Engagement 360

2024 Q4 Report



Stewardship is where insights become action. Engagement 360 supports a holistic approach to mitigating ESG risks and capitalizing opportunities.

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Stewardship Approach

Engagement 360 is a holistic stewardship offering that promotes and protects the world's leading asset owners' and managers' long-term shareholder values through consistent engagement outcomes. Engagement 360 addresses ESG risks and strives to create positive social and environmental outcomes.

STRATEGY AND RISK promotes and protects long-term value by flagging high- and severe- risk companies to proactively engage unmanaged and financially material ESG issues. The focus is on companies with unmanaged ESG risk greater than 30 as identified by Morningstar Sustainalytics' ESG Risk Ratings.

INCIDENT engagements address companies that severely or systematically violate international standards, such as the UN Global Compact and OECD Guidelines for Multinationals to ensure that investors are managing associated reputation risk. This engagement aims to not only to verify how a company addresses the incident but also to effectuate change in the company's policies and/or processes to ensure proper policies and programmes are in place to avoid future reoccurrences and improve its ESG disclosure. Companies flagged as Watchlist or Non-Compliant as identified by Morningstar Sustainalytics' Global Standards Screening research are targeted for this engagement.

THEMES are SDG-aligned proactive engagements that enable investors to align their interests in addressing specific systemic issues across the ESG spectrum. Thematic engagement's philosophy centers around systematic change, collaboration, root causes and best practice sharing at its core. The purpose of this engagement is to influence companies to proactively manage specific ESG risks and capitalize on opportunities.

Executive Summary

Desiree Wareman
Expertise Center Lead, Treasury & Asset Management

We are pleased to present the results of the engagement activities for Q4 2024 on behalf of Coöperatie Menzis (hereafter Menzis). This report includes our engagement statistics, along with detailed insights that extend beyond our investment portfolio. Our commitment to making a positive impact spans not only our portfolio companies but also potential investments where we observe meaningful changes through our engagement. Additionally, we have highlighted specific cases that we consider important to report.

Highlights of the Quarter

The transition from the former Thematic Engagement to the new Thematic Stewardship Programme continues, driving up the total number of engagements, so by the end of the fourth quarter, Morningstar Sustainalytics has a total of 744 engagements. The Thematic Stewardship Programmes are ramping up and establishing the engagement dialogues and setting the expectations with the companies.

The Stewardship team of Morningstar Sustainalytics had 155 active engagements related to Menzis portfolio and achieved 26 milestones in Q4 2024. One engagement was resolved successfully this quarter.

Looking Ahead

In the coming quarters, Morningstar Sustainalytics will continue seeing Thematic Stewardship Programmes adding companies to the programmes, and Strategy & Risk will replace some of the many engagements resolved with new companies. Finally, where 'we' has been used in this Engagement 360 report, this refers to Morningstar Sustainalytics and reflects the engagement activities that Morningstar Sustainalytics performs on behalf of Menzis.

Stewardship Overview

155
active engagements during Q4 2024

23
new engagements

Banks
is the most engaged industry

Highest number of engagements
in a single market is the United States and Canada

Disclosure and Board Composition
are the most engaged topics

SDG 13 Climate Action (27%)
linked to engagement objective

Engagement Status

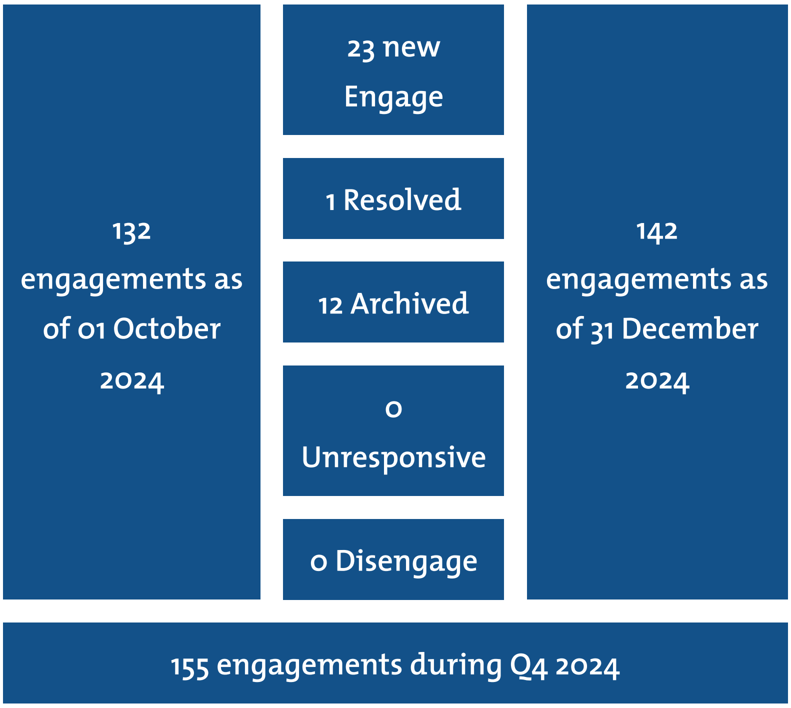
When we open an engagement, the status is Engage. We will then pursue engagement until we change status to:

Resolved The company has achieved the engagement objective.

Archived Engagement is concluded, the engagement objective has not been achieved.

Unresponsive Unresponsive is the final step in the escalation for companies not responding to our engagement. At this final step, we have exhausted all other engagement tools.

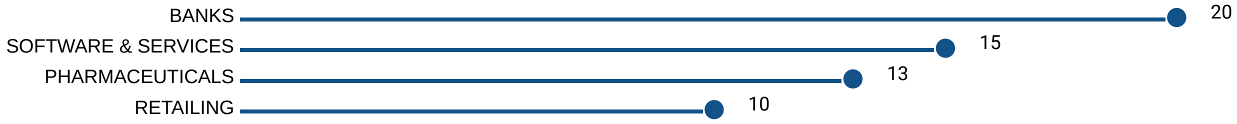
Disengage Engagement is deemed unlikely to succeed.



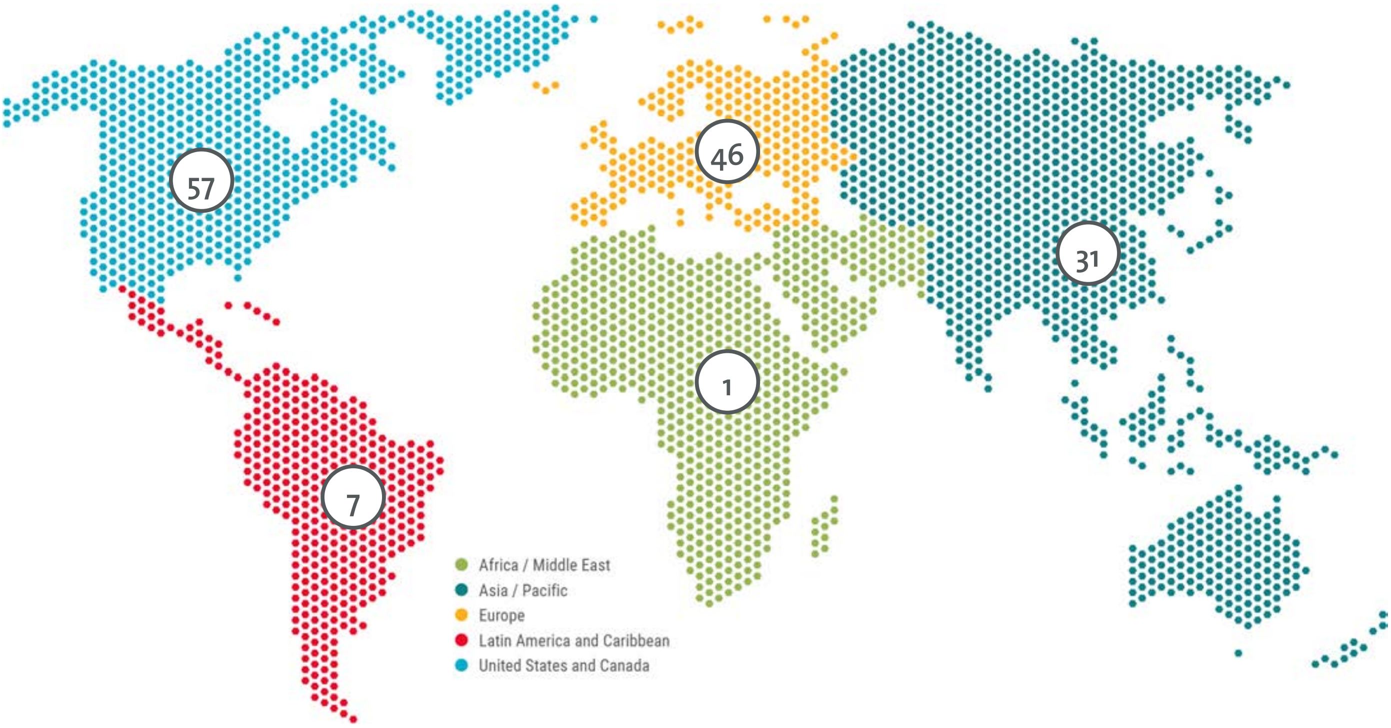
On a regular basis, universes are rebalanced and issuers might therefore be removed from our data set. Corporate changes can also affect case status. In such circumstances, opening and closing engagement counts will not match. Impacted companies may or may not overlap with investor holdings.

