none"> ↑ excellent ↗ good → standard ↘ poor ↓ none
Performance	<p>The indicator describes the combined company progress and response performance.</p> <ul style="list-style-type: none"> ▲ 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 <p>new, same, better or worse – indicates the change in either Response or Progress since the last quarterly report.</p>
Time	<p>The indicator describes the time elapsed with low performance. One piece equals three months.</p> <div style="display: flex; align-items: center; margin-top: 10px;">  <p>After two years, the case will be reviewed by Sustainalytics and a disengage recommendation can be issued if all other engagement options are ineffective.</p> </div>
Milestone	<p>The indicator describes the milestone achieved from 1 to 5.</p> <div style="margin-top: 10px;">  </div>

RESOLVED LIST

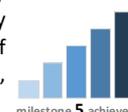
ASIA / PACIFIC

CHINA RAILWAY CONSTRUCTION CORPORATION LIMITED (2011) Ecuador
Forced Evictions

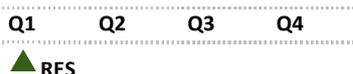


Engagement commentary

The engagement with CRCC was resolved as the company undertook and is taking a number of steps to ensure it works with local stakeholders. It has put in place a number of processes to mitigate any such future situation in the first place. This includes a specific community engagement team and the conducting of community surveys prior to a project, as well as the provision of support for local stakeholders through job creation, community support and remediation.



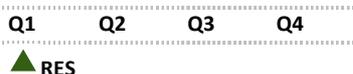
HON HAI PRECISION INDUSTRY CO LTD (2011) China
Poor Working Conditions



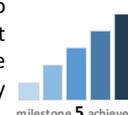
Hon Hai Precision Industry demonstrated an accurate reaction to the reported labour rights' violations and managed to improve its labour and environmental practices in recent years. Although the risk of the company being associated with labour rights issues remains high, the company's preparedness to respond to future incidents is satisfactory. Given that over the years, the company has proved gradual progress and shown a responsible approach in responding to labour issues, this case is now considered resolved.



HON HAI PRECISION INDUSTRY CO LTD (2012) Indonesia
Activities Resulting in Negative Environmental and Human Rights Impacts

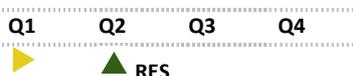


As a member of the Responsible Business Alliance and Responsible Minerals Initiative (RMI), Hon Hai Precision Industry has been contributing to restoring the devastated areas of Bangka and Belitung islands in Indonesia. Furthermore, in November 2018, the company confirmed to Sustainalytics (then GES) that it no longer buys tin from Indonesia. Even though it did not exclude such a possibility in the future, given the company's participation in the RMI, the process will likely be in line with best practices.



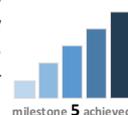
EUROPE

ENI SPA (2013) Nigeria
Corrupt Practices

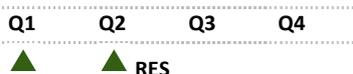


Engagement commentary

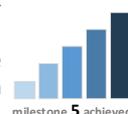
Eni has provided a significant volume of information about its anti-corruption framework. Its Code of Ethics includes a prohibition on corruption and the company states that it has an Anti-Corruption Compliance Program, an 'articulated system of rules and controls for the prevention of corruption'.

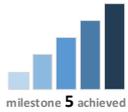
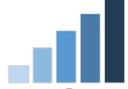
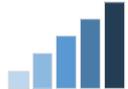


GLAXOSMITHKLINE PLC (2013) China
Corrupt Practices



Following accusations of corruption, GSK took disciplinary action against staff whose conduct had contravened the company's code of conduct. The company completed the global roll out of changes in sales compensation. Additionally, GSK has a strong anti-corruption programme which is applied globally, separate guidelines for engagement with healthcare professionals, due diligence of high-risk parties and a whistle-blower hotline.



