

The ATP Group

# 2020 Fact-finding

Part of ATP's Responsibility



atp=

# ATP's screening and fact-finding activities

ATP's screening and fact-finding activities are aimed at ensuring that we can identify the companies that are most at risk of violating ATP's Policy for Responsibility in Investments and we try to make companies correct their behaviour if they are in violation of our policy.

## Foundation

The foundation for our screening and fact-finding activities is ATP's Policy for Responsibility in Investments which sets out a number of basic principles and minimum criteria for the portfolio companies' conduct.

Among other things, the policy states that we do not invest in companies that deliberately and repeatedly violate the rules and regulations of the countries in which they operate. The policy also states that the portfolio companies must act in accordance with the standards that follow from the international conventions adopted by Denmark.

The policy and its implementation in the investment processes are an important part of ATP's efforts to comply with the OECD Guidelines for Multinational Enterprises which set out expectations for companies' conduct and include topics such as human rights, environment and anti-corruption.

ATP has developed different processes for identifying potential violations depending on the asset type and method of investment. For liquid assets, we have developed screening processes which ensure that we continuously monitor whether companies in the portfolio violate the principles of ATP's Policy for Responsibility in Investments.

## Processes

Screenings allow ATP to focus its resources on the most serious allegations and possible breaches of ATP's Policy for Responsibility in Investments.

As the equity portfolio is relatively dynamic, we have tailored the screening processes to include risk-based screenings of the surrounding equity universe in addition to screenings of the current portfolio. This helps us identify potential investments that should be further investigated.

If a screening indicates that a company might be in breach of the policy, the investigation will change to fact-finding. Fact-fin-

ding is a flexible investigation process which may include many different types of sources and whose purpose is to make it possible for ATP's Committee for Responsibility to conclude whether or not there has been a breach of ATP's policy.

If the Committee for Responsibility assesses that a portfolio company has violated ATP's Policy for Responsibility in Investments, we will enter into a targeted dialogue process with the company and finally exclude the company if it does not correct its behaviour.

## Activities

When we look into accusations made against portfolio companies, they often involve certain dilemmas. In 2020, for example, we have investigated and excluded Eletrobras and ElSewedy for operating hydropower plants in a way that is harmful to the environment and undermines their otherwise very positive climate profile.

We have also completed a fact-finding process on a company that is accused of operating with indefensible labour practices for the company's so-called content moderators who work with monitoring controversial content on a large social media platform. We have also investigated a company that is accused of demanding too high prices for an important medical oxygen product that the company supplies to a number of African countries.

In addition, we have also maintained our 2019 focus on issues in the mining sector and in that context excluded three companies after completing fact-finding processes: Rio Tinto, BHP Group and Vale. These companies have in recent years failed to meet their obligation to run safe mines, and this has resulted in enormous environmental damage, comprehensive loss of human life and other human rights violations.

Finally, as part of our increased focus on how the companies treat their human capital, we have excluded the French company Bolloré for taking part in plantation operations that are based on dangerous working conditions and the use of child labour.

## #1 ESG is an Investment Belief

## #2 We believe in effective ESG integration via customised processes

## #3 Actual integration requires internal ESG competences

## #4 We believe in capital stewardship – within limits

### In 2020, ATP has:

- screened over **1,100** companies for potential breaches of ATP's Policy for Responsibility
- completed **29** fact-finding processes
- excluded **9** companies after a fact-finding process
- worked with themes such as labour rights, environmental and human rights, anti-corruption and product safety.

# The cornerstone of ATP's responsibility in investments

ATP's activities related to responsible investment cover a wide area – from integration of climate data in investment processes to voting at the annual general meetings of companies. A cornerstone of the activity, however, is the ongoing work to ensure that we do not invest in companies which act in violation of legislation or international conventions and thereby violate our Policy for Responsibility in Investments.

**ATP does not invest in companies which repeatedly violate legislation or international conventions**

In the policy, ATP's Supervisory Board determines basic principles and minimum criteria for the behaviour of portfolio companies. Among other things, the policy states that ATP does not invest in companies that deliberately and repeatedly violate the rules and regulations of the countries in which they operate. The policy also states that the portfolio companies must act in accordance with the standards that follow from the international conventions adopted by Denmark. If, after closer investigation, we find that a company is violating ATP's policy, this can ultimately result in exclusion from the investment universe, despite our general approach of trying to influence our portfolio companies via critical dialogue.