Industry Distribution

(Industries with a minimum of 10 engagements)



Engagements by Headquarter Location

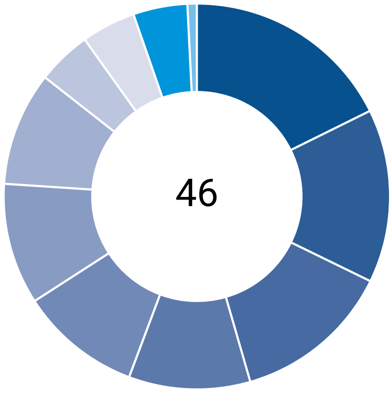


Engagement Topics

At the end of the reporting period, our engagements addressed a number of topics across the environmental, social and governance pillars.

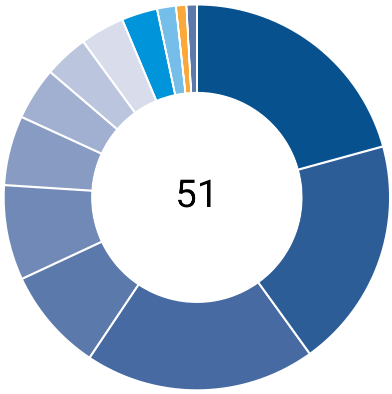
Environmental

- CLIMATE CHANGE (28)
- NET-ZERO/DECARBONIZATION (21)
- LAND POLLUTION AND SPILLS (16)
- DEFORESTATION (15)
- NATURAL RESOURCE USE (7)
- AIR POLLUTANT EMISSIONS (1)
- WATER SECURITY (23)
- BIODIVERSITY (16)
- WATER QUALITY (16)
- CIRCULAR ECONOMY (7)
- WASTE MANAGEMENT (7)



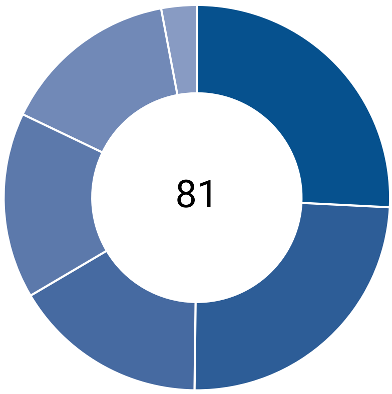
Social

- DIVERSITY, EQUITY AND INCLUSION (DEI) (29)
- JUST TRANSITION (27)
- HUMAN RIGHTS (11)
- INDIGENOUS PEOPLE (6)
- DATA PRIVACY AND SECURITY (5)
- OCCUPATIONAL HEALTH AND SAFETY (2)
- MARKETING PRACTICES (1)
- HUMAN CAPITAL (27)
- LABOUR RIGHTS (12)
- COMMUNITY RELATIONS (8)
- CHILD LABOUR (5)
- PRODUCT QUALITY AND SAFETY (4)
- FORCED LABOUR (1)



Governance

- DISCLOSURE (73)
- ESG GOVERNANCE (46)
- SHAREHOLDERS RIGHTS (42)
- BOARD COMPOSITION (69)
- ACCOUNTING AND TAXATION (44)
- BUSINESS ETHICS, BRIBERY AND CORRUPTION (8)



Note: An engagement can cover one or more issues and objectives reflected in overlapping issue statistics.

Sustainable Development Goals — Mapping Engagements

All engagements are mapped to the 17 UN Sustainable Development Goals (SDGs). The mapping is done by Morningstar Sustainalytics and refers to the focus and objective(s) of the engagement.

1 No Poverty	5%
2 Zero Hunger	12%
3 Good Health and Well-Being	39%
4 Quality Education	19%
5 Gender Equality	20%
6 Clean Water and Sanitation	12%
7 Affordable and Clean Energy	15%
8 Decent Work and Economic Growth	56%
9 Industry, Innovation and Infrastructure	61%
10 Reduced Inequality	25%
11 Sustainable Cities and Communities	2%
12 Responsible Consumption and Production	62%
13 Climate Action	27%
14 Life Below Water	11%
15 Life on Land	13%
16 Peace and Justice, Strong Institutions	32%
17 Partnerships to Achieve the Goal	8%

Case Study: UnitedHealth Group

Human Capital Management Stewardship Programme - Engagement Since: 15 February 2024

Industry: **Healthcare**

Base Location: **United States of America**

Headquartered in the USA, UnitedHealth Group, a leading private health insurer has a workforce of over 400,000 employees, serving over 150 million people globally.

Progress: **Standard** | Response: **Standard** | Latest Milestone: **1**

Engagement Update

Morningstar Sustainalytics held an introductory call with UnitedHealth Group in May 2024 and expressed an interest in engaging with investors on human capital management, a top business issue for the company. A call in December explored human capital management including its diversity, equity, inclusion and belonging (DEIB) strategy since inclusion has been a top priority as outlined in its 2023 Sustainability report.

Focus Area

Engaging with UnitedHealth Group on human capital management is crucial to ensuring the company continue to improve on their career development and navigation tools and expand their learning strategy to focus on career development for all employees. Our engagement will focus on how performance and development conversation feedback, as well as employee engagement survey data are further informing the company's HCM strategies. We will also be interested in how individuals are selected for learning and development initiatives and how the learning outcomes are measured to ensure UnitedHealth Group see the optimum benefits of its investment in human capital management.

Engagement Outcomes

UnitedHealth Group's Human Resources Committee oversees the company's human capital management strategy, including talent development, education and training, retention and experience, workforce demographics, and diversity, equity and inclusion. It also established a Sustainability Steering Committee, a cross-functional group composed of key business and functional leaders, serving as an advisory group on UnitedHealth's sustainability strategy and objectives. Our engagement will focus on these key elements to continue to drive human capital as a top priority for the organization.

Insights & Outlook

UnitedHealth Group added Inclusion as one of their company values. It has also enhanced its DEIB offer to include a robust wellbeing offer. The company has laid great foundations for human capital management and future engagement calls will focus on discussing the implementation of talent development initiatives for employees across all levels of the organization.

Engagement Results

30
meetings, including 5 in-person meetings

443
emails and phone calls exchanged

1
engagements Resolved

26
Milestones achieved in Q4 2024

7 Positive Developments

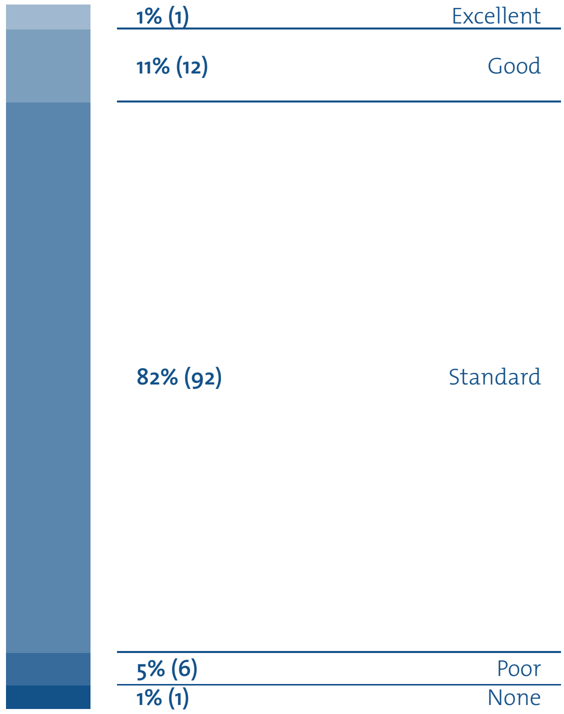
21%
of engagements show Good or Excellent Response

12%
of engagements show Good or Excellent Progress

Engagement Progress

Progress reflects the pace and scope of changes towards the engagement objective that the company is making, assessed on a five-point scale.

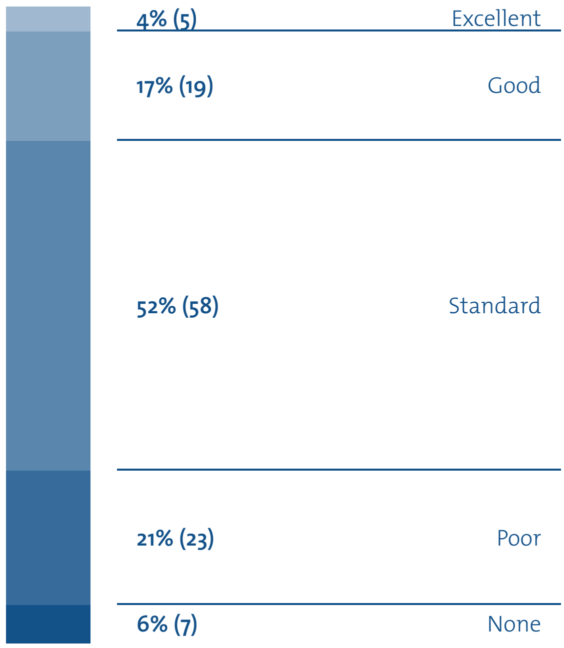
Excellent	The company has adopted a proactive approach and addressed the issues related to the change objective.
Good	The company has taken sufficient measures to address the issues related to the change objective.
Standard	The company has undertaken a number of measures to address the issues related to the change objective.
Poor	The company has indicated willingness to addressing the issues related to the change objective, but no measures have been taken yet.
None	The company has not made any progress against the engagement objective.



