



BIODIVERSITY

THEMATIC ENGAGEMENT

Q4 2023 Progress Report

January 2024



TABLE OF CONTENTS

INTRODUCTION.....	3
ISS ESG THEMATIC ENGAGEMENT APPROACH.....	4
ENGAGEMENT PROCESS	4
ENGAGEMENT OUTCOMES.....	4
REPORTING	4
BIODIVERSITY THEMATIC ENGAGEMENT	5
COMPANY SELECTION.....	5
ENGAGEMENT OBJECTIVES.....	6
Q4 2023 ENGAGEMENT STATISTICS.....	7
ENGAGEMENT SUMMARY TABLE	8
COMPANY RESPONSES RECEIVED IN Q4 2023.....	11
FOOD PRODUCTS	11
MINING & INTEGRATED PRODUCTION	12
CLOSED ENGAGEMENTS	16



INTRODUCTION

This progress report presents the Biodiversity Thematic Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q4 2023.

The report includes an overview of the ISS ESG Thematic Engagement approach as well as details on the Biodiversity Thematic Engagement, including the methodology for target company selection and engagement objectives. It also includes key statistics for Q4 2023, a summary of the engagement stage and number of interactions with all target companies, as well as details of the responses received during the period. The progress against engagement objectives as well as the overall engagement success will be measured and included in the next progress report, as data on the target companies' improvement in their alignment with the requirements for each engagement objective is collected and assessed twice a year.



ISS ESG THEMATIC ENGAGEMENT APPROACH

ISS ESG's Thematic Engagement solution allows investors to participate in a joint outreach and dialogue with companies on material sustainability-related themes. By engaging collaboratively, institutional investors can leverage their scale in discussions on ESG issues and communicate their concerns to corporate management more effectively. ISS ESG facilitates engagement on behalf of participating clients to promote positive change through active ownership and dialogue. This may include ongoing dialogue with companies identified for enhanced disclosure, a push for improved sustainability performance, or the mitigation of ESG risks.

Through ISS ESG's Biodiversity Thematic Engagement, participating investors seek to improve transparency around biodiversity impact and strategies to manage nature-related risks in key high impact industries of Food Products and Mining & Integrated Production.

ENGAGEMENT PROCESS

ISS ESG's Thematic Engagement involves a number of steps carried out over a two-year lifecycle. The process starts by identifying target companies and setting objectives and key performance indicators in line with investor expectations. Both the company selection and the objective setting leverages ISS ESG proprietary data and research, as well as internal expertise.

The engagement dialogue is initiated through letters to companies, sent by ISS ESG on behalf of participating investors. Dialogue may be conducted in writing or through meetings, facilitated by ISS ESG. Some companies require reminders to respond. Should the company remain unresponsive, enquiries are escalated to the CEO and the Board.

At the end of each engagement cycle, ISS ESG will assess the opportunity to extend or close engagements.

ENGAGEMENT OUTCOMES

ISS ESG's Thematic Engagement includes regular measurements of the outcome of the engagement dialogue, both at the level of each objective as well as at an aggregate level of each company engagement. The outcome measurements are based on improvements in each company's alignment with the requirements for each engagement objective, as evidenced by their public disclosures and assessed in the relevant ISS ESG data and research (checked twice a year); as well as ISS ESG's assessment of the quality of each company's participation in the engagement.

REPORTING

Participating investors are informed of the progress of engagements through quarterly and annual progress reports. The reports provide an overview of the engagement stage reached for each company, details of interactions as well as company responses.

In the quarter following the check of the ISS ESG data on the requirements for each objective, the reports also include measurements of progress against each engagement objective as well as the overall engagement success.



BIODIVERSITY THEMATIC ENGAGEMENT

All companies are dependent on ecosystem services such as clean air, fresh water, fertile soils, and a stable climate. At the same time, business activities contribute to the degradation of nature through land-use change, pollution, the overexploitation of resources, and greenhouse gas emissions. This poses a number of physical and transition risks to corporate performance and may hinder progress on achieving climate commitments. In December 2022 at COP15, the [Kunming-Montreal Global Biodiversity Framework](#) was published with the goal to halt and reverse nature loss by 2030, and highlighted that both companies and financial institutions must monitor, assess and disclose their risks, dependencies and impacts on biodiversity.

The Food Products industry has both a significant [impact and dependency](#) on biodiversity. Demand for food has [increased significantly](#) alongside global population growth, in turn triggering extensive expansion of agricultural production and the transformation of habitats and ecosystems worldwide. The industry has a multitude of [nature-related dependencies](#) (such as land and soil, water, animals, and climate regulation) for their operations, with some of the [highest levels of deforestation in the Amazon](#) in recent years attributable to agricultural commodities production. Water and soil pollution in the industry is significant and [studies show](#) that food production creates ~32% of global terrestrial acidification and ~78% of eutrophication, affecting species composition and reducing ecological resilience. Additionally, the use of fertilisers, pesticides and monoculture practices can [exacerbate biodiversity loss](#), affecting the quality of water, soils, the air, and natural ecosystems. The Food Products industry is particularly vulnerable to environmental change. This is a material business risk, since [more than half of the world's GDP is moderately or highly dependent on nature-related services](#).