<p>NOVARTIS AG (2016) <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>Sustainalytics resolved the engagement on Novartis as the company had significantly improved its governance in relation to anti-bribery and corruption and fundamentally changed its approach to integrating business ethics into the culture of the company, supported by training tailored to the risk profile of different roles.</p>	 <p>milestone 5 achieved</p>
<p>Q1 Q2 Q3 Q4</p>			
<p>▲ ▲ RES</p>			
<p>ROYAL DUTCH SHELL PLC (2009) <i>Activities Resulting in Negative Environmental and Human Rights Impacts</i></p>	<p>Nigeria</p>	<p>Shell has generally displayed a willingness to engage and indeed, by our assessment, has shown progress against around 75 per cent of the relevant UNEP recommendations. Reported progress includes: taking steps in relation to the emergency measures relating to water, re-assessing the 15 SPDC JV sites mentioned in the UNEP report and, where required, remediating the sites; and carrying out education, training and surveillance to prevent illegal activities.</p>	 <p>milestone 5 achieved</p>
<p>Q1 Q2 Q3 Q4</p>			
<p>▲ ▲ ▲ RES</p>			
<p>ROYAL DUTCH SHELL PLC (2013) <i>Corrupt Practices</i></p>	<p>Nigeria</p>	<p>Shell disclosed a well-developed anti-corruption framework, including: a clear prohibition on bribery and facilitation payments in its Business Principles and Code of Conduct; risk assessment processes in relation to countries, joint venture partners and specific contracts; and a process of Ethics and Compliance due diligence. It also states that it takes action to ensure that its policies and procedures are communicated to all directors, officers and employees.</p>	 <p>milestone 5 achieved</p>
<p>Q1 Q2 Q3 Q4</p>			
<p>▶ ▲ ▲ RES</p>			

LATIN AMERICA AND CARIBBEAN

<p>PETROLEOS MEXICANOS SA DE CV (2014) <i>Recurring Workplace Accidents</i></p>	<p>Mexico</p>	<p>Engagement commentary PEMEX implemented an internal Safe Work Planning and Execution campaign, which forms part of a wider programme of safety campaigns, covering an awareness of risks, prevention of falls and health on marine platforms, among other themes. The company has also provided a detailed overview of its Safety, Health and Environmental Protection System drawing on 12 ‘best international practices’.</p>	 <p>milestone 5 achieved</p>
<p>Q1 Q2 Q3 Q4</p>			
<p>▲ ▲ ▲ RES</p>			

ARCHIVED

BARRY CALLEBAUT AG (2010) <i>Child Labour</i>	Ivory Coast	This is an industry-wide topic and engagement is continued under a Stewardship & Risk engagement theme.
CHOCOLADEFABRIKEN LINDT & SPRÜNGLI AG (2011) <i>Child Labour</i>	Ghana	This is an industry-wide topic and engagement is continued under a Stewardship & Risk engagement theme.
EDP - ENERGIAS DO BRASIL SA (2019) <i>Product-Related Fatalities</i>	Portugal	Taking into account that Energias do Brasil SA is a subsidiary of Energias de Portugal (EDP) and has no direct involvement in the accidents in Portugal, Sustainalytics decided there is not sufficient engagement potential in this case.
KRUNG THAI BANK PUBLIC COMPANY LIMITED (2013) <i>Financing of Controversial Project</i>	Laos	Krung Thai Bank provided a significant lending sum to the Xayaburi dam and could thus have had some leverage to influence the management of social and environmental impacts at the initial stage of the project. However, due to the time passed in combination with the fact that the dam became operational in 2019, this leverage has since decreased significantly. Based on this and the bank's unwillingness to engage in dialogue despite numerous attempts over the years, Sustainalytics decided to archive the case in 2019.
MARUTI SUZUKI INDIA LTD (2012) <i>Anti-Union Practices</i>	India	Maruti Suzuki India (MSI) has had multiple strikes at its Manesar manufacturing facility in India since June 2011, concerning freedom of association and better employment conditions. In July 2012, a dispute resulted in violence, with one HR manager killed and about 100 other managers injured. Since then, MSI settled with its three labour unions in 2015 and again in 2018, and employment conditions for both permanent and temporary staff have improved. As there was no new indications of significant protests for better working conditions since, Sustainalytics decided to archive the case.
MONDELEZ INTERNATIONAL INC (2009) <i>Child Labour</i>	Ghana	This is an industry-wide topic and engagement is continued under a Stewardship & Risk engagement theme.
NESTLÉ SA (2009) <i>Child Labour</i>	Ghana	This is an industry-wide topic and engagement is continued under a Stewardship & Risk engagement theme.
THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (2013) <i>Financing of Controversial Project</i>	Laos	Siam Commercial Bank has improved its credit policy with a strengthened focus on addressing social and environmental risks in project financing, and at the same time increased transparency on ESG issues in its public reporting. During the year, the Xayaburi dam became operational meaning the leverage of the bank to influence management of social and environmental impacts has since decreased. The course of these events led Sustainalytics to archive the case in 2019.