Engagement Response

Response reflects the company's willingness to engagement dialogue with investors, assessed on a five-point scale.

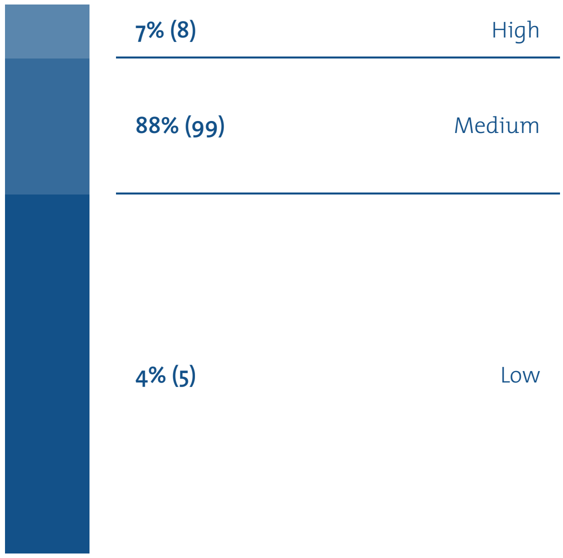
Excellent	The company is proactive in communicating around the issues related to the change objective.
Good	The company addresses all the issues related to the change objective.
Standard	The company provides responses to some of the issues related to the change objective.
Poor	The company has initially responded but not properly addressed the issues related to the change objective and is unwilling to engage further with us.
None	The company has not responded to the inquiries.



Engagement Performance

Performance describes the combined company Progress and Response.

High	Good or Excellent Progress in combination with Good or Excellent Response.
Medium	Standard level of Progress and Response.
Low	Poor or None Progress in combination with Poor or None Response.



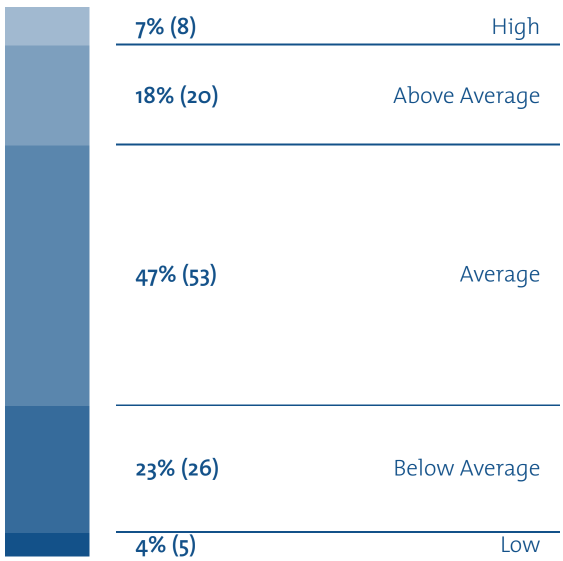
Engagement Performance Assessment Update

To provide a more granular assessment, we have expanded the tiers used to evaluate Engagement Performance. Previously, engagements assessed Performance using three tiers: Low, Medium, and High (as listed above).

Going forward, we will use five tiers to offer a more nuanced understanding. The new tiers are: Low, Below Average, Average, Above Average, and High. This change subdivides the previous Medium category into three distinct categories. In this report we have presented both three and five-tier assessments.

In the future, all reporting will use the five-tier system.

The Progress and Response matrix is used to determine Performance.



Progress and Response Matrix

RESPONSE

PROGRESS	EXCELLENT	GOOD	STANDARD	POOR	NONE
EXCELLENT	High	High	Above Average	Average	Average
GOOD	High	High	Above Average	Average	Average
STANDARD	Above Average	Above Average	Average	Below Average	Below Average
POOR	Average	Average	Below Average	Low	Low
NONE	Average	Average	Below Average	Low	Low

Engagement Milestones

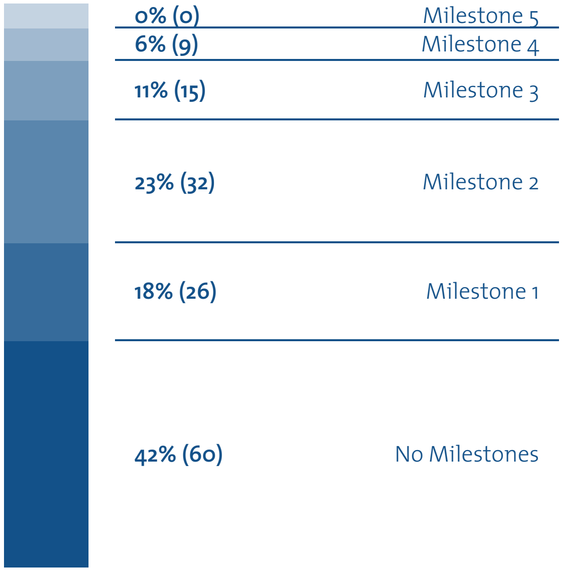
Milestones are our five-stage tracking of progress in achieving the engagement objective.

26 Milestones
achieved in Q4 2024

Milestone Framework

Milestone 5	Change objective is considered fulfilled.
Milestone 4	Implementation of strategy has advanced meaningfully, and related issuer disclosure maturing.
Milestone 3	Strategy is well formed and has moved into early stages of implementation.
Milestone 2	Issuer establishes a strategy to address the issue.
Milestone 1	Acknowledge of issue(s) and commitment to mitigation.

Engagements by Highest Milestone Achieved



Engagements Resolved

COMPANY	COUNTRY	INDUSTRY	ISSUE
EDP-Energias de Portugal SA	Portugal	Utilities	Bribery and Corruption

EDP-Energias de Portugal SA

Engagement Since: 27 November 2020

INDUSTRY:
Utilities

COUNTRY:
Portugal

GLOBAL STANDARDS SCREENING STATUS:
Compliant

INCIDENT LOCATION:
Portugal

ISSUE:
Bribery and Corruption

EDP-Energias de Portugal SA (EDP) has been subject of a long-running bribery and corruption investigation by Portuguese prosecutors.

CHANGE OBJECTIVE

EDP should commission an independent investigation into the allegations, it should disclose the findings and show how it plans to enact any recommendations. The company should also ensure that executive contracts have both malus and clawback provisions.

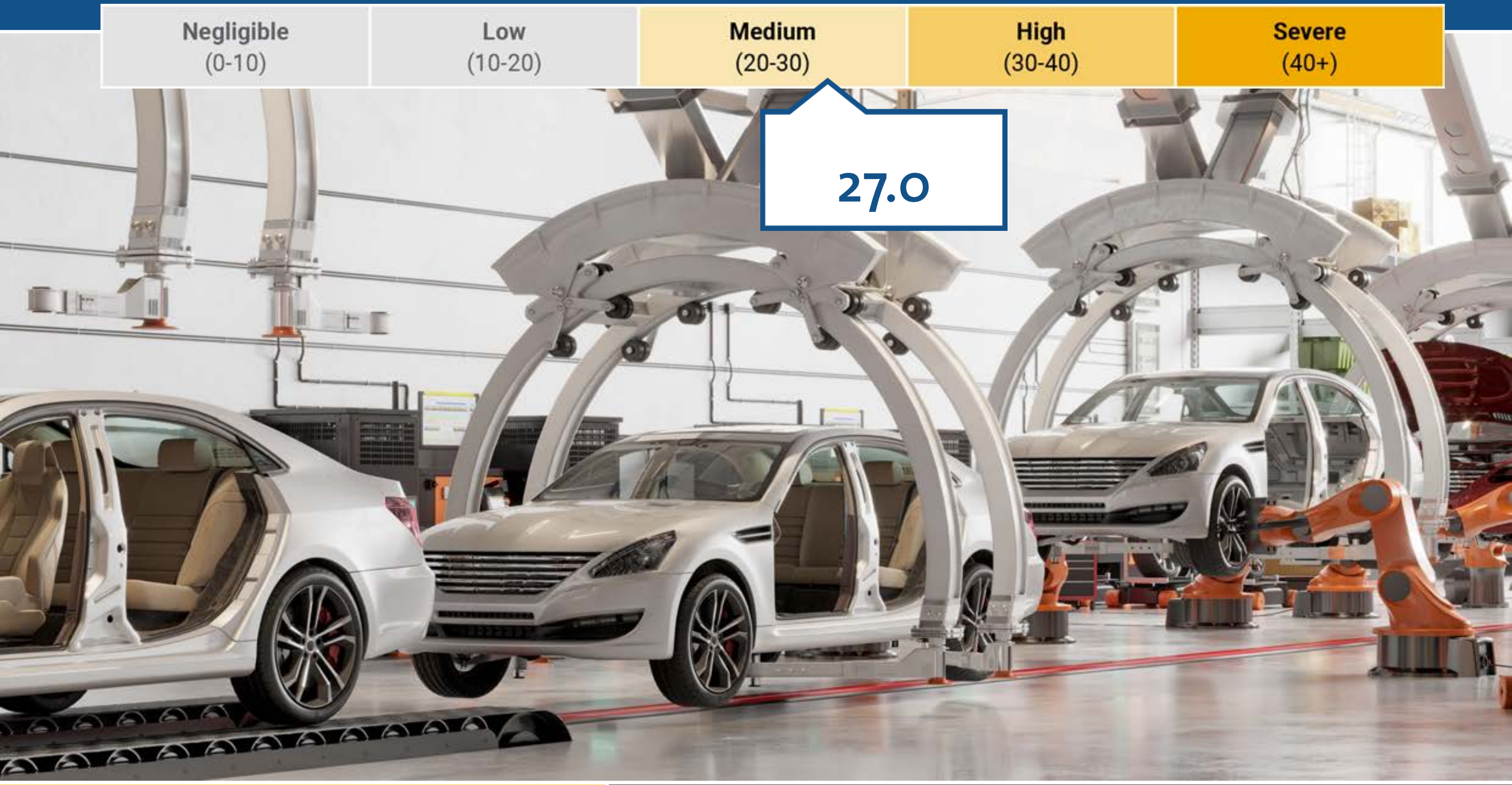
Engagement Outcomes

- EDP commissioned an independent investigation into the allegations, disclosed the findings and demonstrated through its Anti-Bribery and Corruption (ABC) Plan how it enacted the recommendations.
- The company made specific enhancements to its Whistleblower Program to protect whistleblowers and prevent retaliation.
- EDP implemented a Compliance Management System in line with international best practices and has been auditing the efficacy of internal control mechanisms.