The Mining & Integrated Production industry also has a very high impact on biodiversity due to its direct use of land and water in operations. Impacts can include soil and water pollution, and the production of solid waste, and habitat disturbances, such as for instance seismic activity affecting marine species. The UN has called for [protected areas to be expanded to at least 30%](#) of terrestrial and inland water areas, and marine and coastal areas, and for at least 30% of degraded ecosystems to be restored. Mining activities are forecast to [grow significantly over the next 30 years](#). It is estimated that currently [over 3,300 large-scale mines exist in forests](#), a figure that is likely to increase, especially in biodiversity hotspot areas.

COMPANY SELECTION

Relevant companies for engagement are selected on the basis of the following factors:

- High market capitalisation.
- Industries with high impact and/or dependency on nature.
- Laggards identified using ISS ESG's Biodiversity Impact Assessment Tool (BIAT).
- No or only partial fulfilment of the engagement objectives and KPIs, based on ISS ESG's Corporate Rating indicators.



BIODIVERSITY TARGET LIST

Ajinomoto Co., Inc.	Kerry Group Plc
Aluminum Corporation of China Limited	Kikkoman Corp.
Antofagasta Plc	McCormick & Company, Incorporated
Barry Callebaut AG	Mondelez International, Inc.
Britannia Industries Ltd.	Mowi ASA
China Feihe Ltd.	MP Materials Corp.
China Northern Rare Earth (Group) High-Tech Co., Ltd.	Newcrest Mining Ltd.
Conagra Brands, Inc.	Saudi Arabian Mining Co.
First Majestic Silver Corp.	Shandong Gold Mining Co., Ltd.
First Quantum Minerals Ltd.	Sumitomo Metal Mining Co., Ltd.
Foshan Haitian Flavouring & Food Co., Ltd.	The Hershey Company
Freeport-McMoRan, Inc.	Tyson Foods, Inc.
Grupo Mexico S.A.B. de C.V.	Zhaojin Mining Industry Co., Ltd.
JDE Peet's NV	Zhejiang Huayou Cobalt Co., Ltd.
Jiangxi Copper Company Limited	Zijin Mining Group Co., Ltd.

ENGAGEMENT OBJECTIVES

Target companies have been asked by participating investors to improve their biodiversity-related disclosures, focusing on the following engagement objectives:

