

## Pooled Engagement Quarterly Report

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### Q2 2018 Progress Report

(for the period ending 30 June 2018)

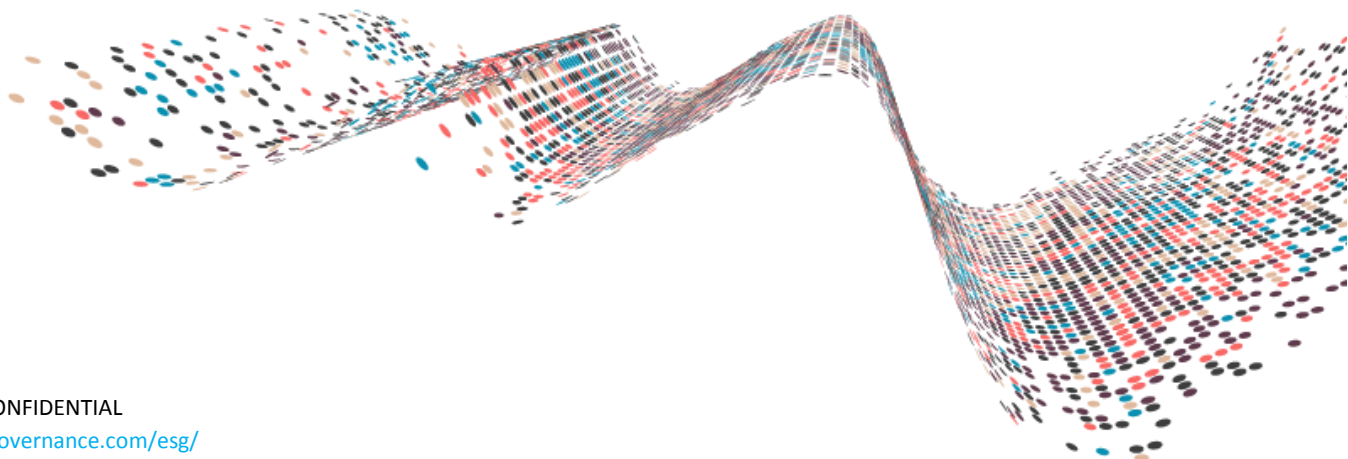
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#### Executive Summary

The ISS-Ethix's Pooled Engagement Quarterly Report for Q2 2018 consists of two parts. The first part (Section 1) provides a description of ISS-Ethix's Pooled Engagement Offering, which is conducted on behalf of investors with companies that have been assessed under **Norm-Based Research** to be facing alleged or verified severe, systematic or systemic failures to respect international norms and guidelines on responsible business conduct. The second part of the report (Sections 2 to 6) provides the most up-to-date data concerning engagement carried out on behalf of institutional investors in Q2 2018. The second part includes, for external reporting purposes, numerical and statistical summaries of companies engaged with, notable engagement activity, an overview and summary of responses received on letters sent out in Q2 2018, and overviews of the reminders and escalations to companies which did not provide a response to investors queries.

The detailed engagement reports for the individual companies listed in the report, and their responses, are available in [e-source](#).



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## 1. Our Engagement Approach

Truly effective engagement takes time and requires investment in the process. ISS-Ethix's Pooled Engagement approach is focused on positive change by supporting companies in their efforts to manage or mitigate environmental and social risks.

### Initiating engagement

ISS-Ethix's Pooled Engagement service focuses on companies that are assessed under **Norm-Based Research** to be involved in alleged or verified severe, systematic or systemic failures to respect international norms. Engagement under the service is preceded by in-depth research and fact-finding dialogue with companies and stakeholders. Through a feasibility study ISS-Ethix identifies gaps in company disclosure and whether the desired level of disclosure can be achieved through investor dialogue. Influential factors include an estimation of the company's level of responsibility, steps it has taken to mitigate the possible failure to respect a norm, and availability of both stakeholder and expert sources to facilitate constructive dialogue.

### Conducting effective engagement dialogue

Pooled Engagement aims at building a relationship which is conducive to constructive dialogue through which investors may exercise influence. ISS-Ethix's Pooled Engagement approach encourages companies to elaborate on their efforts to design and implement better risk management systems at the operational level, to minimize the risk for re-occurrence of failures to respect international norms. ISS-Ethix seeks to appreciate whether a company has proven successful in implementing a genuine reduction in risk, with positive results for both management and operations. Engagement is therefore accompanied by clear and time-bound engagement goals, based on expectations on the company's ability to address shortcomings in the context of its specific business sector and relevant industry standards.