Conclusion: Based on the company's steps taken to address bribery and corruption, and other business ethics-related concerns via execution of the ABC Plan, changes in governance, operational ABC risk management and culture of compliance, Morningstar Sustainalytics decided to resolve the case.

Resolved - General Motors Co.

ESG Risk Ratings Score



INDUSTRY:
Automobiles

COUNTRY:
United States

ENGAGEMENT FOCUS:
Carbon – Products and Services
Product Governance
Human Capital

RATIONALE FOR RESOLVED STATUS:
General Motors Co. has improved their ESG Risk Rating score to below 28.

Positive Development Highlights:

- General Motors (GM) has set science-based targets to reduce Scope 1 and 2 emissions by 72% and Scope 3 emissions by 51% per vehicle kilometer by 2035, compared to a 2018 baseline.
- The company has strengthened its product governance by integrating safety and quality standards into every stage of product development. The company continues to uphold ISO 9001 (Quality Management Systems) and ISO 14001 (Environmental Management Systems) certifications across its global operations and actively participates in developing industry safety standards.
- GM has committed to producing 100% electric light-duty vehicles by 2035.The company has already launched several electric vehicle models and continues to invest heavily in EV technology and infrastructure.

In the latest update of the ESG Risk Rating, GM's Risk Rating score has improved, bringing it into the medium risk category and below our 28-point threshold for engagement.

Biodiversity & Natural Capital Stewardship Programme

The Biodiversity and Natural Capital Stewardship Programme continues to engage with the selected 50 companies across the agricultural value chain through ongoing research, gap analysis and in-depth engagement dialogues. From October to December 2024, we held nine engagement meetings, including two in-person meetings conducted in Brazil and Colombia.

The fourth quarter has been busy with various activities, marked by our first investor consultation, an engagement trip to Brazil, and participation in the UN Biodiversity Conference (COP16) in Colombia.

Client Consultation

In October 2024, Morningstar Sustainalytics held its first annual client consultation meeting. During the session, we discussed engagement trends and challenges we have observed in the programme and presented our theory of change. Investors provided valuable feedback on roundtable topic ideas, outcome assessment development and further engagement directions, including regulatory considerations and nature-positive opportunities.

Brazilian Engagement Trip

In October 2024, we conducted site visits and held in-person meetings with **Minerva SA**, **BRF SA** and **Banco do Brasil SA** in São Paulo and Brasília. Additionally, we visited a range of organizations, including the Brazilian Forest Service (Serviço Florestal Brasileiro), ABIEC (Brazilian Beef Exporters Association), Niceplanet, and the National Wildlife Federation, representing government agencies, industry associations, technology companies and environmental NGOs, to gain diverse insights. The objectives of this trip were not only to strengthen relationships but also to deepen our understanding of Brazil's deforestation and biodiversity context, ultimately seeking solutions to mitigate related risks and impacts. This report includes a case study on Minerva SA.

COP16

COP16 took place in Cali, Colombia, achieving some important milestones while leaving key issues unresolved. Two notable achievements included the creation of a permanent body for Indigenous Peoples & Local Communities to ensure their voices are integrated in the decisionmaking process and the establishment of the "Cali Fund." The Cali Fund is a mechanism whereby companies that benefit from using genetic data from nature should share a proportion of their profits or revenues to a global fund supporting the countries and communities that steward nature.

However, progress was hindered in other areas. Only 44 out of 196 member states submitted their National Biodiversity Strategies and Action Plans (NBSAPs), falling short of the expectation to implement the Global Biodiversity Framework. Additionally, discussions on global biodiversity funding and the finalization of the monitoring framework have been postponed.

Looking Ahead

For Q1 2025, we will focus on deploying our engagement approach for 2025. This will incorporate feedback from our consultation, insights from the Brazilian engagement trip, and observations from COP16. Based on our theory of change work, we have set specific targets for activities and potential outcomes we aim to work towards in 2025.

Human Rights Accelerator Theme Updates

Human Rights Accelerator Thematic Engagement

The primary objective of the Human Rights Accelerator (HRA) is for participating companies to adopt, integrate and implement the United Nations Guiding Principles on Business and Human Rights (UNGPs). These principles offer guidance for businesses to conduct human rights due diligence (HRDD), which is designed to prevent adverse impacts on people. It is essential to underscore that HRDD is focused on potential risks to people rather than business risks.

As human rights risks may evolve, the ongoing process of HRDD is crucial for companies. To achieve this, companies must engage meaningfully with their stakeholders, which include workers, their representatives, local organizations, and communities.

There are currently 18 companies in the HRA operating in the mining, electronics, and cocoa sectors. These dialogues are intended to provide guidance and oversight for companies' efforts in addressing and mitigating sector-specific human rights risks. These risks encompass concerns such as child labour, livelihood, living income, living wages, and community rights. The HRA's involvement aims to support companies in navigating and improving their approaches to these critical human rights issues.

Developments in 2024

The primary topics of discussion included living income and wages, the prevention of forced and child labour, the establishment of operational-level grievance mechanisms, labour union relations, and sexual harassment at the workplace. For mining sector companies, we specifically emphasized the importance of their relationships with local communities, particularly their adherence to and implementation of Free, Prior, and Informed Consent (FPIC) principles.

We tailor our engagement methods based on the characteristics of the companies. For companies that have a long-standing tradition of engaging with investors, we use traditional question-and-answer formats in our meetings. These companies are typically quite mature but often progress rather slowly. They may be aware of what needs to be done but face various obstacles or reluctance. Therefore, our communication is not only about what we expect them to do but also about understanding the reasons for their slow progress and providing
constructive recommendations.

For companies that are new to engagement and eager to learn from us, we prepare good practice examples to share with them. These companies are committed but are just beginning to conduct Human Rights Due Diligence (HRDD). Therefore, discussing good practice examples can provide these companies with a solid foundation to begin their efforts effectively.

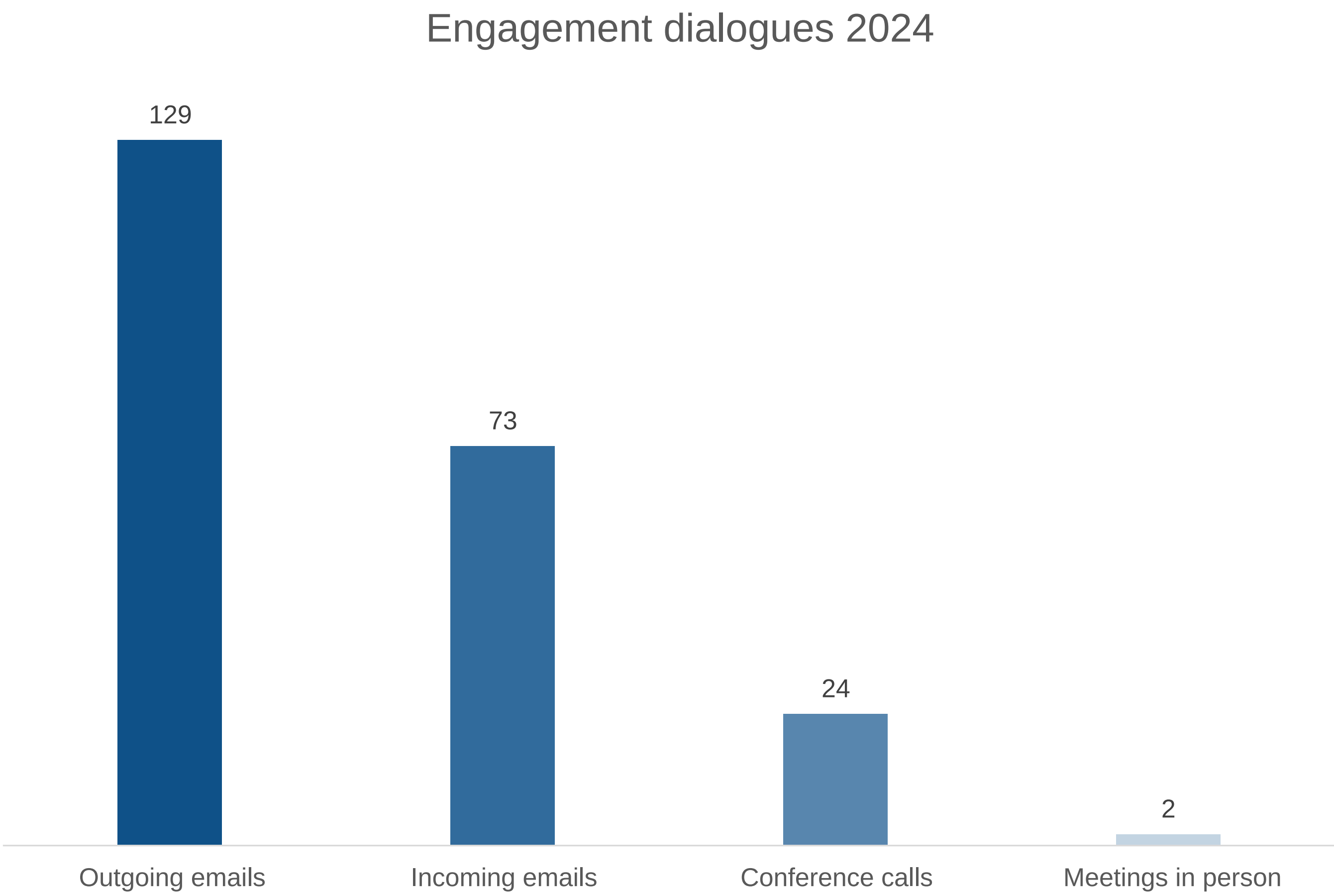
For companies that are less open to engagement meetings, we focus on communicating investor expectations clearly. Moreover, we commend their achievements and offer constructive improvement suggestions with care and deliberation. These feedback loops are instrumental in helping this group of companies achieve their best performance.