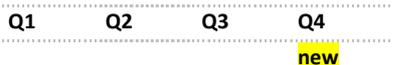
The above engagement cases have been archived but Sustainalytics will reassess these conclusions if new information emerges.

The purpose of the Global Standards Engagement product is to create an engagement overlay to the Global Standards Screening, which in turn provides an assessment of a company's impact on stakeholders and the extent to which a company causes, contributes or is linked to violations of international norms and standards. After assessing whether further engagement on the issue is required, the decisions to close cases are made independently from the company status in the Global Standards Screening.

ENGAGE LIST

ASIA / PACIFIC

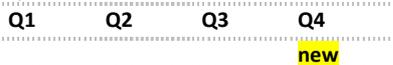
CHINA PETROLEUM & CHEMICAL CORP (2019) China
Operations in Territories with Elevated Human Rights Risks



Engagement commentary

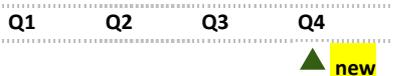
This engagement was initiated after May 2019 as part of the launch of Global Standards Engagement services based on Global Standards Screening. The case is in the early stages of engagement with the change objective identified and initial contacts with the company conducted.

HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD (2019) China
Human Rights Impacts of Surveillance Systems



This engagement was initiated after May 2019 as part of the launch of Global Standards Engagement services based on Global Standards Screening. The case is in the early stages of engagement with the change objective identified and initial contacts with the company conducted.

HINDUSTAN ZINC LIMITED (2019) India
Community Protests



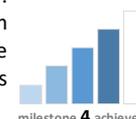
The engagement is conducted under Hindustan’s parent company Vedanta Limited, as Hindustan is not directly linked to the incident. In the engagement dialogue with Vedanta, Vedanta said it had analysed the root causes that had led to the escalation of the conflict. It designed mitigation measures, such as relaxing financial requirements for local vendors to enable them to gain contracts. It also prepared plans to address other issues related to health and education. Vedanta expressed the will to become a signatory of the Voluntary Principles on Security and Human Rights.



HYUNDAI MOTOR COMPANY (2018) South Korea
Corrupt Practices



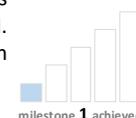
During a meeting in November 2019, Hyundai clarified that the board of directors is more aware of the importance to integrate ESG aspects across the company. One priority for the company is to set up a new ESG team that will focus on coordinating and improving the company’s ESG performance across all departments including its ethics and compliance work.



INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD (2018) Spain
Money Laundering



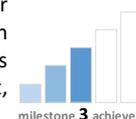
Sustainalytics tried to contact Industrial and Commercial Bank of China throughout 2019. Despite ongoing attempts to contact the company, no response was received. Sustainalytics will continue to contact the company in hopes of establishing a dialogue in 2020.

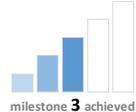


POSCO (2010) Myanmar
Pipeline Project Resulting in Negative Environmental and Human Rights Impacts

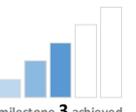
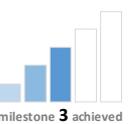
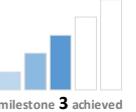
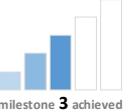


Sustainalytics engaged with POSCO throughout 2019. A subsidiary of POSCO, POSCO International, the company responsible for the Shwe project released an Environmental and Social Impact Assessment Report for the Exploration Drilling in Block A-3 (prepared by an independent party), indicating that it had made progress in terms of social and environmental impact assessment, and human rights due diligence.