As Pooled Engagement is rooted in an assessment of company responsiveness to ongoing controversies carried out under Norm-Based Research, it allows investors to voice concerns in a timely manner. This increases their possibilities to influence and provides concrete opportunities for companies to address the identified issues.

### Process for eliciting responses from non-responsive companies

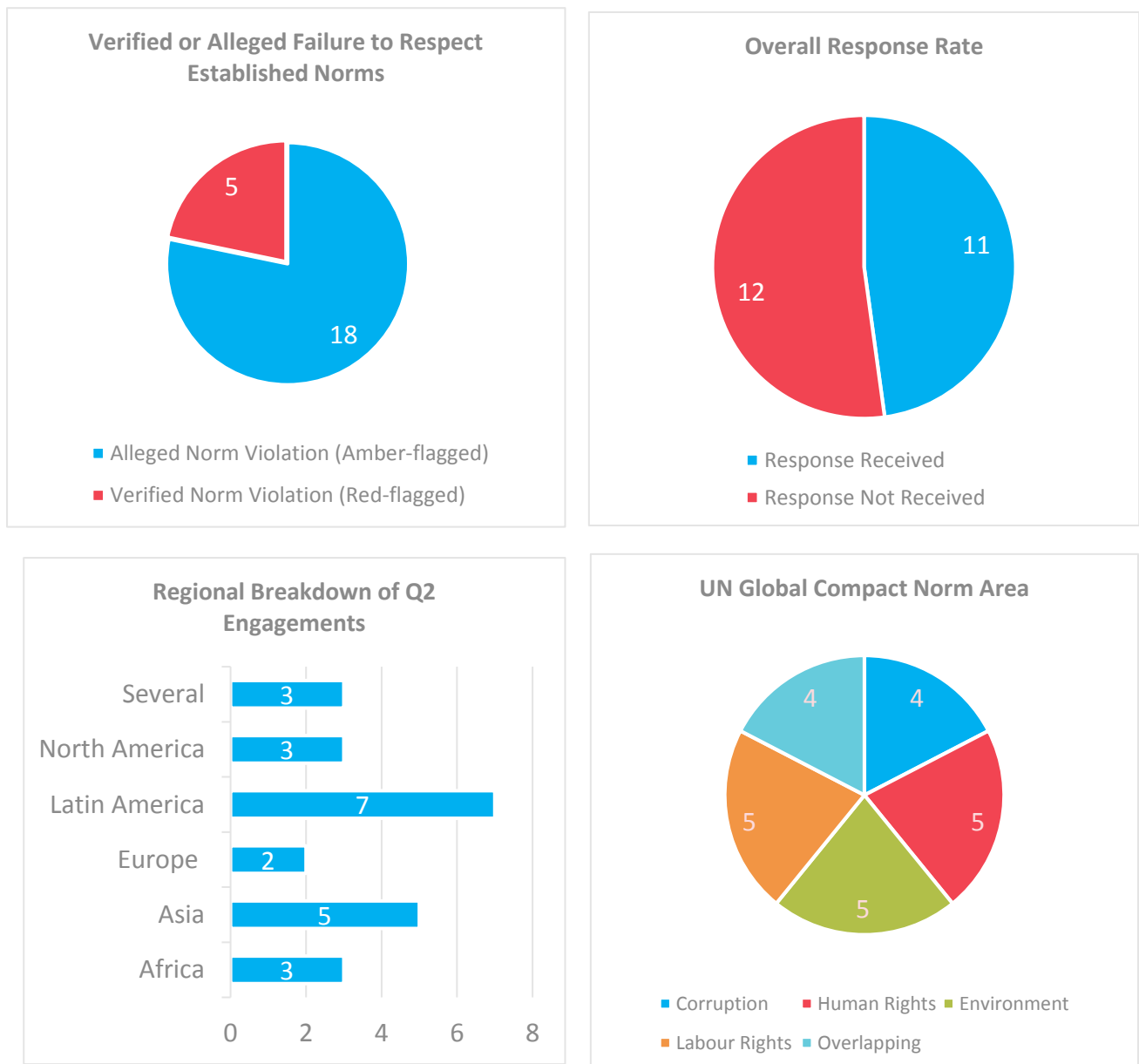
Over time, responsiveness is noted with most companies with which engagement is sought. Others require repeated follow-ups to respond, and some steadfastly fail to respond to investor concerns. To address these challenges in communication, regular and courteous follow-up is built into ISS-Ethix's approach. Once every effort has been made to engage both Investor Relations and the company CEO, the feasibility of engagement is re-evaluated. In certain cases, where a company has proven unresponsive to investors' efforts to exercise active ownership, the decision has been taken by ISS-Ethix to discontinue dialogue with a company. From Q1 2018 a new step was introduced into the follow-up process whereby after escalation to the CEO, investors queries will be escalated to the company's Board.