Throughout our engagement process, we observed that companies have developed a deeper understanding of the link between respecting human rights and building corporate resilience. This resilience encompasses not only the ability to produce and operate effectively but also the capacity to identify risks, withstand challenges, and recover from them. Companies have recognized the value of our engagement in receiving investor feedback and considering our recommendations.

We have noticed a growing willingness among participating companies to engage in conversations about human rights issues. This is reflected in several ways: companies are more responsive to emails, and it has become easier to schedule meetings. Additionally, some companies have specifically requested our expertise and resources to aid in their learning and development.

Engagement Update

There are 18 companies actively participating in the Human Rights Accelerator (HRA). In total, we exchanged 231 email, three phone calls and hosted 26 meetings with the companies in 2024. These meetings include 24 conference calls and two in-person meetings.



The HRA works in collaboration with UNPRI Advance to engage with five companies in the mining sector. Sustainalytics has been the leading investor for two of these engagements. The collaborating investors in UNPRI Advance organized regular meetings to discuss common interest areas and engagement strategies towards the companies. In total, ten meetings were organised with the companies in the UNPRI Advance programme.

To deepen the understanding and effectively engage with companies, the HRA has initiated regular conversations with key stakeholders, including the International Labour Organization, the International Council on Mining and Metals, the Rainforest Alliance, Oxfam Novib, and the Business and Human Rights Resource Centre. Additionally, the HRA has consulted representatives of workers and local communities, such as trade unions and community-based organizations, to gain insights into their perspectives on company behaviours.

Company Performance

This section outlines the key progress of the participating companies, as well ass the areas for improvement.

The companies have made significant improvements in three areas: governance structure, executive pay, and grievance mechanisms. Firstly, there has been the establishment of clear reporting lines for human rights issues directly to the board. Several companies have implemented specific structures within the board or at the executive management level to address these issues comprehensively. Additionally, there has been notable progress in disclosing how executive compensation is linked to the company's performance in respecting human rights. Companies have also enhanced the accessibility of grievance channels and improved the transparency of their mechanisms. These developments demonstrate the companies' adherence to their commitments under the United Nations Guiding Principles on Business and Human Rights (UNGPs) and their continued efforts towards alignment with these principles.

Areas for improvement were identified during our engagement. The gaps are around the areas of executive compensation, policy implementation and grievance mechanisms.

Although many companies could show that human rights play a role in executive pay, the precise methods and criteria used to assess this performance and determine compensation are not disclosed or well-explained. Also, while most companies have established human rights policies in line with international standards, very few disclose specific policies related to their salient risks. For example, electronics companies have all committed to universally recognized human rights. However, not all of them disclose how they prevent human rights abuses such as forced labour within their supply chains. In recent years, electronics companies have continued to face scrutiny from academia and the media regarding their links to forced labour practices within their supply chains.

In terms of grievance mechanisms, although significant improvements have been observed over the past year, most companies still struggle to gain the trust of intended users and provide fair and easy access to remedies. For instance, companies in the cocoa sector have acknowledged their limitations in engaging with farmers and earning their trust due to the complexities of cascading supply chain relationships. Grievance mechanisms that cover farmers and farm workers are still in their infancy, reflecting the early stages of in addressing these critical issues.

While increasing accessibility to grievance mechanisms is important, it is even more critical to have transparent, predictable, and safe investigation procedures. Most companies have not provided detailed information on how investigations are conducted, nor have they clarified how they ensure confidentiality and protect against retaliation. This issue is particularly relevant to the electronics industry. While most grievance mechanisms cover the entire supply chain, the absence of grievance reports indicates a lack of trust among supply chain workers. This suggests that while the mechanisms exist, they may not be effectively utilized or trusted by those they are intended to serve.

Case study on the Persistem Practice-Outcome Gap

This section offers two case examples and an analysis of the persistent practice-outcome gap we observed in the HRA. The term "practice outcome gap" or "practice-outcome decoupling" is used in the academic study of organizational theories.[1] It refers to various forms of discrepancies between practices and outcomes. Generally, a practice-outcome gap occurs when a company demonstrates the implementation of policies but fails to show evidence of achieving desirable outcomes, particularly in the context of human rights. This phenomenon is considered a major issue in corporate social responsibility.[2]

In the HRA, we regularly consult reports and hold conversations with key stakeholders of companies, including local communities, NGOs, and worker organizations, to gather their perspectives on the company's performance. These conversations supplement our engagement meetings with the companies, helping to substantiate the information provided by them. Despite clear commitments to respecting human rights and the existence of formal procedures and programmes for rights holders—such as workers and local communities, including Indigenous Peoples—media reports and stakeholder feedback indicate that the outcomes of these programmes have limited impact.

An example from the mining sector highlights the practice-outcome gap. The company has disclosed a comprehensive set of policies and procedures to engage with local communities, demonstrating interest in their well-being and respect for their rights. However, a community reported that the company had not fully carried out its promises. Upon sharing this feedback through our engagement meeting, the company was surprised and stated it would investigate the issue. This challenge is common among mining companies.

Similarly, companies in the cocoa sector face challenges in implementing living income programmes. Despite significant financial input to the programme, farmer feedback indicates that the money received did not substantially improve their income due to the high costs associated with the required materials and activities.

We consider the reasons for these practice-outcome gaps to be manifold. One explanation is superficial compliance, where companies draft policies and procedures to maintain their reputation but do not make sufficient efforts to implement them, reflecting a lack of genuine commitment. Additionally, the lack of trust between companies and rights holders hinders regular consultation and feedback needed to close the gap and create a genuine impact. Lastly, there is a disconnect between profit-making practices and advancing human rights. Companies need to fulfil their responsibility to create value for shareholders, while they should share profits and respect the rights of stakeholders such as local communities and farmers. Although these aspects should theoretically align, in reality, they often create a dichotomy that places companies in a continuous dilemma.

Addressing these underlying issues can help close the practice-outcome gaps. Gaining stakeholder trust is a long-term process that requires patience and persistent efforts of companies. We often recommend that companies engage with their stakeholders and utilize various tools to gather feedback and make consistent and continuous improvements. Additionally, internal debates on prioritizing human rights, particularly involving top management, is an effective approach based on our experience in engagement. While we continue to share good practices and recommendations with companies, we recognize that genuine commitment can only be achieved by the collective efforts of the society at large.

The Year Ahead

In the remaining period, the HRA will prioritize transparency, effective grievance mechanisms, and meaningful stakeholder consultations among all participating companies.

In the cocoa sector, our focus will include ensuring living wages, combating child labour, and establishing grievance mechanisms for farmers. Discussions will also cover responsible pricing and contracts for suppliers, cooperatives, and farmers, as well as raising awareness on forced labour and its prevention.

For the electronics sector, we will emphasize grievance mechanisms for supply chain workers and the prevention of forced labour beyond the first tier. We will also encourage companies to collaborate with unions on collective bargaining agreements and enhance disclosure on social dialogues. Additionally, we will discuss responsible purchasing practices and supplier contract disengagement.

In the mining sector, engagement will concentrate on three main stakeholder groups: employees, supply chain workers, and local communities, including Indigenous Peoples. Key discussion points will include social dialogue with unions, monitoring supply chains, implementing Free, Prior, and Informed Consent practices, and fostering meaningful engagement with local communities.

By focusing on these areas, the HRA aims to drive significant improvements across various sectors, promoting human rights risk prevention and building corporate resilience.

The Human Rights Accelerator Thematic Engagement will conclude in Q1 2025. The recently launched Human Rights Stewardship Programme will continue our work in improving human rights. This new programme will maintain its emphasis on human rights due diligence, particularly within the context of the current energy transition and the pursuit of a just transition.

Net Zero Transition Stewardship Programme

The fourth quarter of 2024 was marked by 30 engagement calls including follow-up dialogues with several companies, demonstrating continued commitment to advancing climate discussions. Additionally, managing a substantial volume of communications, exchanging a total of 326 emails to coordinate and support these engagements. We also saw success with both **Bouygues SA** and **ENGIE SA**. Initially not responsive, when we informed them of our trip, Engie offered an engagement call and Bouygues met us in person.

