



Annual Engagement Report

2021

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This report summarizes the engagement activities that Sustainalytics performed on behalf of Union Bancaire Privée, UBP SA in 2021. 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
 Senior Product Manager
 ESG Products

As the global pandemic continued to unfold in 2021, the world tried to learn how to deal with its mid-to long-term impacts. For businesses this included increased focus on supply chain resilience, strengthening health and safety processes, and improving the overall employee experience to tackle staff shortages. Various attempts to 'go back to normal' were undertaken despite new peaks in the spread of Covid-19. These included expecting employees to return to offices, and restricting access to workplaces for non-vaccinated people.

While comprehensive national vaccination programs have been rolled out, with the hope to keep the pandemic under control, several challenges remain and will continue in 2022. Among those are, severe supply chain disruptions and new labour market patterns in terms of distributions of labour supply and demand.

The pandemic aside, global stewardship efforts continued to gain momentum with historic AGM developments on ESG shareholder resolutions related to climate change, say on pay, and diversity & inclusion seeing strong investor support. We also saw increased investor pressure to demand companies align executive remuneration with the Covid-19 pandemic and market fallout.

During 2021, our team engaged with 186 companies found to be in violation, or at risk of violating international norms and standards. Throughout the year we successfully ended 16 engagements and archived 36 cases. As a result of closer collaboration with the Global Standards Screening team, we initiated 33 new engagements on 32 companies from across sectors and head-quarter domiciles. We reached 144 milestones of which 79 were significant ones, which is going beyond establishing dialogue with companies.

In total, 2924 contacts were made, where approximately one-third resulted in meaningful content exchange, and 168 engagement meetings were held. In June 2021, we hosted the Global Standards Engagement Corporate Culture Roundtable, where we invited several global banks we are engaging with, to share their corporate culture best practices.

We also closely monitored geo-political developments, in Myanmar as well as in relation to the broader human rights situation in China, particularly on ethnic minorities in the Xinjiang region including Uyghurs, Tibetans and Mongolians. Companies linked to the region, and by extension their shareholders, face additional reputational risks and need to ensure their operations comply with international standards. The Global Standards Screening team has carefully monitored the situation and has assessed allegations made in reports against several companies in our research and engagement universe. As a result, new engagements have commenced with the focus on corporate human rights policies and robust due diligence.

Over 90% of global GDP is now covered by net zero commitments and 153 countries put forward new 2030 emissions targets (NDCs). During the COP26 summit in Glasgow, countries agreed to return to the next COP summit with strengthened commitments and a new UN climate program on mitigation. To deliver on these targets, commitments have been made to move away from coal power, halt and reverse deforestation, reduce methane emissions and speed up the transition to electric vehicles.

Also, during the summit, the Paris Rulebook, a practical guide on the implementation of the 2015 Paris Agreement, was finally completed. In the area of finance, developed countries have progressed towards delivering the USD 100 billion climate finance goal and committed to reaching it by 2023 at the latest. Thirty-four countries and five public finance institutions stated that they will stop new direct public support for the global unabated fossil fuel energy sector by the end of 2022. Private financial institutions and central banks are also moving to realign trillions of dollars towards global net zero ambitions.

In terms of legislation, the European Commission adopted three new initiatives to make the European Green Deal a reality; a legislation proposal to tackle deforestation; new rules to facilitate intra-EU waste shipments to promote circular economy and tackle illegal waste exports, and a new soil strategy. At the end of the year, the EU Taxonomy Climate Delegated Act established technical criteria for the economic activities that contribute to the climate objectives as defined in the Act. This means that as of January 2022, companies should align their reporting, thus enabling financial institutions to disclose to what extent their financial products are aligned with SFDR and the EU Taxonomy.

Similar initiatives were undertaken by the UK government, which in October 2021, released the “Greening Finance: Roadmap to Sustainable Investing” report which disclosed sustainability disclosure requirements for UK companies and provided an overview of further developments in relation to a UK Green Taxonomy.

Also, in the US, the Securities and Exchange Commission is working on a rule to mandate that public companies disclose climate-related risk. In April 2021, the agency announced a creation of a “Climate and ESG Task Force” and repeatedly committed to issue climate change regulations.

Another important ESG development, was the OECD announcing it will ensure that multinational enterprises become subject to a minimum of 15% tax rate commencing in 2023. This was later clarified by the organization which developed a two-pillar model rule for domestic implementation of the global minimum tax.

Even though climate change encompasses mainly environmental issues, there are no doubts that it is also interlinked with human rights, as people have seen their homes washed away in floods, harvests drying out as rainy season patterns change, resulting in people not being able to enjoy their basic human rights. The UN Human Rights Council, also formally recognized in October 2021 the “right to a safe, clean, healthy and sustainable environment” as a human rights issue.

Mandatory corporate human rights legislations have also increased in recent years, with a number of European countries adopting legislations prescribing mandatory corporate human rights and environmental due diligence (HREDD). In 2021, Germany was added to that list when the German parliament adopted the “Act on Corporate Due Diligence in Supply Chains”, which enters into force in 2023 and will initially cover companies with 3,000 or more employees, and from 2024 onwards, companies with 1,000 or more employees will need to adhere to the legislation. Companies must identify risks of human rights violations and environmental destruction at direct suppliers and, if they gain “substantiated knowledge” of a potential abuse, also at indirect suppliers. Also, Norway adopted a similar law and other European countries, such as Austria, Belgium and Switzerland are working on similar pieces. Furthermore, in December 2021, the Netherlands announced that it would introduce its own national HREDD law.

All together, the legislations constitute a significant legal requirement for a large number of companies, not only those head-quartered in Europe, but more generally companies with operations in Europe. We expect legislations will help raise the bar on corporate respect for human rights and consequently, add to our dialogues prompting companies to develop human rights due diligence processes.

Sustainalytics recognizes the importance of such legislations, among other things by signing the “Investor Statement in Support of Mandated Human Rights and Environmental Due Diligence in the European Union”, a statement supported by 94 investors representing over USD 6.3 trillion in assets under management and advisement, in relation to the European Parliament’s March 2021 proposal to introduce an EU level mandatory corporate HREDD legislation. However, while getting substantial traction both from politicians, companies and civil society during several years, the EU-level legislation has currently been postponed without a set timeline.

