

UN Global Compact Breach

Q3 Engagement Update

Our Responsible Investment engagement efforts are guided by our [Engagement policy](#) and our [Environmental and Social Practices Statement](#) as well as aligning with our [Corporate Governance Guidelines](#).

We continue to screen all holdings against global norm breaches and controversies, including the UN Global Compact (UNGC), engaging with all companies that are in breach of any of the Principles. The third quarter of the year registered 31 UNGC breaches across 27 companies with breaches of principles relating to human rights abuses such as at immigration detention facilities, allegations of forced labour in relation to ethnic minorities, or the environmental damage caused by dam disasters. **Hawaiian Electric Industries** was involved in the only new breach in Q3, relating to allegations of negligence and the protection of internationally proclaimed human rights, while **Norilsk Nickel** and **Hon Hai Precision Industry Co** were both removed from the breach list in Q3. While some of the breaches in Q3 relate to incidents that occurred many years ago, we sought to engage with issuers to encourage improvement and receive any updates on actions taken to mitigate harms.

The Geo Group is in breach of the UN Global Compact due to allegations of human rights abuses at immigration

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detention facilities. We have engaged the company on its human rights mitigation program, focusing our engagement on the publication of insights into its human rights due diligence process. We were pleased to see the publication of its 5th Annual Human Rights and ESG report in Q3, but believe further improvements can and should be made such as encouraging the disclosure of mitigation efforts for identified salient human rights risks, reporting on complaints received through its ethics hotline as well as any remediation undertaken, and increasing transparency regarding potential cost implications if law suits filed in relation to inmate work programs are upheld. This will be a focal point to our ongoing engagement on this topic.

Youngor Group continues to be unresponsive to our requests for engagement. We will continue to follow up with the company and most recently, we wrote to the Board relating to ongoing concerns about the presence of forced labour in its global supply chains and the connection to egregious human rights violations, particularly in Asia. We highlighted the global convergence toward supply chain due diligence regulation, notably the German Supply Chain Due Diligence Act where companies can face financial penalties for a lack of mitigation and the U.S. Uyghur Forced Labour Prevention Act (UFLPA), which prohibits the importation into the United States of all goods mined, produced, manufactured wholly or in part in the Uyghur Region. While we are disappointed that the company has not been responsive to our engagement as yet, we will continue our efforts.

Building on multiple engagements in Q2 – when **Zinjing Mining Group** stated that allegations relating to the elimination of forced labour and complicity in human rights abuses in both Papua New Guinea and China were unfounded – the company invited investors from the Asian Corporate Governance Association (ACGA) China Working Group to visit their copper mine in Xinjiang. We view this as a welcome development and look forward to an update from the visit, as well as the outcome of the human rights audit at mines in Serbia and China which the company has committed to conducting to an OECD approved standard by the end of 2024.

Particularly in light of its UNGC breach in relation to allegations of forced labour related to employing ethnic minorities, we wrote to **GCL Technology Holdings Ltd** to discuss its approach to human rights due diligence. We asked for clarity on the company's approach, and encouraged the application of a single global standard consistent with the requirements of the Uyghur Forced Labor Prevention Act (UFLPA) across the company's

entire supply chain for all retail markets, whether within or outside of the United States. We await a response from the company.

We have not received responses from **Xinjiang Zhongtai Chemical Co. Ltd.**, **OFILM Group Co. Ltd.** and **Hoshine Silicon Industry Co. Ltd** on specific allegations of forced labour related to employing ethnic minorities through coercive labour transfer programs.

While we have been encouraged by a range of responses and tangible outcomes to our engagement on breaches of the UN Global Compact throughout 2023, with as many as 10 companies not responding to our request for dialogue in relation to the controversies, additional focus on engaging these issuers will be sought.

Given the nature of these breaches and the environmental and social risks that they represent, we will continue to reach out to these companies to understand their approach, share best practice and clarify aspirations for addressing these multifaceted issues.

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