## 2. Engagement Statistics for Q2 2018

In Q2 2018 Pooled Engagement was conducted with 23 companies, of which 5 are RED-flagged and 18 are AMBER-flagged, according to ISS-Ethix' **Norm-Based Research** methodology. Of the 23 companies, 11 have replied to initial investors engagement queries. The overall response rate was thus 47%.

For a detailed breakdown of companies that failed to respond to engagement enquiries in Q2 2018, please see [Chapter 5: Reminders to be carried out in Q3 2018](#). For a list of those companies that responded to engagement in Q2 2018, please see [Appendix Notes](#).

In an effort to assist investors with their reporting requirements, the statistics presented are derived from the 23 companies with which engagement was conducted in Q2 2018.



### 3. Notable Engagement Activity in Q2 2018

Companies involved in verified failures to respect international norms and guidelines (Red-flagged)				
Company	Norm Area(s)	Location	Response	Openness to dialogue
BHP Billiton Ltd/Plc	Overlapping: Environment, Human Rights	Brazil	July 2018: Reply received from Mr. John Upton, Head of ESG Policy & Engagement following engagement enquiry in Q2 2018	Open
	<p>In July 2018 <b>BHP Billiton</b> provided a response to investors' queries concerning the latest developments of the Samarco Mineração SA Joint Venture (JV) remediation efforts in the aftermath to the Fundão tailings dam collapse in November 2015. Since the Renova Foundation is tasked with carrying out the remediation efforts under the Transaction Agreement and Adjustment of Conduct (TTAC), the foundation provided the responses, which were identical to the response received from Vale SA in July 2018.</p> <p>BHP Billiton noted that on 25 June 2018, the company, along with <b>Samarco Mineração SA</b> and <b>Vale SA</b> entered into an agreement with several Brazilian institutions and the Federal Prosecutor's office. The agreement establishes, among other matters, changes in the governance of the Renova Foundation (an organization established by the JV and tasked to implement the remediation efforts), where the affected people will have greater participation. In addition, the agreement introduced a process to deal with possible renegotiation of designated programs to deal with the remediation.</p> <p>ISS-Ethix welcomes the openness to engagement and BHP Billiton's willingness to share updates and engage with investors to resolve the controversy. ISS-Ethix is looking forward to additional information on the strategic rehabilitation program. <b>BHP Billiton Plc.</b>'s responsiveness to investor concerns by sharing the progress in the remediation of the controversial aspects of Samarco Mineração SA Joint Venture (JV) is notable.</p>			
Company	Norm Area(s)	Location	Response	Openness to dialogue
Vale SA	Environment	Brazil	<p>June 2018: Acknowledgement of engagement enquiries in Q2 2018, by Ms. Renata Capanema, IR Analyst.</p> <p>July 2018: Response received from Ms. Clarissa Couri, Investor Relations Department, Vale SA.</p> <p>August 2018: Follow-up response received from Ms. Clarissa Couri, Investor Relations Department, Vale SA.</p>	Open

In July 2018 **Vale SA** provided a response to investors' queries concerning the latest developments of the **Samarco Mineração SA** Joint Venture (JV) remediation efforts in the aftermath to the Fundão tailings dam collapse in November 2015. Vale noted that on 25 June 2018, the company, along with Samarco Mineração SA and **BHP Billiton** entered into an agreement with several Brazilian institutions and the Federal Prosecutor's office. The agreement establishes, among other matters, changes in the governance of the Renova Foundation (an organization established by the JV and tasked to implement the remediation efforts), where the affected people will have greater participation. In addition, the agreement introduced a process to deal with possible renegotiation of designated programs to deal with the remediation.

ISS-Ethix welcomes the openness to engagement and Vale's willingness to share updates and engage with investors to resolve the controversy. ISS-Ethix is looking forward to additional information on the strategic rehabilitation program.

Vale's openness to dialogue in sharing the progress in the remediation of the controversial aspects of Samarco Mineração SA Joint Venture (JV) is notable.