Sustainalytics was delighted to become the engagement partner of the first global coalition for a Just Transition “Investors for a Just transition” announced in June and launched at COP26. Our role is to provide the insights required for investors and companies to make more informed decisions that lead to a more just and sustainable global economy. The Coalition for a Just Transition came together to lead a global, socially-conscious transition to a low-carbon economy, bringing together European and international players. The Coalition is focused on making sure stakeholders across sectors are included in this critical transition process.

In addition, Sustainalytics was one of the first signatories of the UK Stewardship Code 2020. The code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them.

We trust you will find the summaries shared in this Annual Engagement report insightful and look forward to continuing our work together in 2022.

Annual Statistics January – December 2021

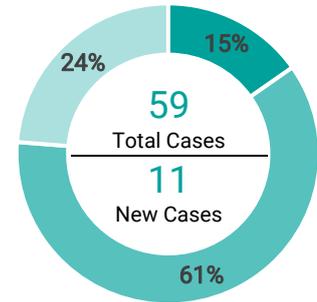
In 2021, Sustainalytics has continued our dialogue to track specified engagement goals and to seek measurable results of business conduct changes in relation to **59** Engage and Resolved cases.

As of 31 December 2021, we have **53** ongoing Engage cases and **6** Resolved cases throughout 2021.

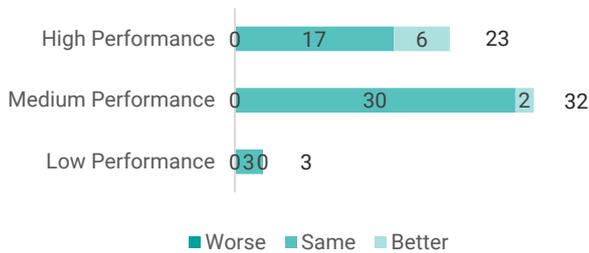


Cases by Theme

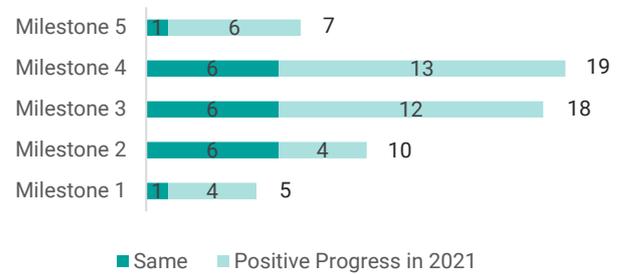
Environmental	9
Social	36
Governance	14



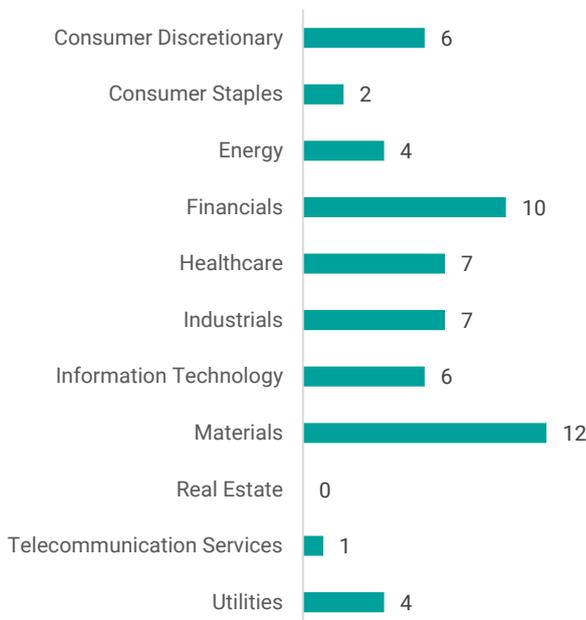
Engagement Performance Overview



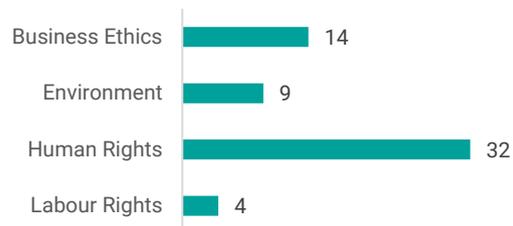
Milestone Overview



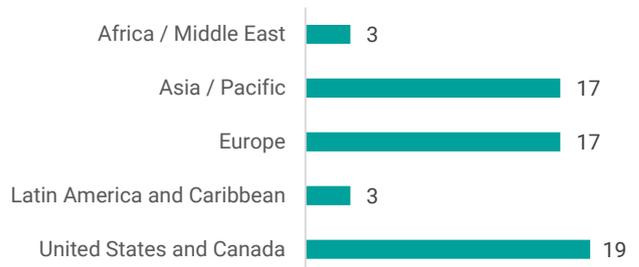
Cases by Sector



Cases by Norm

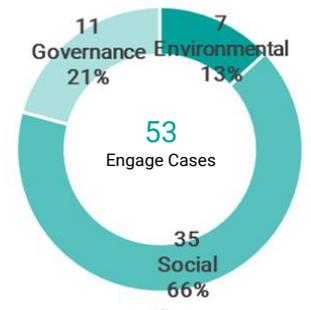


Cases by Headquarter



Engage Cases

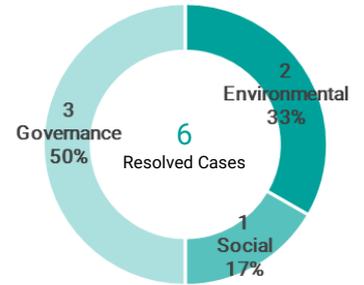
Engage cases as of 31 December 2021 **53 cases / 48 companies**
 Engage cases worked on during the year **62 cases / 55 companies**
 New Engage cases during the year **11 cases / 11 companies**
 Number of Engage cases with Medium and High development **49 cases / 92.5 % of all Engage cases**



Resolved Cases

Resolved cases as of 31 December 2021 **6 cases / 6 companies**
 Dialogue statistics on the Resolved cases

- Meeting **36 meetings / 6.00 meetings per case**
- Email/Telephone/Postal Mail/Fax **386 contacts / 64.33 contacts per case**