<p>POSCO (2012) <i>Labour Rights Violations in Supply Chain</i></p>	<p>Uzbekistan</p>	<p>Sustainalytics continued its dialogue with POSCO and met with the company in 2019. POSCO developed its human rights guidelines and due diligence. As part of its code of ethics, POSCO formulated a human rights policy that refers to international standards. A 2019 International Labour Organisation report indicates that systematic child labour in cotton harvesting in Uzbekistan was eliminated and forced labour has been limited significantly.</p>	 <p>milestone 3 achieved</p>
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▶ ▶ ▶</p>	<p>Indonesia</p>	<p>In 2019, Sustainalytics continued engagement with Indofood Sukses Makmur (Indofood) over labour practices at its palm oil plantations. Indofood stated that it complied with international treaties on human rights and prohibits forced labour. In February 2019, the company withdrew its Salim Ivomas and Lonsum operations from the RSPO and instead focuses on ISPO certification and the implementation of its internal policies.</p>	 <p>milestone 2 achieved</p>
<p>PT INDOFOOD SUKSES MAKMUR TBK (2018) <i>Labour Rights Violations at Plantations</i></p>	<p>Indonesia</p>	<p>In 2019, Sustainalytics continued engagement with Indofood Sukses Makmur (Indofood) over labour practices at its palm oil plantations. Indofood stated that it complied with international treaties on human rights and prohibits forced labour. In February 2019, the company withdrew its Salim Ivomas and Lonsum operations from the RSPO and instead focuses on ISPO certification and the implementation of its internal policies.</p>	 <p>milestone 2 achieved</p>
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▶ ▶ ▶</p>	<p>South Korea</p>	<p>During a meeting in November 2019, Samsung clarified that the external investigation into the company's executive was still ongoing and was not able to provide more information at that stage. Regarding its ethics and compliance work, the company explained the difference between its online and offline compliance training, how the system works when they receive a report from the Ethics Management website, and that it was then currently updating internal policies.</p>	 <p>milestone 4 achieved</p>
<p>SAMSUNG ELECTRONICS CO LTD (2017) <i>Corrupt Practices</i></p>	<p>South Korea</p>	<p>During a meeting in November 2019, Samsung clarified that the external investigation into the company's executive was still ongoing and was not able to provide more information at that stage. Regarding its ethics and compliance work, the company explained the difference between its online and offline compliance training, how the system works when they receive a report from the Ethics Management website, and that it was then currently updating internal policies.</p>	 <p>milestone 4 achieved</p>
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▲ ▲ ▲</p>			

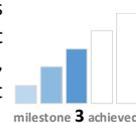
EUROPE

<p>DANSKE BANK A/S (2018) <i>Money Laundering</i></p>	<p>Estonia</p>	<p>Engagement Commentary</p>	<p>Sustainalytics had one meeting with Danske Bank in 2019, and is working on various meetings and interaction in early 2020, subject to internal review and coordination. Sustainalytics also attended the ACAMS Nordics Anti-Financial Crime Symposium in Copenhagen.</p>	 <p>milestone 3 achieved</p>
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▶ ▶ ▶</p>	<p>Western Sahara</p>	<p>In October 2019, Sustainalytics held a conference call with the company where it explained that it was working on the financial structure of the Boujdour project and expects to reach financial closure in 2020. From a human rights angle, Enel clarified that a human rights risk assessment is to be included in the SEECA analysis that the company will carry out in mid-2020.</p>	 <p>milestone 3 achieved</p>	
<p>ENEL SPA (2019) <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>In October 2019, Sustainalytics held a conference call with the company where it explained that it was working on the financial structure of the Boujdour project and expects to reach financial closure in 2020. From a human rights angle, Enel clarified that a human rights risk assessment is to be included in the SEECA analysis that the company will carry out in mid-2020.</p>	 <p>milestone 3 achieved</p>	
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▶ ▲ new ▲ ▶</p>	<p>Russia</p>	<p>This engagement was initiated after May 2019 as part of the launch of Global Standards Engagement services based on Global Standards Screening. The case is in the early stages of engagement with the change objective identified and initial contacts with the company conducted.</p>	 <p>milestone 3 achieved</p>	
<p>ING GROEP NV (2019) <i>Money Laundering</i></p>	<p>Russia</p>	<p>This engagement was initiated after May 2019 as part of the launch of Global Standards Engagement services based on Global Standards Screening. The case is in the early stages of engagement with the change objective identified and initial contacts with the company conducted.</p>	 <p>milestone 3 achieved</p>	
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▶ ▶ ▶ new</p>	<p>Western Sahara</p>	<p>During 2019, Sustainalytics reached out to Siemens several times to discuss how the company had carried out a human rights risk assessment, community engagement projects, and grievance mechanisms to its projects in Western Sahara.</p>	 <p>milestone 3 achieved</p>	
<p>SIEMENS AKTIENGESELLSCHAFT (2017) <i>Operations in Occupied Territories</i></p>	<p>Western Sahara</p>	<p>During 2019, Sustainalytics reached out to Siemens several times to discuss how the company had carried out a human rights risk assessment, community engagement projects, and grievance mechanisms to its projects in Western Sahara.</p>	 <p>milestone 3 achieved</p>	
<p>Q1 Q2 Q3 Q4</p> <p>▶ ▶ ▶ ▶</p>				