### Companies involved in alleged failures to respect international norms and guidelines (Amber-flagged)

Company	Norm Area(s)	Location	Response	Openness to dialogue
Prosegur Compañía de Seguridad SA	Labour Rights	Colombia	June 2018: Telephone meeting with Antonio de Cárcer, Head of Investor Relations and Juan Ignacio de Guzmán, Director, Corporate Social Responsibility.	Open
			<p>In June 2018 <b>Prosegur Compañía de Seguridad SA</b> participated in a telephone conference with ISS-Ethix to discuss the Spanish National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises' July 2017 recommendation, as part of its final statement regarding the specific instance filed by UNI Global Union in 2013, that the company conduct additional human rights due diligence to complement the mechanisms already in place at its Latin American operations. The Company has committed to share a summary of key findings and action points with ISS-Ethix and investors upon the completion of the due diligence.</p> <p>ISS-Ethix welcomes Prosegur's efforts to review its industrial relations as part of a human rights due diligence exercise and its active engagement with investors. ISS-Ethix looks forward to receiving a summary of key findings of the due diligence exercise upon its completion.</p> <p>Prosegur's ongoing openness and responsiveness to investor concerns, which has spurred the Company into conducting due diligence and adopt greater transparency of the developments is noteworthy.</p>	

## 4. Summary of all engagement responses received in Q2 2018

Companies involved in verified failures to respect international norms and guidelines (Red-flagged)				
Company	Norm Area(s)	Location	Response	Openness to dialogue
BHP Billiton Ltd/Plc	Overlapping: Environment, Human Rights	Brazil	July 2018: Reply received from Mr. John Upton, Head of ESG Policy & Engagement following engagement enquiry in Q2 2018	Open
	<p>In July 2018 <b>BHP Billiton</b> provided a response to investors' queries concerning the latest developments of the Samarco Mineração SA Joint Venture (JV) remediation efforts in the aftermath to the Fundão tailings dam collapse in November 2015. Since the Renova Foundation is tasked with carrying out the remediation efforts under the Transaction Agreement and Adjustment of Conduct (TTAC), the foundation provided the responses, which were identical to the response received from Vale SA in July 2018.</p> <p><b>BHP Billiton</b> noted that on 25 June 2018, the company, along with <b>Samarco Mineração SA</b> and <b>Vale SA</b> entered into an agreement with several Brazilian institutions and the Federal Prosecutor's office. The agreement establishes, among other matters, changes in the governance of the Renova Foundation (an organization established by the JV and tasked to implement the remediation efforts), where the affected people will have greater participation. In addition, the agreement introduced a process to deal with possible renegotiation of designated programs to deal with the remediation.</p> <p>ISS-Ethix welcomes the openness to engagement and BHP Billiton's willingness to share updates and engage with investors to resolve the controversy. ISS-Ethix is looking forward to additional information on the strategic rehabilitation program.</p>			
Company	Norm Area(s)	Location	Response	Openness to dialogue
Iberdrola SA	Human Rights	Brazil	July 2018: Response received from Ms. Alejandra Solano, Investor Relations & Communication, Iberdrola, following the engagement enquiry in Q2 2018.	Open
	<p>In July 2018 <b>Iberdrola SA</b> replied to investors' queries concerning the verified failure to respect indigenous rights by the Norte Energia consortium at the Belo Monte dam. Iberdrola is the majority shareholder, with 52.45%, of Neoenergia SA, which through its subsidiary <b>Belo Monte Participações SA</b>, holds a 10% stake in <b>Norte Energia SA</b>.</p>			

Iberdrola provided information regarding the status of the effects by Norte Energia to review the scope of application of Belo Monte’s Environmental Basic Plan, following the directive by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) to do so. The company states that in June 2018, a proposal to solve the problem was presented by Norte Energia and IBAMA, including the participation of the Municipality of Altamira. This led to the creation of a working group, including representatives of IBAMA, the Government, the Altamira Municipality and Norte Energia, in order to discuss plan to resolve the situation. The plan is expected to be submitted in late July 2018. A relocation schedule will only be released once the negotiations have led to an agreement between all parties.

Iberdrola stressed that since **Neoenergia SA** only has 10% of Belo Monte's shares, the Group has no management in the venture, with Neoenergia only playing a role in the Technical Committees and Board of Directors.

ISS-Ethix appreciates the openness of **Iberdrola SA** to engage with investors and is looking forward to the disclosure of the new action plan and Environmental Basic Plan to resolve the controversy at the Belo Monte project.