Disengage Cases

Disengage cases as of 31 December 2020 **5 cases / 2 companies**
 New Disengage cases during the year **0 cases / 0 cases due to Low Performance**

Archived Cases

Total number of Archived cases during the year **4 cases / 4 companies**

Associated Cases

Total number of Associated cases during the year **8 cases / 7 companies**

Activities

Number of contacts with companies on ESG issues **1206 contacts / including 661 outgoing contacts and 470 incoming contacts**

- Number of content-related communications **373 contacts / including 185 outgoing contacts and 113 incoming contacts**

Number of meetings held with companies on ESG issues

- Number of meetings quarterly breakdown **0 Meetings In-Person / 75 Conference Calls**



Total impact related milestones achieved (milestones 3-5)

UN Sustainable Development Goals (SDGs) Distribution of All Engage Cases as of 31 December 2021



Company Dialogue & Progress Summary

Legend

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

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

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



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



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

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

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

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



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

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

 3/5 Achieve

Engage

AFRICA / MIDDLE EAST

MTN Group Limited (South Africa, 2019)

► Involvement With Entities Violating Human Rights

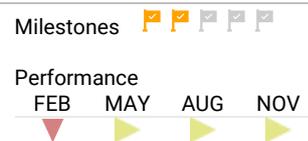
Engagement Commentary: Two calls were held with MTN in 2021. The company remains open to the engagement and continues to show growth in its human rights due diligence practice. In 2021, topics addressed included the company's use of human rights due diligence on exit from or entry to regions, its approach to network shutdown requests, and stakeholder engagement as a practice in responding to shutdown requests.



OCP S.A. (Western Sahara, 2016)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Engagement with OCP in 2021 focused on the agenda from a conference call in March, during which the company was asked to present its position on human rights. The company disclosed that it has policies and procedures for correctly and appropriately addressing the issues raised and it felt that it was not in contravention of any laws. A second call is planned for February 2022 to focus on the issue of consent as it relates to activities in Western Sahara.



Sibanye Stillwater Ltd. (South Africa, 2018)

► Occupational Health and Safety

Engagement Commentary: Sibanye Stillwater responded to communication and we held one conference call in 2021. The company demonstrated a continued effort to tackling its safety issues. It has demonstrated a clear strategy to address behavior and improve technical systems to minimize the risk of health and safety incidents, and it has protocols to share lessons learned across the organization. In 2022, we will review the effectiveness of these improvements.



ASIA / PACIFIC

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

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

Engagement Commentary: Sustainalytics held two conference calls with the company in April and November 2021 in regard to its operation in Myanmar and controversies over the Kattapulli Port. APSEZ reported that the company has confirmed to exit its investment in Myanmar by June 2022. Regarding the Kattapulli Port, we raised a number of queries about the impact assessment and stakeholder engagement plan.



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

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with the company in April and November 2021 in regard to its operation in Myanmar and controversies over the Kattapulli Port. APSEZ reported that the company has confirmed exiting Myanmar. Regarding the Kattapulli Port, we raised a number of queries about the impact assessment and stakeholder engagement plan. A follow-up call is planned in Q1 2022 to review the company's exit strategy for Myanmar.



Baidu, Inc. (China, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: After initial challenges in establishing contact during 2021, Baidu replied to some of Sustainalytics' questions and a conference call is planned in 2022. Considering the case focus – freedom of expression in a country where national requirements create a challenging position for issuers with respect to managing human rights risk exposure to users – Baidu's willingness to engage in dialogue is already considered positive.



China Gas Holdings Ltd (China, 2021)

▶ Quality and Safety - Human Rights

Engagement Commentary: China Gas was very willing to engage in dialogue during 2021 and we held a conference call with the company in October. The company has provided compensation for victims of the incident, and it has made significant efforts to address the safety concerns. Sustainalytics will monitor progress made on these improvements and plans to hold a second conference call with the company in 2022.

Milestones

 Performance

FEB	MAY	AUG	NOV
		New	▲

China Huarong Asset Management Co Ltd (China, 2019)

▶ Bribery and Corruption

Engagement Commentary: Sustainalytics tried to contact Huarong throughout 2021. Attempts at communication were not returned. An investor letter is being prepared to send to the company as part of an attempt to establish substantive contact with the company in 2022.

Milestones

 Performance

FEB	MAY	AUG	NOV
▼	▼	▼	▼

Tracker

China Petroleum & Chemical Corp. (China, 2019)

▶ Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with CPCC in 2021 regarding human rights. The company has committed to developing a policy, which it has yet to deliver. The second call explored the context around the policy in order to provide additional support to secure its finalization. A follow-up conference calls planned for 2022 will seek to secure the policy and start developing a due diligence process.

Milestones

 Performance

FEB	MAY	AUG	NOV
▼	▼	▶	▶

Commonwealth Bank of Australia (Australia, 2019)

▶ Money Laundering

Engagement Commentary: Sustainalytics held three conference calls with CBA in 2021. The final Promontory independent review report, submitted to the Australian Prudential Regulatory Authority in September 2021, confirmed that CBA had executed all the actions from the Prudential Inquiry. In 2022, Sustainalytics will review the actions taken by CBA to sustainably embed reforms in its governance, risk and accountability processes.

Milestones

 Performance

FEB	MAY	AUG	NOV
▶	▲	▲	▲

NTPC Limited (Bangladesh, 2017)

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

Engagement Commentary: In 2021, NTPC continued its dialogue with Sustainalytics and we held two conference calls. The company has made some material improvements to its environmental risks, but it continues to rely too heavily on only meeting local, often minimal, laws, rather than industry best standards. The focus in 2022 will be to encourage NTPC to implement international environmental standards.

Milestones

 Performance

FEB	MAY	AUG	NOV
▶	▶	▶	▶

NTPC Limited (India, 2018)

▶ Occupational Health and Safety

Engagement Commentary: In 2021, NTPC continued its dialogue with Sustainalytics and held two conference calls. Following the collapse of a glacier and subsequent flooding in February 2021, NTPC responded with emergency relief to injured workers and to families of those killed, and it established monitoring and safety systems to improve working conditions. In 2022, our engagement will focus on longer-term solutions to labour safety by meeting international standards.