SIEMENS GAMESA RENEWABLE ENERGY SA (2018)
Operations in Occupied Territories

Western Sahara

During 2019, Sustainalytics reached out to Siemens Gamesa several times to discuss how the company had carried out a human rights risk assessment, community engagement projects, and grievance mechanisms to its projects in Western Sahara. However, it was unresponsive. Siemens Gamesa disclosed in 2018 that it had a human rights policy, business conduct guidelines, a social action policy, and a community engagement pillar as part of its CSR strategy.



As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement in Q1 2020 with the following companies in Europe:

BMW Group, Antitrust Violations, Germany

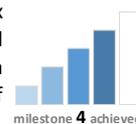
LATIN AMERICA AND CARRIBEAN

PETROLEOS MEXICANOS SA DE CV (2015)
Oil Spill(s)

Mexico

Engagement Commentary

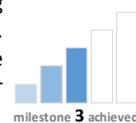
Sustainalytics held a meeting in June 2019 with investor relations and risk management personnel about the fatal pipeline disaster at Tlahuelilpan in January 2019 and the company's response to illegal tapping. Pemex subsequently provided written responses to all questions. We followed up with the company in December 2019 to obtain an update on the progress of the federal investigation into the Tlahuelilpan incident.



VALE SA (2019)
Incident Resulting in Negative Human Rights Impacts

Brazil

There was dialogue with Vale throughout 2019. The technical review into the causes of the dam collapse was released in December 2019 and identified a number of factors that combined to cause the collapse including steep construction, a re-design and heavy brittle tailings. Worryingly, the monitoring results up to the time of the collapse were within the expected parameters for settlement and did not raise any concerns.



UNITED STATES AND CANADA

FACEBOOK INC (2018)
Privacy Breaches

United States

Engagement Commentary

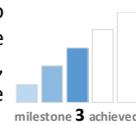
Sustainalytics had an initial conference call with Facebook investor relations in 2019 regarding its privacy and data security practices and its management of privacy breaches and ongoing risks. The company was resistant to a second call within the year but did provide some information via email exchange. Sustainalytics will continue the dialogue actively in 2020 with an eye to scheduling a meeting if possible.

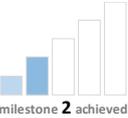
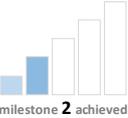


JOHNSON & JOHNSON (2018)
Product-Related Incidents

United States

In November 2019, Sustainalytics finally held a conference call with Johnson & Johnson. The discussion was constructive and enabled Sustainalytics to understand the company's position on a number of the ongoing litigations in particular those related to talc, opioids, and Risperdal. The company agreed to continue the dialogue with Sustainalytics in 2020.



<p>MCDONALD'S CORP (2015) <i>Labour Rights Violations at Contractors</i></p>	<p>United States</p>	<p>During 2019, Sustainalytics continued trying to re-establish dialogue with McDonald's by sending a letter to the Chairman of the Board. Despite several reminders, the company has not replied to this. In previous dialogue, the company declared it did not consider itself to have any liability for labour rights management at its franchisees. In December 2019, the National Labour Relations Board (NLRB) ruled in favour of the company in this matter which will probably weaken the engagement potential of the case further.</p>	 <p>milestone 2 achieved</p>
<p>Q1 Q2 Q3 Q4</p> 			
<p>PHILLIPS 66 (2016) <i>Violations of the Rights of Indigenous Peoples</i></p>	<p>United States</p>	<p>Phillips 66's 2018 Sustainability report referred to indigenous peoples as stakeholders for the first time, and explained its grievance process and new risk assessment framework. During a 2019 conference call, the company explained that it considers its human rights improvements sufficient, Sustainalytics will continue to follow up in 2020.</p>	 <p>milestone 2 achieved</p>
<p>Q1 Q2 Q3 Q4</p> 			
<p>PILGRIM'S PRIDE CORPORATION (2015) <i>Recurring Workplace Accidents</i></p>	<p>United States</p>	<p>In 2019, Pilgrim's published its second sustainability report, providing information about the progress of its management of health and safety (H&S). However, it did not meet its year-over-year reduction target for severe incidents of 15 per cent in its US business, having a reduction of only 2 per cent in 2018 as compared to 2017. The company needs to show improved safety performance and should also publicly disclose its H&S policy.</p>	 <p>milestone 3 achieved</p>
<p>Q1 Q2 Q3 Q4</p> 			
<p>WELLS FARGO & COMPANY (2017) <i>Fraud</i></p>	<p>United States</p>	<p>This engagement was initiated after May 2019 as part of the launch of Global Standards Engagement services based on Global Standards Screening. The case is in the early stages of engagement with the change objective identified and initial contacts with the company conducted.</p>	
<p>Q1 Q2 Q3 Q4</p> 			