Company	Norm Area(s)	Location	Response	Openness to dialogue
Samsung Electronics Co., Ltd.	Overlapping: Anti-Corruption; Labour Rights	South Korea	July 2018: Reply received from Ms. Hyewon Park, Senior Professional, Investor Relations Team, following the engagement enquiry in Q2 2018.	Open
	<p>In July 2018 <b>Samsung Electronics Co., Ltd.</b> replied to investors' enquiries concerning the failure to prevent bribery in South Korea. Samsung expanded on enhanced its anti-corruption programme, including strengthening the compliance team by reorganizing it to a team with legal responsibilities, enabling autonomous compliance activities and revising its policies on donations. Samsung further elaborated on the responsibilities of the compliance team, and stated that it is examining potential additional measures to further strengthen the independence of the compliance team. Samsung also elaborated on its approach to labour relations in South Korea and other countries in its global operations.</p> <p>ISS-Ethix is reaching out to Samsung to schedule a meeting to continue the dialogue regarding details of the independence of the compliance function, as well as the status of health and safety grievances in South Korea.</p>			



Company	Norm Area(s)	Location	Response	Openness to dialogue
Vale SA	Environment	Brazil	<p>June 2018: Acknowledgement of engagement enquiries in Q2 2018, by Ms. Renata Capanema, IR Analyst.</p> <p>July 2018: Response received from Ms. Clarissa Couri, Investor Relations Department, Vale SA.</p>	Open
	<p>In July 2018 <b>Vale SA</b> provided a response to investors' queries concerning the latest developments of the Samarco Mineração SA Joint Venture (JV) remediation efforts in the aftermath to the Fundão tailings dam collapse in November 2015.</p> <p>Vale noted that on 25 June 2018, the company, along with <b>Samarco Mineração SA</b> and BHP Billiton entered into an agreement with several Brazilian institutions and the Federal Prosecutor's office. The agreement establishes, among other matters, changes in the governance of the Renova Foundation (an organization established by the JV and tasked to implement the remediation efforts), where the affected people will have greater participation. In addition, the agreement introduced a process to deal with possible renegotiation of designated programs to deal with the remediation.</p> <p>ISS-Ethix welcomes the openness to engagement and Vale's willingness to share updates and engage with investors to resolve the controversy. ISS-Ethix is looking forward to additional information on the strategic rehabilitation program.</p>			

### Companies involved in alleged failures to respect international norms and guidelines (Amber-flagged)

Company	Norm Area(s)	Location	Response	Openness to dialogue
AngloGold Ashanti Ltd.	Human Rights	Guinea	<p>July 2018: Response received from Ms. Fundisa Mgidi, Vice-President, Investor Relations, following the engagement enquiry in Q2 2018.</p>	Open
	<p><b>AngloGold Ashanti Ltd.</b>'s response, which was received on 10 July 2018, is being processed by our researchers and will be made available to clients shortly.</p>			

Company	Norm Area(s)	Location	Response	Openness to dialogue
LM Ericsson Telefon AB	Anti-Corruption	China and South Africa	July 2018: Email response received from Mr. Johannes Arvidson Persson, Director Corporate Communications, following the engagement enquiry in Q2 2018.	Open
	<p>In July 2018 <b>LM Ericsson Telefon AB</b> (Ericsson) replied to investors' enquiries concerning failure to prevent bribery in China and South Africa. The reply described the Company's updated compliance structure and the annual reporting processes; highlighted the creation of a CEO-chaired Ethics and Compliance Board; and summarized the assessment of its anti-corruption programme conducted by external consultants in 2017. In regards to external accreditation for its anti-corruption programme, Ericsson explained that it has evaluated the ISO 37001 standard but that it would not seek accreditation of its anti-corruption programme during 2018, although indicating that it is subject to annual re-evaluation.</p> <p>ISS-Ethix appreciates Ericsson's openness to dialogue and assesses that the company is adopting considerable measures to credibly address the bribery controversies in its global operations, including enhancing its anti-corruption third-party due diligence tool and engaging with external anti-corruption experts. ISS-Ethix will continue to evaluate the implementation and credibility of the company's remediation efforts, including possible external accreditation of its anti-bribery programme.</p>			
Company	Norm Area(s)	Location	Response	Openness to dialogue
Marubeni Corp.	Environment and Human Rights	South Africa and Indonesia	June 2018: Acknowledgement of engagement enquiries in Q2 2018, by Ms. Mio Furuse, Assistant Manager, CSR and Global Environment Secretary. July 2018: Response received from Ms. Mio Furuse.	Open
	<p>In July 2018 <b>Marubeni Corp.</b> responded to investor enquires concerning its impacts from operations in South Africa and Indonesia.</p> <p>Concerning the Thabametsi coal power plant in South Africa, Marubeni stated that it has designed and optimized the technical specification of the plant considering the South African environmental standards which is a requirement of the tender announced by the South African government. Regarding its operations in South Sumatra, Indonesia, and the allegations of forced displacement, Marubeni stated that it is taking this issue very seriously and working towards a resolution with the cooperation of the Indonesian government and regional governments, while continuing to consult with NGOs and other related organizations. In January 2018, under the guidance of the Ministry of Environment and Forestry of Indonesia, the local subsidiary signed a</p>			

Memorandum of Understanding (MoU) with WALHI, a local NGO, and the company continues to dialogue with WALHI towards a solution.