Milestones

 Performance

FEB	MAY	AUG	NOV
▲	▲	▲	▲

Oil and Natural Gas Corporation Limited (India, 2019)

▶ Involvement With Entities Violating Human Rights

Engagement Commentary: We continued our dialogue with ONGC 2021, with the first meeting held in May 2021. During the meeting, we discussed the company's approach to human rights and how it was responding to issues potentially affecting its operations in Myanmar. Requests for a follow-up meeting were delayed in the latter half of the year, although we reached an agreement to hold another conference call at the beginning of 2022.

Milestones

 Performance

FEB	MAY	AUG	NOV
▶	▶	▶	▶

Olympus Corporation (United States, 2019)

▶ Quality and Safety - Human Rights

Engagement Commentary: In 2021, Olympus was responsive and, among other types of communication, we held two conference calls with the company. Olympus has largely taken the necessary steps to address product safety concerns and it has reduced deaths and complications associated with its duodenoscopes.

Milestones

 Performance

FEB	MAY	AUG	NOV
▶	▶	▶	▶

Rio Tinto Ltd. (Australia, 2020)

► Community Relations - Indigenous Peoples

Engagement Commentary: Sustainalytics held two conference calls with Rio Tinto in 2021. Significant progress has been made on improving cultural heritage management, remediation of the Juukan Gorge rock shelters and improving agreements with the Traditional Owners in Western Australia. In 2022, Sustainalytics will focus the engagement on issues of heritage management leadership, culture and integrated decision-making.



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

► Bribery and Corruption

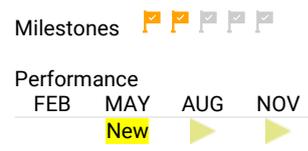
Engagement Commentary: Samsung Electronics has continued to strengthen its compliance programme management system in response to the corruption allegations. Sustainalytics will ask Samsung to hold a conference call in early 2022 to provide an update on the company's progress.



Tencent Holdings Ltd (China, 2021)

► Involvement With Entities Violating Human Rights

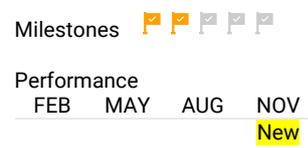
Engagement Commentary: As of December 2021, Tencent has been responsive to Sustainalytics and shown a willingness to engage, though it has also expressed a preference to speak directly with Sustainalytics and to keep its engagement with investors separate. Sustainalytics will clarify the benefits of including investors in the dialogue during engagement calls.



UPL Ltd (South Africa, 2021)

► Emissions, Effluents and Waste

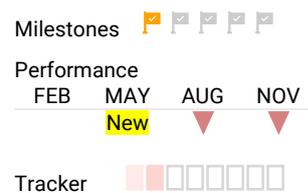
Engagement Commentary: Engagement with UPL was initiated in November 2021 and the case is in the early stages of engagement, with the change objective identified and initial contacts with the company conducted. We are planning a conference call at the beginning of 2022.



Weibo Corp (China, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics tried to contact Weibo throughout 2021, but our attempts at communication were not returned. We will continue to contact the company in the hope of establishing a dialogue in 2022.



Westpac Banking Corporation (Australia, 2020)

► Money Laundering

Engagement Commentary: Sustainalytics held one engagement meeting with Westpac in 2021. The company completed the design phase of the remediation plan. The independent reviewer, Promontory, submitted its third review of Westpac's Plan to Remediate Risk Governance Deficiencies to the Australian Prudential Regulatory Authority. In 2022, Sustainalytics will focus the engagement on progress with improvements to the organizational culture, accountability and risk management.

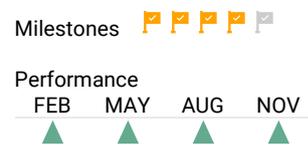


EUROPE

Barclays PLC (United Kingdom, 2019)

► Business Ethics

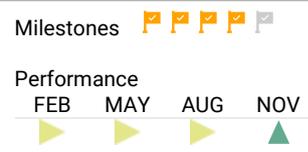
Engagement Commentary: In 2021, we held four conference calls with Barclays discussing, among other things, the company's corporate culture and regulatory updates. Barclays has a strategy in place to address historical whistleblower issues and implementation is underway. We will follow up on the latter in 2022.



Bayer AG (United States, 2018)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held two calls with Bayer in 2021. The issues related to its Monsanto acquisition and the Roundup product are gradually receding. We continue monitor the progress of various litigation, but overall Bayer has taken many steps to address the source of much of the litigation it faces and has resolved the majority of them. In 2022, we will focus primarily on improved public disclosure.



Credit Suisse Group AG (Switzerland, 2019)

► Business Ethics

Engagement Commentary: During 2021, Credit Suisse continued to be responsive and had taken a number of steps to address business ethics issues. Nevertheless, the recent Greensill and Archegos controversies were troubling and the company is in the fray of making changes to management, corporate governance, risk management, elevating risk functions, and implementing fixes to findings from independent investigations.

Milestones

Performance
FEB MAY AUG NOV

EDP - Energias de Portugal, S.A. (Portugal, 2020)

► Bribery and Corruption

Engagement Commentary: Sustainalytics held two conference calls with EDP in 2021. EDP has Anti-Bribery and Corruption (ABC) controls in place to manage the risks associated with “politically exposed persons”. The company’s compliance management system was improved and the code of ethics reviewed in 2021. In 2022, Sustainalytics will focus the engagement on reviewing ABC governance and the implementation of risk management controls.

Milestones

Performance
FEB MAY AUG NOV

**Associated Company: EDP Renováveis, S.A.*

Glencore PLC (Bolivia, 2021)

► Child Labour

Engagement Commentary: Engagement with the company was open and positive in 2021. Glencore has sold its assets in Bolivia and no longer sources from that area. Glencore is aware of the inherent risks of the mining industry and remains confident in its approach to managing its adverse human rights impacts.

Milestones

Performance
FEB MAY AUG NOV

ING Groep N.V. (Russia, 2019)

► Money Laundering

Engagement Commentary: During 2021, Sustainalytics was in frequent contact with ING, discussing final improvements to its global anti-money-laundering/know your customer (KYC) enhancement programme. ING also participated in our Corporate Culture Roundtable with banks, focusing on how corporate culture can be used to improve company performance on business ethics.