ATP's Policy for Responsibility – and its implementation in our investment processes – was designed to ensure that ATP complies with the OECD Guidelines for Multinational Enterprises. The OECD Guidelines are an international, authoritative set of expectations for the behaviour companies in relation to issues such as human rights, environment and corruption. For investors such as ATP, which primarily affect society via the companies in which we hold equities, the OECD has published the guideline Responsible Business Conduct For Institutional Investors who is summarised by the Danish Business Authority in its 2018 Guideline on Responsible Investments (Vejledning om Ansvarlige Investeringer). ATP believes that this is the most important set of guidelines for responsible investors.

According to the OECD, an investor should apply a risk-based approach to investments so that resources are prioritised where the risk of being connected to a serious violation is

greatest and where the investor has the best chance of making their influence felt. Compliance with the guidelines should also be designed according to which relationship the investor has to the violation in question (see the table on the next page).

We use two general tools to do so: Screening and fact-finding. Screening processes ensure that ATP continuously monitors whether any portfolio companies violate the principles determined in our Policy for Responsibility. If the screening process indicates that violations are occurring, ATP will start a thorough investigation – a so-called fact-finding process – targeted at the relevant companies. ATP is mainly focused on portfolio companies, but we also screens and initiates fact-finding processes aimed at companies that it might potentially invest in. We believe that this is the best way to ensure compliance with both ATP's Policy for Responsibility and the OECD's expectations for institutional investors.

**INTERNATIONAL GUIDELINES**

In addition to OECD's guidelines, ATP also relies on a number of internationally recognised authorities when designing our responsibility processes. The aim is to ensure compliance with the international conventions that act as the framework for how companies should behave, such as the EU and UN's human rights conventions, ILO's core conventions and the international anti-corruption conventions. At the same time, we make every effort to support the ambitions of the key intent declarations from the international community, including the global Paris Agreement and the UN's Sustainable Development Goals (SDGs). And finally, our processes and tools are designed to incorporate the most important recommendations on responsible business practices. In this context, ATP particularly relies on the UN's Guiding Principles on Business and Human Rights (UNGPR), which is the UN framework for how companies should deal with human and labour rights and ATP also looks to the principles of the UN Global Compact, which is the UN's membership-based initiative for responsible companies.

**There are three types of influence for investors according to the OECD's guidelines**

Investor's relationship to an adverse impact	Directly linked	Contributes to	Causes
<b>Nature of business relationship</b>	The investor has little direct influence, e.g. via ownership of a minority interest in company	The investor has significant influence via ownership in the company	The investor holds a large amount of equities and controlling influence over the company
<b>Examples</b>	Investments in listed equities or bonds with a relatively small shareholding	Larger shareholdings in funds, larger equity investments or direct investments in real estate, infrastructure or the like	Majority-owned direct investments in real estate, infrastructure or the like.
<b>Investor requirements</b>	Investors should seek to influence the company to cease and mitigate adverse impacts	Investors should ensure that the company ceases and mitigates adverse impacts	Investors should take necessary measures to stop the adverse impact and ensure remedy for the impacted parties

“Complying with the OECD's guidelines and the implementation of responsible due diligence processes contributes to both society and sustainable development in accordance with the UN's 17 SDGs and the Paris Agreement.”

*The Danish Business Authority's Guide for Responsible Investments.*

# Screening of companies for violations of ATP's Policy for Responsibility

For liquid assets, such as listed equities and corporate bonds, we have developed screening processes which ensure that we continuously monitor whether companies in the portfolio violate the principles of ATP's Policy for Responsibility in Investments. The purpose of the screening process is to efficiently sort through information and allegations against companies to allow ATP to focus resources on investigating the serious allegations and possible violations of ATP's Policy.

Screening is an efficient selection method for listed companies as there are relatively large data quantities describing the behaviour of listed companies – both from media, NGO's, court documents and the companies' own reporting – which enables the design of systematic screening processes based on data from external ESG analysis agencies. This also applies to ATP's portfolio of corporate bonds as many of these companies are listed and therefore also have satisfactory data coverage.

The external data suppliers monitor the behaviour of many thousands of Danish and international companies across a wide range of parameters. In addition to data suppliers' monitoring, ATP can also include information from external sources regarding a portfolio company's possible violation of the Policy for Responsibility in Investments.