ISS-Ethix appreciates the company’s willingness to engage on the above issues, however the information that the company provided does not directly address the enquiries posed by the engagement letter. ISS-Ethix looks forward to improved disclosure from Marubeni Corp.

Company	Norm Area(s)	Location	Response	Openness to dialogue
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	Labour Rights	Cambodia	May 2018: Meeting with David Ellis, Investor Relations (EMEA) following the engagement enquiry in Q2 2018.	Open
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**Nagacorp Ltd.**

On 3 May 2018 ISS-Ethix held a meeting with Mr David Ellis, Investor Relations (EMEA), of **NagaCorp Ltd.** to address investor enquiries concerning the company's efforts to address the verified failure to respect union rights at the company’s NagaWorld casino and hotel complex in Cambodia. NagaCorp provided details on the new labour relations framework, based on a shop steward system, which NagaWorld has been operating under for the past two years. According to the company, the system has been an effective way of managing labour relations, with no further legal action or strike action, and provides another layer of information and a broader base for engaging with employees. There were 94 elected shop stewards and assistant shop stewards at the end of 2017 and 17 shop steward meetings were conducted during 2017. The next round of shop steward elections will take place in July 2018, when all positions will be elected. ISS-Ethix welcomes the update on how the company engages with its employees and the management concerning labour rights grievances, as well as the details on the company’s wider ESG approach. ISS-Ethix looks forward to additional information on grievances reported and how these have been addressed.

Company	Norm Area(s)	Location	Response	Openness to dialogue
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	Labour Rights	Colombia	June 2018: Telephone meeting with Antonio de Cárcer, Head of Investor Relations and Juan Ignacio de Guzmán, Director, Corporate Social Responsibility.	Open
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**Prosegur Compañía de Seguridad SA**

In June 2018 **Prosegur Compañía de Seguridad SA** participated in a telephone conference with ISS-Ethix to discuss the Spanish National Contact Point (NCP) for the OECD Guidelines for Multinational Enterprises’ July 2017 recommendation, as part of its final statement regarding the specific instance filed by UNI Global Union in 2013, that the company conduct additional human rights due diligence to complement the mechanisms already in place at its Latin American operations. Since the work is set to conclude in July, the Company could not yet provide any conclusions but committed to share a summary of key findings and action points with ISS-Ethix and investors upon its completion. Nonetheless, the Company disclosed some general points about the human rights due diligence exercise.

ISS-Ethix welcomes Prosegur’s efforts to review its industrial relations as part of a human rights due diligence exercise and its active engagement with investors. ISS-Ethix looks forward to receiving a summary of key findings of the due diligence exercise upon its completion.

Company	Norm Area(s)	Location	Response	Openness to dialogue
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Rosneft Oil Co.	Environment	Russia	July 2018: Response received from Ms. Marina Dracheva, Head of Division, Investor Relations, following the engagement enquiry in Q2 2018.	Open
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In July 2018 **Rosneft Oil Co.** responded to investor enquires concerning its impacts from operations across Russia.

Concerning the Marine Mammal Protection Plan (MMPP) of the **Sakhalin-1 Joint Venture (JV)**, the company provided a short overview of **Exxon Mobil Corp.**’s (the owner of the JV’s operator **ExxonNeftegaz Limited (ENL)**) Marine Mammal Study and Protection Programs. This document discloses general information on the research that Exxon Mobil Corp. has conducted to understand and define environmental risks, decrease regulatory uncertainty, develop cost effective, credible mitigation measures, and improve planning for offshore project development in general. Regarding activities near the Wrangel Island, the company stated it does not carry out drilling activities, nor is this activity envisaged by the business planning until 2025. Finally, concerning the prevention of oil spills, Rosneft stated that its efforts on oil spill prevention and mitigation are focused on improving pipeline integrity. The implementation of the Programme for pipeline safety enhancement aims at reaching a steady decline in oil spills. Pipeline failures or oil spills on a unit basis declined by more than 28% over a three-year period with increased preventive action.

While ISS-Ethix appreciates Rosneft Oil Co.’s openness for engagement, it notes the insufficiency of information provided to satisfactorily address the questions posed in the engagement letter, such as the provision of the MMPP for the Sakhalin-1 JV, any mitigation plans for Wrangel Island, and detailed information oil spill preventive programs.