Milestones

Performance
FEB MAY AUG NOV

MMC Norilsk Nickel PJSC (Russia, 2020)

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

Engagement Commentary: During 2021, Norilsk Nickel continued to communicate with Sustainalytics. The company provided an update on the clean-up results and on its efforts to remediate the risks of other tanks leaking. The company has answered a number of questions on the tank safety satisfactorily. The company’s progress in ensuring the tanks remain safe will be a focus of our engagement in 2022.

Milestones

Performance
FEB MAY AUG NOV

Sanofi (Philippines, 2020)

► Quality and Safety - Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Sanofi in 2021. The engagement continued on issues specific to controversies related to the company’s dengue fever vaccine and anti-epileptic drug, and also more broadly across all new vaccine developments. We will continue this focus in 2022 and will also discuss drug safety procedures, risk-benefit analysis, vaccine-specific governance, and corporate governance structure.

Milestones

Performance
FEB MAY AUG NOV

Siemens Gamesa Renewable Energy, S.A. (Western Sahara, 2018)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Siemens Gamesa, one in February and another one in December 2021. We felt that the engagement was not as constructive as it could be around the issue of human rights due diligence and so the December 2021 engagement focused on mapping a way forward. This was constructive and it was agreed that a follow-up conference call would be beneficial.

Milestones

Performance
FEB MAY AUG NOV

**Associated company: Siemens Energy AG*

Swedbank AB (Sweden, 2019)

► Money Laundering

Engagement Commentary: In 2021, Swedbank was challenging to engage with, refraining from discussing anti-money-laundering (AML) issues. However, in public disclosures, Swedbank appears to have made significant progress improving AML measures, as evidenced by EFSA regulatory clearance, and it claims to have executed the majority of its AML plan. Some risk remains, particularly related to US regulators, which may result in fines and incremental required AML improvements.

Milestones

Performance
FEB MAY AUG NOV

Teleperformance SA (France, 2021)

► Freedom of Association

Engagement Commentary: Teleperformance was very open to dialogue during our initial call at the end of 2021. It clarified its position on the allegations and reported on work it has been doing to address the claims around employee representation and freedom of association. Teleperformance indicated that additional employee representatives had been put in place in certain key markets and that, in December 2021, it had agreed to its first collective agreement in Albania.

Milestones

Performance			
FEB	MAY	AUG	NOV
			New

Volvo AB (Israel, 2019)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Sustainalytics held two conference calls with Volvo. During our call in May 2021, we maintained the focus on the company's work with business partners to assess and manage human rights risks. The company stated it was developing a standalone human rights policy, which was subsequently published in July 2021. We are seeking to understand how the new policy might facilitate human rights due diligence in collaboration with importers or distributors.

Milestones

Performance			
FEB	MAY	AUG	NOV

LATIN AMERICA AND CARRIBEAN

BRF S.A. (Brazil, 2019)

► Consumer Interests - Human Rights

Engagement Commentary: BRF has been responsive and open in dialogue. We held two conference calls with the company in 2021, during which BRF provided updates on its food safety culture efforts. The focus in 2022 will be on encouraging BRF's progress and enhancing its disclosure and targets.

Milestones

Performance			
FEB	MAY	AUG	NOV

Petroleos Mexicanos S.A. de C.V. (Mexico, 2015)

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

Engagement Commentary: Sustainalytics held two engagement meetings with PEMEX in 2021. The company's Fatal Accident Rate is at its lowest in 12 years and the Lost Time Injury Frequency Rate has stabilized since 2010. There has been a 92% decrease in pipeline fuel theft since 2018. In 2022, Sustainalytics will focus the engagement on issues of safety leadership, safety culture and safety behaviour.

Milestones

Performance			
FEB	MAY	AUG	NOV

Vale S.A. (Brazil, 2019)

► Incident(s) Resulting in Negative Human Rights Impacts

Engagement Commentary: Sustainalytics held two conference calls with Vale in 2021. Vale has made significant improvements to the technical assurance, governance, surveillance and independent monitoring of its tailings dams. Vale is on track to achieve full compliance to the Global Industry Standard for Tailings Management. In 2022, Sustainalytics will focus the engagement on safety processes and emergency planning for tailings facilities.

Milestones

Performance			
FEB	MAY	AUG	NOV

UNITED STATES AND CANADA

3M Co (United States, 2019)

► Activities Resulting in Adverse Environmental and Human Rights Impacts

Engagement Commentary: Sustainalytics continued engagement with 3M throughout 2021. The company continues to offer substantive input into the queries raised in relation to the legacy PFAS contamination in both the US and Europe as well as the public disclosure of PFAS related hazards and risks. In Europe, it is actively engaging with regulators and the public to ensure a comprehensive response to allegations of harm arising from historical PFAS contamination.

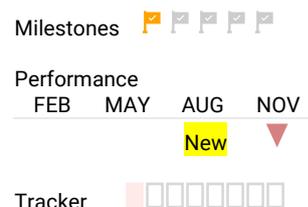
Milestones

Performance			
FEB	MAY	AUG	NOV

Amazon.com Inc (United States, 2021)

► Freedom of Association

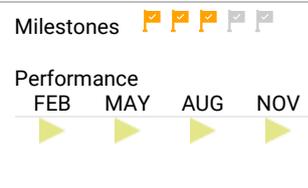
Engagement Commentary: Engagement results in 2021 were limited. Dialogue in 2020 on a separate GSE case was considered productive and open; however, Amazon was hesitant to re-establish the dialogue during 2021 and the case concerning freedom of association has not been discussed with the company.



Amazon.com Inc (United States, 2020)

► Occupational Health and Safety

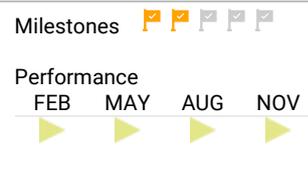
Engagement Commentary: Engagement results in 2021 were limited, whereas dialogue in 2020 was considered productive and open. Amazon was encouraged to continue the steps it had taken to improve its social disclosure and include more insight into relevant workforce targets and performance statistics; however, it was hesitant to continue the dialogue during 2021. The focus in 2022 will be on bringing Amazon back to the engagement.