In the selection of indicators for the screening process, ATP incorporates a wide spectrum of ESG issues relating to international conventions and Global Compact principles. These indicators cover a wide range of environmental issues (such as biodiversity), human rights issues (such as civil liberties and

protection of the rights of indigenous peoples), labour rights (such as the right to collective bargaining, anti-discrimination and child labour) and anti-corruption.

ATP's screening is based on a wide range of ESG topics related to international conventions and Global Compact principles.

This way, ATP also integrates the OECD's Guidelines for Multinational Enterprises in its investment processes which recommend that investors establish risk-based due diligence processes to identify and manage situations in which a portfolio company is potentially having adverse impacts on society.

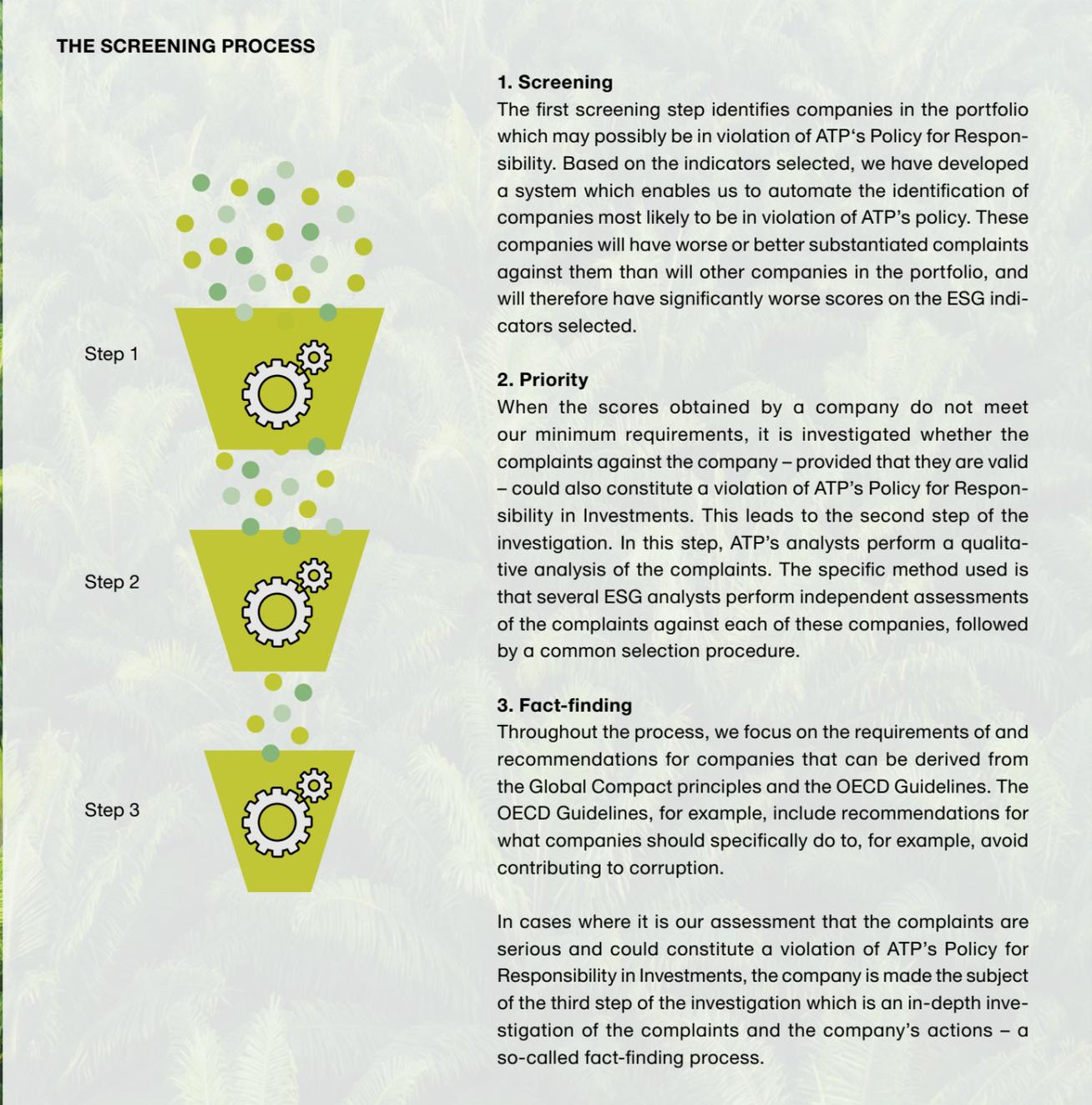
**ATP PERFORMS ITS OWN SCREENING AND FACT-FINDING**