In October 2024, the inaugural investor consultation session to address challenges, opportunities and collect feedback on the stewardship programme was held. Net Zero Transition Programme's theory of change was the focus, which builds the overarching strategic agenda. The theory of change aims to align corporate strategies with the Paris Agreement and drive meaningful GHG emissions reductions across global operations and supply chains while positioning companies to navigate climate-related risks and opportunities effectively. Key takeaways from the session included investors' willingness to co-lead critical dialogues and contribute to engagement agendas, highlighting their active interest in collaborative efforts to drive climate action forward.

European Engagement Trip 2024

In November, Morningstar Sustainalytics Stewardship team organized a team of Engagement Managers and investors to visit a series of companies across Europe. It provided the opportunity to gain firsthand insights into the challenges and opportunities faced by key industry players driving the European and global energy transition. We visited the facilities of **BASF SE**, **Iberdrola SA**, **Air Liquide SA**, and **Bouygues SA**. This report provides a case study of BASF highlighting some learnings from the trip. At BASF's Ludwigshafen facility, participants explored the company's history, sustainability initiatives, and innovations in decarbonizing industrial processes. At Iberdrola's Puertollano site, the team toured a 100 MW solar plant and a 20 MWh lithium-ion battery system powering one of the world's largest hydrogen production systems, supporting 10% of Fertiberia's local ammonia plant energy needs. Our trip furthered our relationship between these four companies and moving forward we will continue to engage with them on their road to net zero. The engagement trip provided valuable insights into Europe's energy transition, facilitated new connections with a previously unresponsive French company, expanded engagement scope and deepened partnerships with Iberdrola and BASF opening new potential pathways for better collaboration.

Looking Ahead

For Q1 2025, we plan to continue engaging with companies by scheduling dialogue sessions and closely monitoring policy developments across jurisdictions that could influence progress on net zero transitions and climate impact.

Beyond Audits: Building Investor Confidence in Forced Labour Prevention

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Global Standards Engagement was posed an intriguing question by an investor client. The client had read a news article claiming that forced labour was discovered in the supply chain of one of their invested companies. Concerned, the investor contacted the company for clarification. The company informed them that it had commissioned a reputable auditing firm to assess the supplier in question and no evidence of forced labour had been found. The company assured the investor that forced labour was impossible in its supply chain. The investor then posed a critical question: Was the company's statement true, was the audit really enough to confirm the absence of forced labour?

While social audits can be valuable, more and more evidence has shown that it is an ineffective tool for identifying hidden risks such as forced labour.[3,4,5,6]

Forced labour can take many forms and exists on a spectrum rather than being a binary concept. It can range from a subtle pressures to work overtime, to outright physical coercion. The International Labour Organization (ILO) offers a broad definition of forced labour, including key indicators to help identify it, such as excessive overtime, witholding wages, and inability to resign.[7,8] These indicators can be particularly challenging to detect, although very common to expect. For instance, the timeframe for resignation, if not documented, can be extended to months. Workers often lack detailed knowledge of labour laws and believe they must wait until the employer consents. This leads to prolonged periods where workers feel trapped in their positions.

All of these are challenging to uncover by social auditors, hence the need to not rely solely on the output of an audit. An assessment of the company's understanding of forced labour risk can be beneficial if the investor believes the company has a high risk of forced labour. The clarity of the company's response to targeted queries can help investors gauge the company's ability to manage this risk.

Firstly, the company should be able to clearly explain the assessment of forced labour risk in terms of both severity and probability, and how it relates to its business operations. Many companies view forced labour as a binary issue and consider it a severe risk. However, as discussed earlier in this article, forced labour can manifest in various forms, some of which are more severe than others. Overlooking or downplaying less severe forced labour issues can have significant repercussions for the company. Furthermore, companies often exhibit misplaced confidence, assuming that forced labour is unlikely within their supply chains. This overconfidence may reflect a lack of knowledge, potentially leading to insufficient preventative measures.

Secondly, the company should be able to elaborate on the root causes of forced labour that are relevant to its business. There are three categories of root causes regarding forced labour in the supply chain: demand-side risk factors, such as the company's pressure on suppliers concerning price, cost, and speed of production; supply-side risk factors, encompassing poverty, low educational levels, and migration; and institutional factors, like lack of laws to protect workers and poor enforcement of existing laws.[9] Companies seldom recognize their own purchasing practices as a risk factor. For instance, aggressive demands for low prices, quick turnaround times and fluctuating order patterns can put immense pressure on suppliers. This pressure can lead suppliers to cut cornerns, often at the expense of workers' rights.

Thirdly, the company should be able to share its commitments and plans for remediation if such risks become a reality. By having these commitments and plans in place, the company shows that failing to prevent forced labour would come with significant costs. Therefore, to avoid these costs, the company would be more motivated to proactively prevent the risks of forced labour.

It is not practically feasible for investors to investigate every company in their investment portfolio to monitor for forced labour issues. Instead, investors can gain valuable insights during engagement meetings. These meetings can reveal how well a company manages the risk of forced labour. Given the inherent difficulties in accurately measuring outcome indicators for forced labour, it is essential for investors to focus on robust leading indicators when evaluating companies. Leading indicators, such as the company's risk assessment, understanding of root causes, and preparedness to handle incidents, provide critical insights into company's performance. These indicators help investors better assess a company's commitment and ability to mitigate forced labour risks, enabling more informed and responsible investment decisions.

Winter Wonderland: Unique Climate Risks in the Great Lakes Region of North America

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This article provides a comprehensive overview of the physical and financial impacts of climate change-induced snowfall in North America's Great Lakes region, offering valuable insights for investors concerned about the potential impacts on corporate assets and business operations. By highlighting the unique aspects of the Great Lakes region, focusing on the implications of increasing extreme snowfall events, the article underscores the importance of proactive risk management and investment in resilience.

Climate change is reshaping weather patterns globally, and North America's Great Lakes region is experiencing unique challenges. Over the last weekend of November 2024, the Great Lakes region experienced an extreme snowfall event. Local towns declared a state of emergency after being hit with ~140 cm of snow, leading to prolonged highway closures and widespread power outages affecting more than 60,000 people.[10] Snow squalls, driven by cold air over the Great Lakes, created hazardous travel conditions and stranded many vehicles.[11] Emergency services worked tirelessly to assist those affected, and residents were advised to stay home due to the dangerous road conditions.

The Great Lakes Region: A Climate Change Hotspot

The Great Lakes region, encompassing parts of both the United States and Canada, is home to the largest freshwater system on Earth, containing 84% of North America's fresh surface water.[12] This region includes agricultural lands, forests, urban areas, and diverse shorelines—all of which are integral to the local economy and environment. The Great Lakes themselves play a crucial role in moderating regional climate conditions, influencing temperature, precipitation, and weather patterns.[13] However, climate change is already taking a significant toll on the region. Increased precipitation and extreme weather events are causing flooding, erosion, and declining water quality. These changes are impacting agriculture, infrastructure, natural resources, and public health, making the region particularly vulnerable to climate variability and change.[14]

A Paradox of Climate Change

Paradoxically, climate change is leading to increased heavy snowfall in the Great Lakes region. Warmer global temperatures result in less ice cover on the Great Lakes, allowing more moisture to evaporate into the atmosphere. When cold air masses move over the relatively warm lake waters, this moisture is picked up and transformed into significant lake-effect snow. Consequently, areas downwind of the lakes, particularly in northern regions, are experiencing more frequent and intense snowfall events.[15] This phenomenon highlights the complex and sometimes counterintuitive impacts of climate change on local weather patterns.

The number of days with snow cover has generally decreased across most of Canada due to later snow onset in the fall and earlier snow melt in the spring—however, there are regional variations. Areas downwind of the Great Lakes have experienced increases in snowfall due to lake-effect snow.[16,17] Future projections indicate that while overall snow cover may decrease, heavy snowfall events could become more frequent in certain regions due to changing weather patterns.[18]

Financial Impacts of Extreme Snowfall Events

The Great Lakes region has a long history of extreme snowfall events that have had significant financial impacts affecting both public infrastructure and private properties. For instance, the November 2022 lake-effect snowstorm in Buffalo, New York, resulted in over 80 inches of snow over four days, causing widespread power outages, structural damage to buildings, and major disruptions to transportation networks.[19] These events lead to increased costs for snow removal, road maintenance, and emergency services, as well as higher insurance claims due to property damage.

The Insurance Bureau of Canada (IBC) has reported a significant increase in insurance claims related to severe weather, including snow and ice damage. According to the IBC, insured damage from severe weather events in Canada now routinely exceeds USD 2 billion annually, with a substantial portion attributed to water-related damage, which includes snow and ice.[20,21] Additionally, businesses face operational disruptions, with supply chains being particularly vulnerable to delays and increased costs.

Overall, the financial impacts of extreme snowfall events in the Great Lakes region are escalating, reflecting broader trends of increasing extreme weather events linked to climate change. These trends underscore the growing financial impact of extreme snowfall events, and the importance for investors and companies to incorporate climate risk assessments and resilience planning into their strategies to mitigate potential losses.