Caterpillar Inc (Myanmar, 2020)

► Involvement With Entities Violating Human Rights

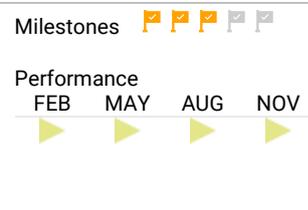
Engagement Commentary: Sustainalytics held a conference call with Caterpillar in November 2021. The company was not open to dialogue on the controversies and rejected any responsibility for the end use of its products. Sustainalytics provided examples of leading practices and case studies to inspire Caterpillar to nuance its position. Its response to the material will guide the engagement focus for 2022.



Citigroup, Inc. (United States, 2019)

► Business Ethics

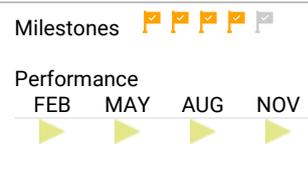
Engagement Commentary: Sustainalytics held two engagement meetings with Citigroup in 2021. Citigroup has fully complied with federal regulatory requirements and implemented action plans in response to the 2020 consent orders. Citigroup's board has been the key driver in the governance processes to improve the anti-money laundering and risk management deficiencies. In 2022, Sustainalytics will focus the engagement on Citigroup's risk control environment.



Dow, Inc. (United States, 2019)

► Quality and Safety - Human Rights

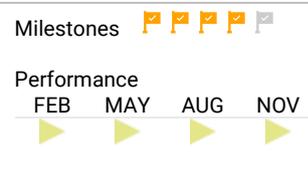
Engagement Commentary: Dow constructively engaged with Sustainalytics in 2021. In a conference call in December, the company confirmed the phase-out of Chlorpyrifos and TCP and disclosed robust processes for ensuring that end users are not put at risk from exposure. It also agreed to provide evidence to support its statement of effective implementation of its processes.



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

► Activities Resulting in Adverse Environmental and Human Rights Impacts

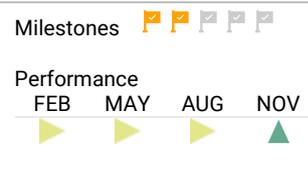
Engagement Commentary: Sustainalytics held two conference calls with DuPont in 2021. The company has confirmed that it no longer produces PFAS and any historical liability for PFAS contamination now sits with Chemours (a company formed specifically to take the risks arising from the DowDuPont de-merger). Based on this information, we aim to conclude the DuPont engagement in 2022.



Energy Transfer LP (United States, 2016)

► Community Relations - Indigenous Peoples

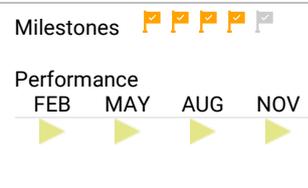
Engagement Commentary: Apart from dialogue, Sustainalytics provided two human rights focused training sessions to the company in 2021 – the first one on foundational business and human rights principles and the second one on good practices in relation to community engagements. They were both well received by the company, which also promised further reporting on stakeholder engagement.



Johnson & Johnson (United States, 2018)

► Quality and Safety - Human Rights

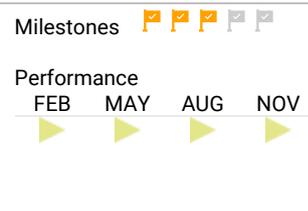
Engagement Commentary: During 2021, a number of emails were exchanged confirming the nature of the testing Johnson & Johnson conducts related to alleged asbestos in its talc products. The company also provided details of the governance structures for product quality and preventing potential reoccurrences. Going forward, we will continue to push for greater disclosure on quality and safety processes broadly across many products.



Meta Platform Inc. (United States, 2018)

► Data Privacy and Security

Engagement Commentary: In 2021, Meta (previously as Facebook) did not participate in dialogue and Sustainalytics is aware that it has not been responsive to other investor initiatives. That said, its preparedness to manage its privacy risks and adverse impacts has improved, though Meta seems to take a compliance mindset on privacy even in light of the constant controversy it experiences on the issue. Focus in 2022 is to again open communication with Meta.



Meta Platform Inc. (United States, 2021)

► Social Impact - Products

Engagement Commentary: In 2021, leaked documents increased focus on Meta’s content moderation practices and the negative impact of the company’s products, and the content shared via them, alongside corporate decisions to disregard potential solutions so as to maximize user engagement and profit. Sustainalytics has taken steps to establish communication with the company, but it has shown broad reticence to engagement.

Milestones     

Performance
FEB MAY AUG NOV
    **New**

McDonald's Corp (United States, 2015)

► Labour Rights

Engagement Commentary: The engagement remains challenging. Despite a call in March 2021, it is clear that McDonald’s has not changed its position on franchisees. McDonald’s has solid policies addressing labour and human rights in place for its own operations. However, throughout the dialogue with Sustainalytics, it has continuously indicated that it does not have any intentions to expand this to also be applied to franchised operations.

Milestones     

Performance
FEB MAY AUG NOV
   

Southern Copper Corporation (Mexico, 2020)

► Freedom of Association

Engagement Commentary: Our communication with Southern Copper in 2021 was via email, as requested by the company. In its November 2021 disclosure, the company addressed a number of labour rights concerns. The company has implemented appropriate policies and is aligning itself with some key ILO standards. Engagement efforts in 2022 will determine how effectively these policies are implemented.

Milestones     

Performance
FEB MAY AUG NOV
   

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

Southern Copper Corporation (Mexico, 2020)

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

Engagement Commentary: Our communication with Southern Copper in 2021 was via email, as requested by the company. In its November 2021 disclosure, the company demonstrated an acknowledgement of its environmental impact and made efforts to remediate impacts of the spill. The improvements are positive, and the company has put policies in place to improve its ongoing environmental standards. Ensuring the effectiveness of the new policies is the engagement goal of 2022.

Milestones     

Performance
FEB MAY AUG NOV
   

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

Stryker Corporation (United States, 2019)

► Quality and Safety - Human Rights

Engagement Commentary: A conference call was held with Stryker in December 2021. The call focused on further disclosure around the issue of quality management, particularly that relating to customer products. The company disclosed significant progress in the strengthening of its quality management systems and quality accreditations.