ATP performs the screening and fact-finding inhouse rather than delegating it to an external party. When we screen ourselves, we obtain insight and knowledge regarding the companies which we can use in investment procedures and decisions. At the same time, we ensure that screening and decisions regarding fact-finding and potential exclusion has a factual basis.

**SCREENING OF GOVERNMENT BONDS**

ATP operates separate processes for investments in government bonds. These processes are designed to ensure that ATP does not invest in government bonds from countries where the EU or UN has implemented targeted sanctions, and this is controlled on a daily basis via an automatic solution that is integrated into our trading system.

We also use the OECD's long-term country risk classifications in our investment process for government bonds in order to ensure that ATP's external portfolio managers do not invest in government bonds from countries where ATP assesses that the risk is not in line with the expected returns.



# Fact-finding as a method to uncover potential violations

If one of our screening processes indicates that a company may have violated ATP's Policy for Responsibility in Investments, the investigation will typically be progressed to the fact-finding process. Fact-finding is a flexible investigative process in which ATP can include a variety of different sources. This can include court documents, open sources, NGO reports or company websites. The purpose of the fact-finding process is to enable ATP's Committee for Social Responsibility to determine whether ATP's policy has been violated.

During the fact-finding process, ATP's analysts investigate and assess what the charges against the relevant company are specifically and whether they are well founded. Often, this involves initiating a dialogue with the company in order to allow it to respond to and assess the charges. In cases where the investigation indicates questionable behaviour, the company also has the opportunity to explain whether organisational or operational measures have been implemented to correct matters and manage future problems.

The dialogue will often be in writing, but in many instances we also open verbal dialogue with the company. A fact-finding process can therefore often take several weeks or even months.

If the fact-finding process indicates that ATP's Policy for Responsibility in Investments could be violated, the ESG analysts will present the investigation results to the Committee for Responsibility with a recommendation to either open a so-called targeted dialogue with the company or to exclude the company.

If, conversely, the fact-finding process indicates that the company's behaviour complies with ATP's Policy for Responsibility in Investments, the fact-finding process is terminated. It is the seriousness of the specific complaint and not the size of the investment in the specific company which guides our work and conclusions.

**Targeted dialogue or exclusion**

If ATP's Committee for Responsibility finds that a portfolio company is in breach of ATP's Policy for Responsibility in

Investments, ATP will decide to either exclude or engage in a targeted dialogue with the company.