Company	Norm Area(s)	Location	Response	Openness to dialogue
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SNC-Lavalin Group, Inc.	Anti-Corruption	Algeria, Bangladesh, Cambodia, Canada, Libya	June 2018: Response received from Hentie Dirker, Chief Integrity Officer, following the engagement enquiry in Q2 2018.	Open
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In its engagement response, **SNC-Lavalin Group, Inc.** provided information on developments to its anticorruption programme including a cover letter detailing the company’s commitment to and approach concerning ethics and compliance, a stakeholder presentation on ethics as well as a brochure on highlights of the Ethics and Compliance program. The Company’s full response and ISS-Ethix’s expert analysis will be provided to clients shortly.

## 5. Reminders carried out since Q1 2018

The following companies had failed to respond to engagement enquiries made in previous quarters. As such, they were subject to the process set out above under *Chapter 1: Our Engagement Approach*, for eliciting responses from unresponsive companies and reminders notifications by phone calls and letters were sent to the relevant Investor Relations departments.

Issuer	ISIN	Domicile	Norm Signal	ESG Area	Region	Response Received?
Petróleos de Venezuela SA (PDVSA)	USP7807HAT25	Venezuela	Red (●)	Overlapping	Latin America	FALSE
Alpha Natural Resources, Inc.	US02076X1028	United States	Amber (●)	Environment	Asia	FALSE
Bilfinger SE	DE0005909006	Germany	Amber (●)	Governance	Several	FALSE
Bolloré SA	FR0000039299	France	Amber (●)	Overlapping	Several	TRUE
CITIC Group Corp.	n/a	China	Amber (●)	Social	Latin America	FALSE
CITIC Ltd.	HK0267001375	Hong Kong	Amber (●)	Social	Latin America	FALSE
Coal India Ltd.	INE522F01014	India	Amber (●)	Environment	Asia	FALSE
Gas Natural SDG SA	ES0116870314	Spain	Amber (●)	Social	Latin America	FALSE
GlaxoSmithKline plc	GB0009252882	United Kingdom	Amber (●)	Governance	Several	TRUE
INSYS Therapeutics, Inc.	US45824V2097	United States	Amber (●)	Governance	North America	FALSE
MMG Ltd.	HK1208013172	Australia	Amber (●)	Social	Latin America	FALSE
Motherson Sumi Systems Ltd.	INE775A01035	India	Amber (●)	Social	Latin America	FALSE
Murray Energy Corp.	US62704PAF09	United States	Amber (●)	Environment	Asia	FALSE
NACCO Industries, Inc.	US6295791031	United States	Amber (●)	Environment	Asia	FALSE
Sanofi	FR0000120578	France	Amber (●)	Governance	Several	FALSE
Westmoreland Coal Co.	US9608781061	United States	Amber (●)	Environment	Asia	FALSE

## 6. Reminders and escalations to be carried out in Q3 2018

The following companies have failed to respond to engagement enquiries sent in Q2 2018. As such, they are subject to the reminder process set out above under *Chapter 1: Our Engagement Approach* and reminders will be made to the relevant Investor Relations.

Issuer	ISIN	Domicile	Norm Signal	ESG Area	Region
Samarco Mineração SA	US79586KAA97	Brazil	Red (●)	Environment	Latin America
ABM Industries, Inc.	US0009571003	United States	Amber (●)	Social	North America
DMCI Holdings, Inc.	PHY2088F1004	Philippines	Amber (●)	Social	Asia
Eskom Holdings SOC Ltd.	XS0579851949	South Africa	Amber (●)	Environment	Africa
Hyundai Motor Co.	KR7005380001	South Korea	Amber (●)	Overlapping: Social and Governance	Asia
KBC Group SA/NV	BE0003565737	Belgium	Amber (●)	Social	Europe
Keppel Corp. Ltd.	SG1U68934629	Singapore	Amber (●)	Governance	Latin America
Korea Electric Power Corp.	KR7015760002	South Korea	Amber (●)	Environment	Africa
Millicom International Cellular SA	LU0038705702	Luxembourg	Amber (●)	Governance	Latin America
Semirara Mining Corp	PHY7628G1124	Philippines	Amber (●)	Social	Asia
Twenty-First Century Fox, Inc.	US90130A1016	United States	Amber (●)	Social	North America
Wynn Resorts Ltd.	US9831341071	United States	Amber (●)	Social	North America

The following companies have failed to respond to engagement enquiries in or prior to Q1 2018 and subsequent reminders. As such, they are subject to the process set out above under *Chapter 1: Our Engagement Approach*, for eliciting responses from unresponsive companies and will be escalated to the relevant Chief Executive Officers (CEOs).