Milestones     

Performance
FEB MAY AUG NOV
   

Thermo Fisher Scientific Inc. (China, 2021)

► Involvement With Entities Violating Human Rights

Engagement Commentary: Dialogue with Thermo Fisher in 2021 was productive and open. The company indicated that it was taking steps to address the concerns raised. It noted that, financially speaking, sales for the product in question in China were not material, but it did see itself as a responsible actor with respect to making sure the business was ethical. Thermo Fisher also indicated that disclosure of its human rights position was underway.

Milestones     

Performance
FEB MAY AUG NOV
   **New** 

Walmart Inc. (United States, 2006)

► Labour Rights

Engagement Commentary: We held one conference call with Walmart in 2021. Overall, Sustainalytics believes that Walmart is serious about improving its practices and reputation, with many concrete changes already made and, hence, there is currently good engagement potential for investors to encourage further progress. Sustainalytics will continue to arrange regular conference calls with the company during 2022.

Milestones     

Performance
FEB MAY AUG NOV
   

Wells Fargo & Company (United States, 2019)

► Business Ethics

Engagement Commentary: We held two conference calls with Wells Fargo in 2021. The company has been open to dialogue and we provided recommendations to help it strengthen its approach. There continues to be interest in understanding the bank’s management of its corporate culture and obtaining insight into the organizational structure around Sales Practise Oversight at Wells Fargo, which will be a focus in 2022.

Milestones     

Performance
FEB MAY AUG NOV
   

Disengage

AFRICA / MIDDLE EAST

Saudi Arabian Oil Co.

- ▶ Operations in Territories with Elevated Human Rights Risks

Associated company: **Saudi Basic Industries Corp*

Saudi Arabia

LATIN AMERICA AND CARIBBEAN

Petróleos de Venezuela S.A.

- ▶ Corrupt Practices
- ▶ Oil Spill(s)
- ▶ Recurring Workplace Accidents
- ▶ Operations in Territories with Elevated Human Rights Risks

Venezuela

Resolved

EUROPE

Bayer AG (United States, 2019)

Bayer has addressed the vast majority of the litigation in regard to Essure, Xarelto and Yaz/Yasmin, and it withdrew its Essure contraceptive device in 2018. The company is a member of the EFPIA and PhRMA and complies with the joint principles on clinical trial data sharing. The company complies with the regulations from Phase I, II, III, and IV clinical trials and convenes safety management teams (SMT) to review all clinical data prior to product launch. The SMT has the authority to suspend or cancel a product launch if concerns are raised and cannot be adequately answered. There is also a global pharmacovigilance department, which is responsible for Post Authorisation Safety Studies. Based on the systems and structures the company has in place and the lack of any recent new litigation regarding its pharmaceutical products, we consider the case to be resolved.

ISSUE

► Quality and Safety

MILESTONES

5/5 Achieved

PERFORMANCE

FEB	MAY	AUG	NOV
▲	▲		
	RES		

BMW Group (Germany, 2019)

BMW cooperated with authorities in their investigate of antitrust violations. Given the controversial nature of the EC's decision, the company's defensive position was legitimate. Even though BMW agreed to settle, the company still believes it has not breached the competition regulation. Nevertheless, the company has upgraded its compliance systems to recognize potential similar risks in the future. Sustainalytics notes that the company did not review the incident from a company cultural perspective and a general attitude to ignore the broader interests of society might persist, which may leave the company exposed to a variety of business ethics risks. Sustainalytics will resume dialogue with BMW on corporate culture if new business ethics incidents arise.

ISSUE

► Business Ethics

MILESTONES

5/5 Achieved

PERFORMANCE

FEB	MAY	AUG	NOV
▲	▲	▲	▲
			RES

Daimler AG (Germany, 2019)

Daimler blew the whistle for the European Commission to investigate the antitrust violations, which in itself implies that the company has strong antitrust controls in place. The company closely cooperated with the authorities and improved and adapted its compliance systems during discussions with the EU Commission in the capacity of a leniency applicant. Based on this, Sustainalytics decides to resolve case.

ISSUE

► Business Ethics

MILESTONES

5/5 Achieved

PERFORMANCE

FEB	MAY	AUG	NOV
▲	▲	▲	▲
			RES

MMC Norilsk Nickel PJSC (Russia, 2010)

In the last few years, there has been significant progress on its sulphur emissions. As part of Norinickel's remediation of the issue, it has put in place an expansive plan to reduce sulphur emissions across its operations. This began in 2014 with an initial upgrade of the Talnakh Concentrator, and the refurbishment of one plant and the decommissioning of another as part of the first phase of the project. While initially beset with some delays, as the company grappled with its scope, the project has now shifted to the larger second phase, which is well underway. The company continues to move ahead on target with its plans and has USD 3.6 billion earmarked to target a 95% reduction in sulphur dioxide emissions by 2030. Given the strength of the strategy in place, we expect the company to meet its targets. With such improved measures, Sustainalytics considers the case resolved.

ISSUE

► Activities Resulting in Adverse Environmental and Human Rights Impacts

MILESTONES

5/5 Achieved

PERFORMANCE

FEB	MAY	AUG	NOV
▲	▲		
	RES		

Volkswagen AG (Germany, 2015)

The Dieselgate scandal induced Volkswagen to reform its corporate culture through a comprehensive range of measures, including the involvement of an external compliance auditor and more dedicated attention to ESG performance tied to the remuneration of both top and middle management. Supervisory board independence has remained a serious concern and, despite indications of internal efforts, it has not yet been possible to elevate shareholder concerns. Furthermore, the closure of this engagement was held back by the European Commission's anti-trust proceedings against Volkswagen and its German peers, BMW and Daimler. In July 2021, Volkswagen received a EUR 0.5 billion fine. Based on the company's willingness to cooperate with the authorities, strong responsiveness to the engagement, and

ISSUE

► Activities Resulting in Adverse Environmental and Human Rights Impacts

MILESTONES

5/5 Achieved

its significant progress in improving its internal compliance organization and reforming its corporate culture, Sustainalytics has concluded the engagement. Dialogue with Volkswagen would be resumed, though, if any new serious business ethics incidents occur.