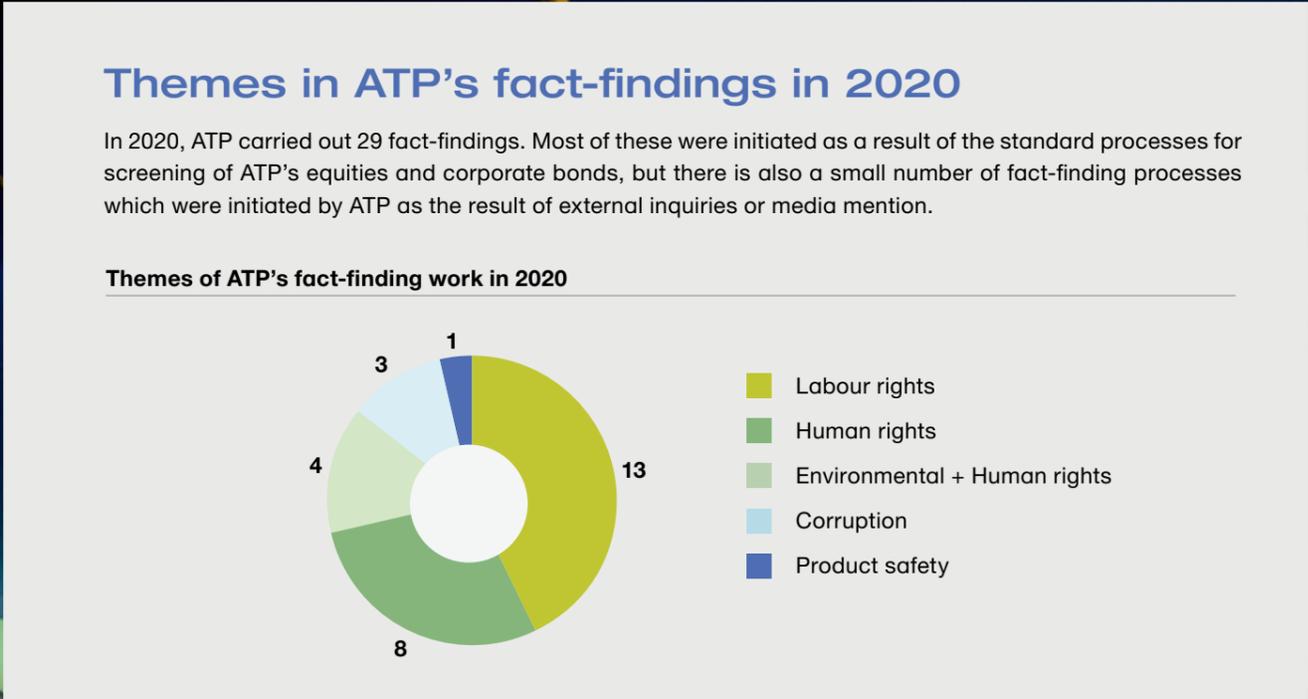
ATP will engage in a targeted dialogue with a portfolio company which has violated the policy if it is assessed that there is a justifiable expectation that ATP, based on its current investment, can influence the company to change its behaviour. The purpose of the dialogue is to make the company correct the problem or, in the words of the OECD Guidelines, cease and mitigate its adverse impact on society or rightsholders.

This also means that ATP shows deliberate patience in the process of engaging in targeted dialogue as long as ATP finds that the company has a cooperative attitude, is responsive and shows progress. If the company does not change its conduct, ATP will eventually make the decision to exclude the company. ATP's Committee for Responsibility may also choose to exclude the company without first engaging in dialogue with it.

Exclusion means that ATP divests itself of its investments in the company and that the company is removed from ATP's investment universe for an indeterminate period of time. The exclusion applies to equity investments in the company and majority-owned subsidiaries as well as loans to the company and its subsidiaries.

**EXCLUSION OR STEWARDSHIP?**

In line with OECD's Guidelines and the Danish Business Authority's Guidelines for Responsible Investments, ATP considers exclusion to be a last resort option that is only applied when all other options of influencing the company have been exhausted. It is our experience that we are usually better able to influence portfolio companies via active and critical ownership and targeted dialogue than by selling our assets to other investors who may not have the same concerns about the social impacts of their portfolio companies.



**”**

When we investigate companies for potentially violating our Policy for Responsibility, then generally speaking we have faith that the company will work with us to correct their behaviour and move in the right direction. However, if a company fails to move in the right direction or does not want to enter into a dialogue, then sometimes we have to draw a line in the sand.

*Christina Johansen, Senior Analyst*

# Risk-based screenings of ATP's universe

In addition to portfolio screenings, ATP has also developed risk-based methods for monitoring our global equity universe. When we invest in global, listed equities, we select the equity from a universe consisting of thousands of companies based on factor-based analyses of market data.

As the portfolio is relatively dynamic, we have tailored the screening processes to continuously screen our current investments and perform risk-based screenings of the surrounding equity pool. Screening the equity universe helps us identify potential investments that should be further investigated. ATP still, however, prioritises spending our resources on our actual investments.

It is unlikely that ATP will end up investing in all the companies in the equity universe. For this reason, the screenings of the equity universe are risk-based, with the view to uncovering whether there are companies that we need to know more about before placing a potential investment.

This screening method enables ATP to start looking at a specific issue or theme which ATP wishes to know its potential exposure to. For example, a theme could be identified based on previous fact-finding work or an issue receiving attention in the media and the risk-based screening is intended to clarify the extent to which ATP is exposed to the ESG issue in question.