As part of the introduction of Global Standards Engagement, we will be engaging on a number of new issues. As such, we may initiate engagement in Q1 2020 with the following companies in United States and Canada:

- Citigroup, Inc., Fraud, United States**
- McKesson Corp, Consumer Fraud, United States**

EVALUATE LIST

ASIA / PACIFIC

China Petroleum & Chemical Corp.; POSCO; Rio Tinto Limited; Samsung Electronics Co., Ltd.

EUROPE

Eni SpA; J Sainsbury plc

LATIN AMERICA AND CARIBBEAN

Petroleos Mexicanos S.A. de C.V.

UNITED STATES AND CANADA

Costco Wholesale Corporation; Johnson & Johnson; Pilgrim's Pride Corporation; Tyson Foods Inc; Valero Energy Corporation

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 (Coutts) and Lloyds, as well as the Swiss subsidiary of the ABN AMRO group.

With the acquisition of Coutts, 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.

OUR APPROACH

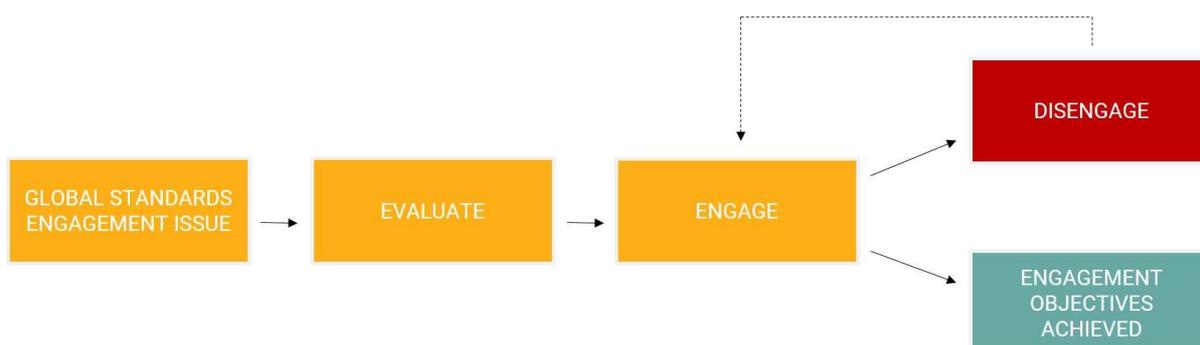
We believe that changes in business conduct drive changes in corporate value. Consequently, we seek to instigate changes in business conduct through engagement dialogue where deemed necessary.

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

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

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

RESEARCH AND ENGAGEMENT WORK-FLOW





About Sustainalytics

Sustainalytics is a leading global provider of ESG and corporate governance products and services, supporting investors around the world in the development and implementation of responsible investment strategies. For over 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors.

Today, Sustainalytics works with hundreds of the world's leading pension funds and asset managers who incorporate ESG and corporate governance information and assessments into their investment processes. With 16 offices globally, Sustainalytics has ~600 staff members, including over 200 analysts with varied multidisciplinary expertise across more than 40 industry groups.

Over the last three consecutive years, investors named Sustainalytics among the top three firms for both ESG and corporate governance research in the Independent Research in Responsible Investment Survey.

For more information, visit www.sustainalytics.com.



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