*Associated company: **Porsche Automobil Holding SE**

PERFORMANCE



UNITED STATES AND CANADA

The Goldman Sachs Group, Inc. (Malaysia, 2019)

Goldman Sachs settled with US and other regulators in late 2020. GS disclosed a wide range of measures covering compliance, anti-bribery and AML controls. It has developed a firmwide "Insider Threat" programme aimed at malicious insiders who can harm the company, developed a variety of frameworks to review suspicious transactions, increased review of senior employees engaged in high-risk areas, made significant structural changes to elevate the "clout" of compliance teams, enhanced metrics and measurement of AML and reporting to the board, enhanced training for senior employees to drive home the point of personal responsibility to identify and escalate a response to suspicious activity, increased the use of new technology (e.g., natural language processing, AI, machine learning) to provide greater transparency and speed around e-communication surveillance, strengthened compliance AML controls, relaunched its Business Integrity Program, and reviewed and enhanced its various committee structures. We believe the company has significantly enhanced its ability to mitigate the risk of related compliance and AML issues. Therefore, Sustainalytics has decided to resolve the case.

ISSUE

► Bribery and Corruption

MILESTONES

🏆 🏆 🏆 🏆 🏆 5/5 Achieved

PERFORMANCE



Archived

ASIA / PACIFIC

POSCO (South Korea, 2012)

The change objective for the two cases has partially been met. POSCO International engaged with the Uzbek government over the issue and participated in meetings, roundtables and conferences organized by the authorities on regular basis. It also sent regular letters to the government pushing for changes in the way that cotton supply chain is managed. Even though it is hard to objectively assess the effectiveness of those measures, it has been confirmed by independent sources that the situation in Uzbekistan continues to improve. According to ILO, no child labor or forced labor took place in Uzbekistan's cotton business. Still yet, the organization points out that compulsory labor exists partially at the regional level. Therefore, even though the situation continues to improve, the risk that the company uses cotton coming from forced labour persists. Sustainalytics acknowledges the ongoing progress of the forced labour elimination in Uzbekistan and the fact that withdrawing business from the country at this point would not be beneficial for the country, its community, nor POSCO International. Based on this, Sustainalytics decided to archive the case.

ISSUE

► Labour Rights - Supply Chain

EUROPE

Siemens AG (Western Sahara, 2017)

Since the spin-off of Siemens Energy has become effective in September 2020, consisting of the Gas and Power (100%) business together with the 67% stake in Siemens Gamesa Renewable Energy, Siemens AG has no influence on the operating business activities of Siemens Gamesa anymore. Based on this, Sustainalytics decided to archive the case. Meanwhile, Sustainalytics will continue our engagement dialogue with Siemens Gamesa.

ISSUE

► Involvement With Entities
Violating Human Rights

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 (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.

Global Standards Engagement Overview

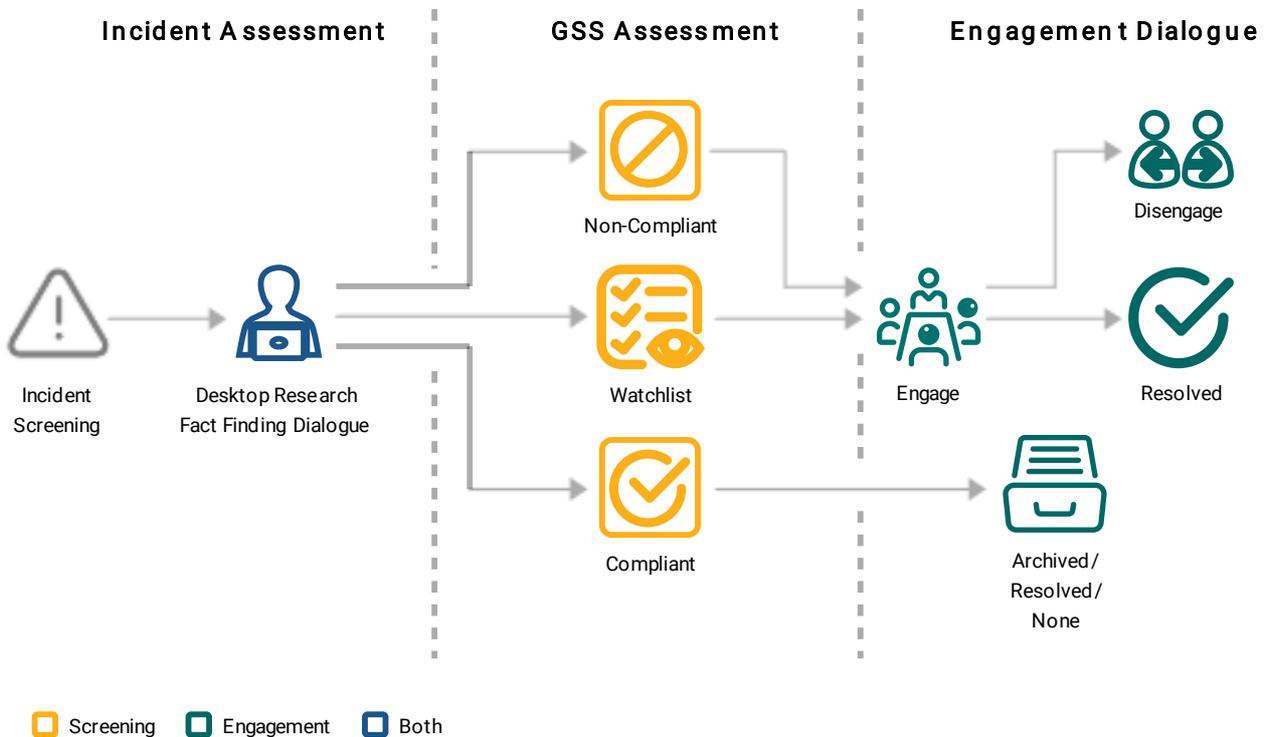
Global Standards Engagement (GSE) is an incident-driven engagement with focus on companies that severely and systematically violate international standards, such as the UN Global Compact Principles and the OECD Guidelines for Multinationals. The engagement is based on a thorough and continuous assessment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

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 Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For nearly 30 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 asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. 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, Sustainalytics has more than 1,200 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com.



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