## RISK-BASED SCREENING FOCUSING ON HEALTH AND SAFETY ISSUES AT WORK

In 2020, ATP has carried out a risk-based screening of its equity universe with a focus on identifying companies that do not meet our requirements for proper health and safety conditions for their employees. Our investigation found three companies that did not appear to match ATP's expectations, and we therefore initiated a dialogue with each of them. In our dialogue with one of the companies - the French conglomerate Bolloré SA - we were unable to get satisfactory answers to what the company is doing to meet its responsibility and

## Other screening methods

There also exists a large number of listed companies in which ATP holds no investments and also is not currently considering investing in. This means that ATP's risk of being associated with the potentially problematic behaviour of such a company is minimal, and ATP therefore does not, as a general rule, take the initiative to investigate these companies. There are, however, types of company behaviour with which ATP wants to make absolutely sure it is not connected with, and in this connection ATP bases its efforts on a number of external information sources.

This specifically relates to three input types.

1. We collaborate with an external data supplier to ensure that ATP does not invest in companies producing cluster munitions or land mines. ATP also does not invest in companies involved in the production of nuclear weapons in contravention of the so-called non-proliferation treaty.
2. ATP uses research from an external data provider to ensure that ATP does not invest in companies in violation of international trade embargoes. We have integrated this data directly into ATP's trading systems.
3. ATP can also elect to initiate its own fact-finding of a given company where a major investor has presented documentation for issues and behaviour which could also constitute a violation of ATP's Policy for Responsibility in Investments.

fix the problems involved with, among other things, safety issues and child labour which have been brought to light in recent years. ATP's Committee for Responsibility therefore chose to exclude the company from its investment universe.

The work was carried out as part of our increased focus in 2020 on how companies work with their human capital. You can read more about our investigation of and dialogue with Bolloré in the *Human Capital 2020* report.



## Exclusion of two textile producers

In August, Norges Bank (which manages the Norwegian oil fund) and is known for its impactful role when it comes to responsible investing, decided to exclude two companies, Formosa Taffeta and Page Industries. It did so based on the risk that the companies are violating labour rights in their factories in, respectively, Vietnam and India. Seeing this, ATP also began its own investigation and found that the companies were also in violation of ATP's Policy for Responsibility in Investments.

At Formosa Taffeta's factory, the employees are forced to work significantly more than is considered reasonable and punished financially if they do not want to work overtime. The physical working conditions were life-threatening and it was not permitted to unionise in any meaningful way. The employees were systematically being underpaid and, among other things, deducted in pay for legitimate absence due to sickness - even if they could show a doctor's note.

At Page Industries' factory they, among other things, worked with a practice involving the humiliation of an employee by the manager in front of his/her colleagues when the employee in question returned from an absence due to sickness. Machines and safety equipment were systematically neglected and serious work accidents happened frequently. Employees were being fired for complaining about their working conditions and the company actively worked against the local labour union in violation of the law.

On this basis, ATP's Committee for Responsibility chose to exclude the two companies and also Formosa Chemicals & Fibre Corp which owns 38% of Formosa Taffeta and has a lot of control over the company, and may therefore be considered involved in Formosa Taffeta's activities.

# Complex issues require a balanced approach

When we look into accusations against our portfolio companies, the issue often involves dilemmas that can be challenging for a responsible investor. For example, a portfolio company may have acquired another company that has historically had problems with ESG issues but which is now in the process of fixing those problems. In such cases, how much patience should you have as an investor? It could also be that a portfolio company has a negative impact on one ESG area but a positive one in another.

At ATP, we try to balance the different considerations by basing our decision on international conventions and guidelines and to decide what specifically we find to be reasonable expectations for the company in question. This can be a difficult assessment to make, and it requires having the right internal competences and resources. In 2020, ATP has carried out a number of fact-finding processes involving dilemmas in sectors with different ESG characteristics.

## COVID-19 AND MEDICAL OXYGEN IN AFRICA

In 2020, ATP was contacted by a Danish NGO that had critical questions about ATP's investments in a company that, among other things, produces medical oxygen for the healthcare sector, including healthcare sectors in African countries. The

accusation was that the company and others in the industry were exploiting the Covid-19 crisis to artificially inflate prices for medical oxygen in several African countries. ATP found these charges to be serious and therefore set up a meeting with the company.

At the meeting, the company rejected the accusations and explained that in virtually all of the African countries that the company operates in there are over five different suppliers of medical oxygen and a competitive market landscape that involved the pricing of oxygen being made via organised tenders in order to ensure fair prices. The company also told us that they work with UNICEF and others to make medical oxygen more available in Africa.