Implications for Investors

The rising costs associated with snow removal, infrastructure repair, and insurance premiums can significantly affect the bottom line. Moreover, disruptions in operations and supply chains can lead to lost revenue and increased operational costs. Corporate asset owners and investors should consider the following strategies to mitigate risks and capitalize on opportunities:

1. **Risk Assessment and Management:** Conduct thorough risk assessments to identify vulnerabilities in business operations and supply chains. Implement robust risk management strategies to minimize potential disruptions and financial losses.
2. **Infrastructure Investment:** Invest in resilient infrastructure that can withstand extreme weather events. This includes upgrading buildings, transportation networks, and energy systems to enhance their durability and reliability.
3. **Insurance and Financial Planning:** Review and adjust insurance coverage to ensure adequate protection against extreme weather events. Consider financial planning strategies that account for potential increases in insurance premiums and other climate-related costs.
4. **Sustainable Practices:** Promote and invest in sustainable business practices that reduce greenhouse gas emissions and mitigate climate change. This can include energy efficiency measures, renewable energy investments, and sustainable supply chain management.
5. **Engagement and Advocacy:** Engage with policymakers and industry stakeholders to advocate for climate action and resilience-building measures. Support initiatives that promote sustainable development and climate adaptation.

Climate change is reshaping snowfall patterns in North America, with significant financial implications for corporate assets and critical infrastructure. The increasing frequency and severity of extreme snowfall events underscore the need for proactive risk management and investment in resilient infrastructure. By understanding and addressing these challenges, investors can protect their assets and capitalize on opportunities in a changing climate. As the impacts of climate change continue to unfold, staying informed and prepared will be key to navigating the evolving landscape of risks and opportunities.

Spotlight on Accelerating the EU Energy Transition

European Investor Trip in November 2024

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The energy transition in the European Union (EU) is at a pivotal point, grappling with the aftermath of the energy crisis exacerbated by the Russia—Ukraine war, with European energy security being more urgent than ever. To execute its ambitious Green Deal and bolster the European green economy, the EU has adopted ambitious legislation, including the Fit for 55 package, Renewable Energy Directive (RED III), and REPowerEU plan. Yet, 2024 has been something of a reality check, exposing significant hurdles such as infrastructure bottlenecks, investment shortfalls in clean energy technologies, high electricity prices, and the delicate balance of integrating decentralized energy systems with grid stability. Adding to these challenges, the forthcoming Carbon Border Adjustment Mechanism (CBAM) is set to further reshape EU trade dynamics and intensify pressure on high-emitting industries already struggling to meet short-term carbon reduction goals.

Amid these headwinds, European companies are working to decarbonize and raise capital to fund their low-carbon transitions. In 2024, there were numerous media reports of companies scaling back or delaying interim carbon reduction targets due to persistently high interest rates, elevated raw material costs, supply chain disruptions, project delays, and low demand for green products. Moreover, China's dominance in critical low-carbon and renewable technology supply chains has heightened Europe's exposure to vulnerabilities in manufacturing capacity and industrial policy gaps. In November 2024, the EU's lighthouse project Northolt filed for bankruptcy delivering a blow to Europe's EV battery ambitions and intensifying concerns about the financial stability of key projects and the region's competitiveness.

European Investor Trip

To understand how companies are navigating these complexities, we set out into the field in November 2024 to witness firsthand how European industry leaders are driving the energy transition. Material Risk Engagement Manager Marta Mancheva and Net Zero Transition Engagement Lead Amar Causevic conducted site visits and corporate meetings with stakeholders ranging from senior management to engineers and plant operators. The trip spanned Germany, France, and Spain, covering key sectors such as utilities, chemicals, steel, industrial gases, and construction. Central to the discussions were topics such as the economics and use cases of green hydrogen, industrial electrification, large-scale green ammonia generation, solar park innovations, decarbonizing feedstocks, and the demand for low-carbon products.

Highlights from the trip included:

- Witnessing BASF's pioneering e-furnace technology in the steam cracker process at the world's largest integrated chemical park in Ludwigshafen, Germany.
- Learning how Iberdrola deployed an industry-scale green hydrogen plant for green ammonia production by Grupo Fertiberia in Puertollano, Spain.
- Gaining insights from Spanish steel company Acerinox on decarbonizing stainless steel and high-performance alloys across geographies.
- Exploring how Air Liquide is deploying its innovative CCS Cryocap™ technology.
- Engaging with Bouygues to learn about its expanding portfolio of green products and services.

Reflecting on the trip, a few take-aways stood out: companies face significant challenges in scaling commercially viable low-carbon technologies. European subsidies and funding mechanisms have largely focused on the supply side, yet demand remains weak. Both industrial and retail customers are highly cost-sensitive, with limited willingness to pay a green premium under current market conditions. Despite ambitious EU targets and national hydrogen strategies, many green hydrogen projects stall before reaching final investment decisions due to insufficient off-taker commitments.

Nonetheless, the companies we engaged with remain firmly committed to achieving net-zero goals and while headwinds persist, these corporates are far from standing still. They are actively preparing, piloting, and engaging with policymakers to secure strategic positions in critical European low-carbon value chains as markets mature.

For more insights into the role of green hydrogen as a low-carbon technology in Europe, explore the conversation between Morningstar editor Johanna Englundh and engagement managers Marta Mancheva and Amar Causevic on Morningstar website.[22]

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The Biodiversity and Natural Capital Stewardship Programme continues to engage with the selected 50 companies across the agricultural value chain through ongoing research, gap analysis and in-depth engagement dialogues. From October to December 2024, we held nine engagement meetings, including two in-person meetings conducted in Brazil and Colombia.

The fourth quarter has been busy with various activities, marked by our first investor consultation, an engagement trip to Brazil, and participation in the UN Biodiversity Conference (COP16) in Colombia.

Client Consultation

In October 2024, Morningstar Sustainalytics held its first annual client consultation meeting. During the session, we discussed engagement trends and challenges we have observed in the programme and presented our theory of change. Investors provided valuable feedback on roundtable topic ideas, outcome assessment development and further engagement directions, including regulatory considerations and nature-positive opportunities.

Brazilian Engagement Trip

In October 2024, we conducted site visits and held in-person meetings with **Minerva SA**, **BRF SA** and **Banco do Brasil SA** in São Paulo and Brasília. Additionally, we visited a range of organizations, including the Brazilian Forest Service (Serviço Florestal Brasileiro), ABIEC (Brazilian Beef Exporters Association), Niceplanet, and the National Wildlife Federation, representing government agencies, industry associations, technology companies and environmental NGOs, to gain diverse insights. The objectives of this trip were not only to strengthen relationships but also to deepen our understanding of Brazil's deforestation and biodiversity context, ultimately seeking solutions to mitigate related risks and impacts. This report includes a case study on Minerva SA.

COP16

COP16 took place in Cali, Colombia, achieving some important milestones while leaving key issues unresolved. Two notable achievements included the creation of a permanent body for Indigenous Peoples & Local Communities to ensure their voices are integrated in the decision-making process and the establishment of the "Cali Fund." The Cali Fund is a mechanism whereby companies that benefit from using genetic data from nature should share a proportion of their profits or revenues to a global fund supporting the countries and communities that steward nature.

However, progress was hindered in other areas. Only 44 out of 196 member states submitted their National Biodiversity Strategies and Action Plans (NBSAPs), falling short of the expectation to implement the Global Biodiversity Framework. Additionally, discussions on global biodiversity funding and the finalization of the monitoring framework have been postponed.

Looking Ahead

For Q1 2025, we will focus on deploying our engagement approach for 2025. This will incorporate feedback from our consultation, insights from the Brazilian engagement trip, and observations from COP16. Based on our theory of change work, we have set specific targets for activities and potential outcomes we aim to work towards in 2025.

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About Morningstar Sustainalytics and Contacts

Morningstar Sustainalytics is a leading ESG data, research, and ratings firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 30 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Morningstar Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG information and assessments into their investment processes. The firm also works with hundreds of companies and their financial intermediaries to help them consider material sustainability factors in policies, practices, and capital projects. Morningstar Sustainalytics has analysts around the world with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.

Do you have any questions regarding our Stewardship Services?
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Engage List

Company Name	Issue	Focus Area	Progress	Response	Milestone	Engage Since
A.P. Møller-Mærsk A/S (Denmark, 2023)	Net Zero Transition	Themes	Standard	Poor	2	2023
Accor SA (France, 2024)	Human Capital Management	Themes			0	2024
Adecco Group AG (Switzerland, 2024)	Human Capital Management	Themes			0	2024
Alphabet, Inc. (United States of America, 2023)	Net Zero Transition	Themes	Standard	Standard	1	2023
Amazon.com, Inc. (United States of America, 2023)	Net Zero Transition	Themes	Poor	Poor	2	2023
Amazon.com, Inc. (United States of America, 2024)	Forced Labour - Supply Chain	Incidents	Standard	Poor	3	2024
Amazon.com, Inc. (United States of America, 2021)	Freedom of Association	Incidents	Standard	Poor	2	2021
Amazon.com, Inc. (United States of America, 2020)	Occupational Health and Safety	Incidents	Standard	Poor	3	2020
Anglo American Plc (United Kingdom, 2023)	Net Zero Transition	Themes	Standard	Standard	0	2023
Apple, Inc. (United States of America, 2023)	Net Zero Transition	Themes	Standard	Standard	2	2023
AT&T, Inc. (United States of America, 2024)	Human Capital Management	Themes			0	2024
Banco do Brasil SA (Brazil, 2022)	Biodiversity and Natural Capital	Themes	Standard	Good	0	2022
Bank of America Corp. (United States of America, 2022)	Biodiversity and Natural Capital	Themes	Standard	Good	0	2022
Centrais Elétricas Brasileiras SA (Brazil, 2020)	Controversial Project(s) - Human Rights Impacts	Incidents	Good	Standard	3	2020
Citigroup, Inc. (United States of America, 2015)	Business Ethics	Incidents	Good	Good	3	2015