Issuer	ISIN	Domicile	Overall Signal	ESG Area	Region	Escalation Level
National Express Group Plc	GB0006215205	United Kingdom	Amber (●)	Social	North America	CEO
Sports Direct International plc	GB00B1QH8P22	United Kingdom	Amber (●)	Social	Europe	CEO
Teva Pharmaceutical Industries Ltd.	IL0006290147	Israel	Amber (●)	Governance	Several	CEO
Alpha Natural Resources, Inc.	US02076X1028	United States	Amber (●)	Environment	Asia	CEO
Bilfinger SE	DE0005909006	Germany	Amber (●)	Governance	Several	CEO
CITIC Group Corp.	n/a	China	Amber (●)	Social	Latin America	CEO
CITIC Ltd.	HK0267001375	Hong Kong	Amber (●)	Social	Latin America	CEO
Coal India Ltd.	INE522F01014	India	Amber (●)	Environment	Asia	CEO
Gas Natural SDG SA	ES0116870314	Spain	Amber (●)	Social	Latin America	CEO
INSYS Therapeutics, Inc.	US45824V2097	United States	Amber (●)	Governance	North America	CEO
MMG Ltd.	HK1208013172	Australia	Amber (●)	Social	Latin America	CEO
Motherson Sumi Systems Ltd.	INE775A01035	India	Amber (●)	Social	Latin America	CEO
Murray Energy Corp.	US62704PAF09	United States	Amber (●)	Environment	Asia	CEO
Sanofi	FR0000120578	France	Amber (●)	Governance	Several	CEO

The following companies have failed to respond to engagement enquiries made prior to Q1 2018 and subsequent reminders that were carried out. As such, they are subject to the process set out above under *Chapter 1: Our Engagement Approach*, for eliciting responses from unresponsive companies and will be escalated to the relevant board.

Issuer	ISIN	Domicile	Overall Signal	ESG Area	Region	Escalation Level
Alstom SA	FR0010220475	France	Red (●)	Overlapping	Several	Board
Bharat Heavy Electricals Ltd.	INE257A01026	India	Red (●)	Environment	Asia	Board
Cargill, Inc.	US141781AX24	United States	Red (●)	Social	Eurasia	Board
Export-Import Bank of India	XS1347434927	India	Red (●)	Environment	Asia	Board
NTPC Ltd.	INE733E01010	India	Red (●)	Environment	Asia	Board
Olam International Ltd.	SG1Q75923504	Singapore	Red (●)	Environment	Eurasia	Board
SK Innovation Co., Ltd.	KR7096770003	South Korea	Red (●)	Social	Peru	Board
AirAsia X Bhd.	MYL5099OO006	Malaysia	Amber (●)	Governance	Asia	Board
AirAsia Group Bhd.	MYL5238OO000	Malaysia	Amber (●)	Governance	Asia	Board
BRF SA	BRBRFSACNOR8	Brazil	Amber (●)	Governance	Latin America	Board
San Leon Energy Plc	IE00BWVFTP56	Ireland	Amber (●)	Social	Africa	Board

## Appendix: Responsiveness to engagement enquiries sent in Q2 2018

Companies involved in verified failures to respect international norms and guidelines (Red-flagged)				
Company	Norm Area(s)	Location	Response	Openness to dialogue
BHP Billiton Ltd/Plc	Environment; Human Rights	Brazil	Response received on July 23, 2018	Open
Iberdrola SA	Human Rights	Brazil	Response received on July 13, 2018	Open
Samsung Electronics Co., Ltd.	Anti-Corruption; Labour rights	South Korea	Response received on July 26, 2018	Open
Vale SA	Environment	Brazil	Response received on July 6, 2018; Follow-up response received on August 13, 2018	Open
Companies involved in alleged failures to respect international norms and guidelines (Amber-flagged)				
Company	Norm Area(s)	Location	Response	Openness to dialogue
AngloGold Ashanti Ltd.	Human rights	Guinea	Response received on July 10, 2018	Open
LM Ericsson Telefon AB	Anti-Corruption	China and South Africa	Response received on July 24, 2018	Open
Marubeni Corp.	Environment; Human Rights	South Africa and Indonesia	Acknowledgement received on June 13, 2018; Response received on July 20, 2018	Open
NagaCorp Ltd	Labour rights	Cambodia	Engagement meeting held on May 3, 2018	Open
Prosegur Compañía de Seguridad SA	Labour Rights	Colombia	Engagement meeting held on June 28, 2018	Open
Rosneft Oil Co.	Environment	Russia	Response received on July 16, 2018	Open
SNC-Lavalin Group, Inc.	Anti-Corruption	Algeria, Bangladesh, Cambodia, Canada, Libya	Response received on June 18, 2018	Open