In many Western countries, medical oxygen is stored in large tanks in hospitals and then sent to the individual patient corridors via pipes. Many countries in Africa, however, do not have that kind of infrastructure. Therefore, the oxygen is supplied in smaller oxygen tanks that can be placed by a patient's bed, but this is less effective and more costly. This results in the price of medical oxygen being higher and thus not always available to all of the patients that could benefit from getting it. After having confirmed the validity of this information, ATP chose to end the case there.



## Hydropower plants

The green transition requires the identification of green methods of producing the energy we need for electricity, industry, etc. One of these solutions involves hydropower where, for example, you use the water flowing through a river to run a power plant. Unlike with fossil fuel power plants, a hydropower plant emits practically no greenhouse gases. Hydropower is therefore capable of playing a major role in the green transition.

The challenge is, however, that hydropower plants can have a negative impact on the natural environment in the river and the people whose livelihoods rely on that river. A hydropower plant typically works via the use of a dam and a canal system is made so that much of the water that previously flowed through the river instead flows through the canal system and the hydropower plant's turbines. This can result in major changes to the original river in terms of, for example, plant and animal life, and a company that builds a hydropower plant must therefore pay very close attention to how its impact on the surrounding environment can be minimised.

In 2020, we investigated two companies that have built or are in the process of building hydropower plants in, respectively, Brazil and Tanzania - Eletrobras and Elsewedy Electric. Both companies have been accused of not taking the proper steps to avoid negative impacts in the local environments. With Eletrobras, the main issue is that the groups of protected indigenous peoples who live by the river and whose livelihoods depend on it can no longer fish, collect materials or hunt there. With Elsewedy, the completion of the hydropower plant's dam will result in irreversible damage to the areas' biodiversity - and this area has long been a UNESCO World Heritage Site. ATP's investigation concluded that in both cases the companies had failed to meet our requirements and that the damage done to either the local indigenous people or the surrounding nature and biodiversity could have been avoided. On that basis, ATP's Committee for Responsibility chose to exclude Eletrobras and Elsewedy Electric from our investment universe.

## Content moderators in the tech industry

In the last few years, the requirements for controlling content on social media have risen steeply. Citizens and authorities increasingly demand an ongoing monitoring of the content put up on social media so that children and young people are not, for example, exposed to violent, sexual or hateful content. Because this task cannot yet be automated, the social media companies have responded by hiring thousands of employees called content moderators to identify and remove unacceptable content. This task is often outsourced to external consultancy firms.

It is an important task, but the downside is that the job is extremely tough from a mental health perspective as it requires reviewing the content that others should not see - for example, violent crime, child porn, etc. In 2020, ATP therefore investigated and entered into a dialogue with a portfolio company that among other things, is part of monitoring a large social media platform. The company has been accused of not taking the mental health of this group of employees seriously enough, but our dialogue revealed that the company is very aware of the problem and is working towards ensuring that its employees remain in good mental health. For example, there is a long introductory process where new employees learn how to do the job and try out working with real cases. There are also psychologists present in the building that the employees can talk to if they need to process something that they have seen. On that basis, and because there was little specific documentation that corroborated the accusations, ATP chose to conclude the fact-finding process.

# Farewell to three mining companies

The global demand for metals, raw materials and rare earth elements has been rising for a long time, as these products are important ingredients in products such as electronics, computers and mobile phones. They are also key components in, for example, batteries for electric vehicles and in the generation of renewable energy, and therefore they also play a key role in the green transition.

The mining industry does, however, leave a significant social and environmental footprint, and there are regular and serious problems in the mining industry involving environmental damage or labour rights violations. It is also not always clear whether mining brings economic and social benefits to the country in question, as raw materials and metals are often found in countries with unstable governments and weak legislation, providing fertile grounds for corruption and bribery. In some cases, mining may have an outright negative impact on the surrounding local community and perhaps also indigenous people, and thus there may be violations of human rights occurring.

In 2019, ATP took a closer look at the issues concerning the miners' use of so-called tailings dams, which are artificial dams or earth barrier dams that are typically used to store residual products from the mining operations - but if there are unintended leaks of these materials, they can cause a lot of damage to the local environment.

In 2020, we continued working with the issue of tailings dams, but we also expanded our investigation to focus on some of the other problems that can be associated with mining. As seen in the following, this year it has resulted in fact-finding processes that ended with the exclusion of three companies from ATP's investment universe.