Company Name	Issue	Focus Area	Progress	Response	Milestone	Engage Since
Costco Wholesale Corp. (United States of America, 2024)	Human Capital Management	Themes	Poor	Poor	0	2024
Crédit Agricole SA (France, 2022)	Biodiversity and Natural Capital	Themes	Good	Good	1	2022
CRH Plc (Ireland, 2023)	Net Zero Transition	Themes	Standard	Good	2	2023
CVS Health Corp. (United States of America, 2024)	Human Capital Management	Themes	Standard	Standard	1	2024
DBS Group Holdings Ltd. (Singapore, 2022)	Biodiversity and Natural Capital	Themes	Standard	Standard	0	2022
Deere & Co. (United States of America, 2022)	Biodiversity and Natural Capital	Themes	Standard	Standard	0	2022
Deutsche Telekom AG (Germany, 2024)	Human Capital Management	Themes			0	2024
EDP-Energias de Portugal SA (Portugal, 2023)	Net Zero Transition	Themes	Standard	Standard	4	2023
Enel SpA (Italy, 2023)	Net Zero Transition	Themes	Standard	Poor	2	2023
ENGIE SA (France, 2023)	Net Zero Transition	Themes	Standard	Standard	2	2023
EssilorLuxottica SA (France, 2024)	Human Capital Management	Themes	Standard	Poor	1	2024
Fresenius Medical Care AG (Germany, 2024)	Human Capital Management	Themes	Standard	Poor	1	2024
Fresenius SE & Co. KGaA (Germany, 2024)	Human Capital Management	Themes	Standard	Standard	1	2024
Fujitsu Ltd. (Japan, 2024)	Human Capital Management	Themes			0	2024
George Weston Ltd. (Canada, 2024)	Human Capital Management	Themes			0	2024
Iberdrola SA (Spain, 2023)	Net Zero Transition	Themes	Good	Excellent	2	2023

Company Name	Issue	Focus Area	Progress	Response	Milestone	Engage Since
Infosys Ltd. (India, 2024)	Human Capital Management	Themes			0	2024
ING Groep NV (Netherlands, 2022)	Biodiversity and Natural Capital	Themes	Good	Standard	1	2022
JPMorgan Chase & Co. (United States of America, 2022)	Biodiversity and Natural Capital	Themes	Standard	Standard	0	2022
Koninklijke Ahold Delhaize NV (Netherlands, 2022)	Biodiversity and Natural Capital	Themes	Standard	Good	0	2022
Kühne + Nagel International AG (Switzerland, 2024)	Human Capital Management	Themes			0	2024
L'Oréal SA (France, 2024)	Human Capital Management	Themes			0	2024
Linde Plc (United Kingdom, 2023)	Net Zero Transition	Themes	Poor	Poor	1	2023
Lowe's Companies, Inc. (United States of America, 2024)	Human Capital Management	Themes	Standard	None	1	2024
LVMH Moët Hennessy Louis Vuitton SE (France, 2024)	Labour Rights - Supply Chain	Incidents	Standard	Standard	1	2024
Marriott International, Inc. (United States of America, 2024)	Human Capital Management	Themes			0	2024
Medtronic Plc (Ireland, 2022)	Quality and Safety - Human Rights	Incidents	Poor	Standard	3	2022
Meta Platforms, Inc. (United States of America, 2021)	Social Impact - Products	Incidents	Standard	Poor	3	2021
Meta Platforms, Inc. (United States of America, 2018)	Data Privacy and Security	Incidents	Standard	Poor	4	2018
Microsoft Corp. (United States of America, 2023)	Net Zero Transition	Themes	Standard	Standard	1	2023
Mowi ASA (Norway, 2022)	Biodiversity and Natural Capital	Themes	Good	Standard	3	2022
Nestlé SA (Switzerland, 2022)	Biodiversity and Natural Capital	Themes	Good	Good	1	2022

Company Name	Issue	Focus Area	Progress	Response	Milestone	Engage Since
Nestlé SA (Switzerland, 2022)	Human Rights Accelerator	Themes	Good	Good	4	2022
Newmont Corp. (United States of America, 2022)	Human Rights Accelerator	Themes	Standard	Standard	2	2022
NextEra Energy, Inc. (United States of America, 2023)	Net Zero Transition	Themes	Standard	Excellent	2	2023
Nippon Telegraph & Telephone Corp. (Japan, 2024)	Human Capital Management	Themes			0	2024
Norfolk Southern Corp. (United States of America, 2024)	Incident(s) Resulting in Negative Environmental and Human Rights Impacts	Incidents	Standard	Standard	3	2024
Procter & Gamble Co. (United States of America, 2022)	Biodiversity and Natural Capital	Themes	Good	Good	1	2022
Public Service Enterprise Group, Inc. (United States of America, 2023)	Net Zero Transition	Themes	Standard	Standard	1	2023
Rio Tinto Ltd. (Australia, 2023)	Net Zero Transition	Themes	Standard	Standard	0	2023
RWE AG (Germany, 2023)	Net Zero Transition	Themes	Standard	Good	2	2023
Samsung Electronics Co., Ltd. (South Korea, 2023)	Net Zero Transition	Themes	Standard	Standard	2	2023
Samsung Electronics Co., Ltd. (South Korea, 2022)	Human Rights Accelerator	Themes	Standard	Standard	3	2022
Samsung Electronics Co., Ltd. (South Korea, 2016)	Bribery and Corruption	Incidents	Standard	Standard	4	2016
SAMSUNG BIOLOGICS Co., Ltd. (South Korea, 2020)	Accounting and Taxation	Incidents	Standard	Standard	3	2020
Siemens AG (Germany, 2024)	Human Capital Management	Themes	Excellent	Excellent	4	2024

Company Name	Issue	Focus Area	Progress	Response	Milestone	Engage Since
Sony Group Corp. (Japan, 2022)	Human Rights Accelerator	Themes	Standard	Standard	2	2022
Sumitomo Mitsui Financial Group, Inc. (Japan, 2022)	Biodiversity and Natural Capital	Themes	Standard	Good	1	2022
Suzano SA (Brazil, 2024)	Community Relations	Incidents			2	2024
Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan, 2023)	Net Zero Transition	Themes	Standard	Standard	1	2023
Taiwan Semiconductor Manufacturing Co., Ltd. (Taiwan, 2022)	Human Rights Accelerator	Themes	Standard	Standard	2	2022
Target Corp. (United States of America, 2024)	Human Capital Management	Themes			0	2024
Telefónica SA (Spain, 2024)	Human Capital Management	Themes			0	2024
Tesla, Inc. (United States of America, 2024)	Freedom of Association	Incidents	Standard	Poor	0	2024
Tesla, Inc. (United States of America, 2022)	Discrimination and Harassment	Incidents	Standard	Standard	2	2022
The Home Depot, Inc. (United States of America, 2024)	Human Capital Management	Themes	Standard	Standard	2	2024
The Toronto-Dominion Bank (Canada, 2024)	Money Laundering	Incidents	Poor	Standard	2	2024
The Walt Disney Co. (United States of America, 2024)	Human Capital Management	Themes			0	2024
Thermo Fisher Scientific, Inc. (United States of America, 2021)	Involvement With Entities Violating Human Rights	Incidents	Standard	Poor	2	2021
Toyota Motor Corp. (Japan, 2023)	Net Zero Transition	Themes	Standard	Standard	0	2023
Toyota Motor Corp. (Japan, 2022)	Consumer Interests - Business Ethics	Incidents	Standard	Standard	2	2022
UBS Group AG (Switzerland, 2023)	Business Ethics	Incidents	Standard	Standard	3	2023

Company Name	Issue	Focus Area	Progress	Response	Milestone	Engage Since
UBS Group AG (Switzerland, 2022)	Biodiversity and Natural Capital	Themes	Good	Standard	1	2022
Unilever Plc (United Kingdom, 2024)	Human Capital Management	Themes			0	2024
United Parcel Service, Inc. (United States of America, 2023)	Net Zero Transition	Themes	None	None	1	2023
UnitedHealth Group, Inc. (United States of America, 2024)	Human Capital Management	Themes	Standard	Standard	1	2024
UnitedHealth Group, Inc. (United States of America, 2024)	Data Privacy and Security	Incidents	Standard	Poor	0	2024
Vodafone Group Plc (United Kingdom, 2024)	Human Capital Management	Themes			0	2024
Wal-Mart de México SAB de CV (Mexico, 2024)	Human Capital Management	Themes			0	2024
Walgreens Boots Alliance, Inc. (United States of America, 2024)	Human Capital Management	Themes			0	2024
Wells Fargo & Co. (United States of America, 2017)	Business Ethics	Incidents	Good	Poor	4	2017
Woolworths Group Ltd. (Australia, 2022)	Biodiversity and Natural Capital	Themes	Standard	Standard	1	2022
Yum! Brands, Inc. (United States of America, 2022)	Biodiversity and Natural Capital	Themes	Standard	Standard	0	2022