## VALE

Over the last five years, the Brazilian steel company Vale SA has had two collapsed tailings dams at the company's mines in Brazil. In 2015, the Fundao dam by the Mariana mine co-owned by Vale and BHP) collapsed. The collapse resulted in an enormous leak of millions of cubic metres of mining waste which polluted the Doce river all the way to the

coast, more than 650 km away. It is believed that 19 people lost their lives in the subsequent flooding and thousands of people were driven from their homes due to the heavy pollution of the river and the area's drinking water. Then in 2019, the dam at Vale's Brumadinho mine collapsed as well. It is estimated that the mudslide from the collapse killed about 270 people and it destroyed large parts of the area's agricultural land, properties and infrastructure.

Subsequently, two reports made by independent third parties revealed that Vale's efforts to avoid the collapse of the two tailings dams were seriously insufficient. The reports showed that in both cases Vale was aware of serious problems with the dams and the associated risk of collapse, but it did not take anywhere near enough action to prevent the disasters from occurring. Key drainage systems were defective, the company's safety analyses were insufficient and there were no real plans for managing serious incidents. A lot of things therefore indicates that the accidents and the enormous environmental damage and loss of human life could possibly have been prevented, but the company did not live up to its responsibilities for ensuring the safety of the dams and it did not learn anything from its mistakes in between the two collapses. On that basis, Vale was excluded from ATP's investment universe.

## BHP

As with Vale, the Anglo-Australian mining company, BHP, has been the target of massive criticism for its role in the collapse of the Fundao dam in 2015. After the collapse, both Vale and BHP were found guilty of negligence and the authorities demanded that they compensate the local communities, initiate a comprehensive clean-up and set up water treatment plants to remove the pollutants. According to the reports, none of this has taken place and the locals are left with no access to drinking water. They also suffer health issues from the pollutants and cannot farm the impacted areas or fish due to the collapse of the fish stocks. Vale and BHP set up a foundation to manage the clean-up work and to compensate those who had suffered losses, but the foundation has not at all succeeded in its intended purpose and the UN has criticised it for only being a trick to exempt the companies themselves from liability.

One remarkably similar case occurred in Papua New Guinea, where BHP ran the Ok Tedi mine from 1984-2002, which annually slipped 90,000 tonnes of mining waste into the local river system. In 2002, after many years of polluting the area, BHP - as with the Fundao incident - set up a foundation that took over BHP's share and was charged with, among other things, compensating the local communities that were impacted. The foundation was set up in Singapore and one of the effects was the BHP itself was exempted from all liability to pay compensation. The foundation has so far failed to live up to expectations and those who have suffered losses or injuries have not been compensated yet. The authorities in Papua New Guinea are therefore now attempting to get BHP to take responsibility for the leaking of pollutants but so far has not had much luck.

All in all, it is ATP's assessment that the documentation clearly show that BHP is systematically neglecting safety and environmental issues in its mines and fails to meet its responsibility to subsequently fix its mistakes and compensate those who have been harmed and that this violates ATP's Policy for Responsibility. As a result, ATP chose to exclude BHP.

## RIO TINTO

Over the years, the Anglo-Australian mining company, Rio Tinto, has been involved in several cases where it has been accused of violating indigenous people's rights in, for

example, Canada and the United States. Rio Tinto is therefore doing a lot to emphasise that the company is working hard to correct the mistakes of the past and set up processes for ensuring compliance with human rights, including the special rights that indigenous people have. Despite this, however, in 2020 Rio Tinto once again found itself in the middle of a case involving the company having ruined two aboriginal holy sites in Australia while expanding an iron ore mine.

The expansion of the mine took place without consulting the local population first (which is required by international conventions) and despite the company being aware of the area's cultural significance and the fact that the site has been designated an important archaeological location since 2014.

The case has resulted in three members of Rio Tinto's top management team - including the company's CEO - being dismissed and the company has said that it regrets what has happened. On the basis of an investigation of the company and due to the numerous similar problematic cases that the company has been involved in, ATP does not believe, however, that these dismissals are sufficient. There are many indications that there are structural problems in the company that remain unresolved and that this could lead to similar cases in the future. On that basis, we decided to exclude Rio Tinto from our investment universe.