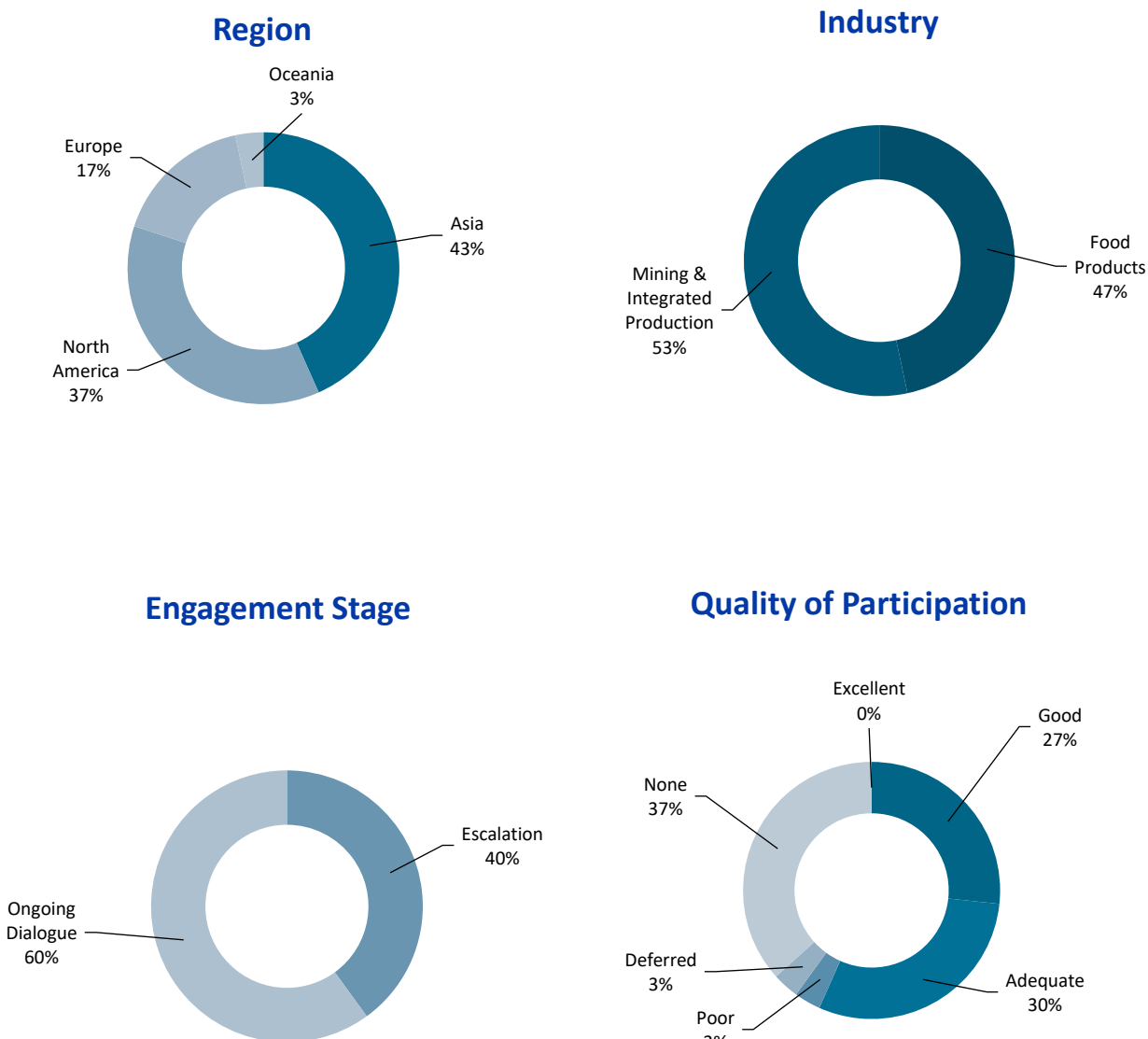
FOOD PRODUCTS	MINING & INTEGRATED PRODUCTION
1. Disclosure of a biodiversity management strategy	
<ul style="list-style-type: none"> ▪ Position on soil and biodiversity management ▪ Value chain engagement on soil and biodiversity management ▪ Sustainable palm oil commitment 	<ul style="list-style-type: none"> ▪ Risk and impact assessments ▪ Targets and objectives ▪ Consultation with biodiversity experts ▪ Mitigation measures ▪ Monitoring and evaluation ▪ Coverage of all sites
2. Reduction of negative impacts	
<ul style="list-style-type: none"> ▪ Measures to reduce the impact of packaging 	<ul style="list-style-type: none"> ▪ 2. Commitment to international conventions on protected areas ▪ Protected areas policy
3. Disclosure of key metrics	
<ul style="list-style-type: none"> ▪ Share of raw materials/products from certified organic farming ▪ Percentage of RSPO-certified palm oil 	<ul style="list-style-type: none"> ▪ 3. Transparency on disturbance and rehabilitation ▪ GRI aligned disclosure for the decommissioning of mines



Q4 2023 ENGAGEMENT STATISTICS

The following statistics provide an overview of the geographic and industry distribution of the Biodiversity Thematic Engagement target companies, as well as engagement stage and quality of participation as of the end of Q4 2023.

Summary charts, as of 31 December 2023.



NOTE: "Industry" refers to ISS ESG Corporate Rating Industry. **Engagement Stage** definition: **Initiation:** An engagement letter is sent to the relevant company representatives. **Reminder:** Reminder letters are sent to unresponsive companies. **Escalation:** In case of non-response, enquiries are escalated to a higher level of seniority within the company. **Ongoing dialogue:** The company is entering into a dialogue with the investors through ISS ESG and is providing answers to the questions raised or providing further information. **Quality of Participation** definition: **Excellent:** The company has replied and substantially addressed all elements of the questions. **Good:** The company has replied and addressed most elements of the questions. **Adequate:** The company has replied, but only partially addressed the questions posed. **Poor:** The company has replied but not addressed the questions posed. **Deferred:** The company has replied, acknowledging the enquiry, but requested more time to respond, transferred the responsibility to another function in the company, and/or agreed to schedule a meeting in which it will provide more information. **None:** The company has not replied.

ENGAGEMENT SUMMARY TABLE

The initiation letter was sent to the target companies on 27 September 2022 (Q3 2022), with the exception of the letters for Aluminum Corporation of China Limited, Jiangxi Copper Company Limited and Zijin Mining Group Co., Ltd, which were sent on 7 October (Q4 2022). This table lists the number of interactions that took place during Q4 2023, as well as the engagement stage as per 31 December 2023. Note that in Q1 2023, ISS ESG started recording friendly reminders sent to companies.

ISSUER NAME	DOMICILE	ISS ESG CORPORATE RATING INDUSTRY	ENGAGEMENT STAGE	NUMBER OF OUTBOUND INTERACTIONS	NUMBER OF INBOUND INTERACTIONS	TOTAL NUMBER OF INTERACTIONS
Ajinomoto Co., Inc.	Japan	Food Products	Escalation	1	0	1
Aluminum Corporation of China Limited	China	Mining & Integrated Production	Escalation	1	0	1
Antofagasta Plc	United Kingdom	Mining & Integrated Production	Ongoing dialogue	3	0	3
Barry Callebaut AG	Switzerland	Food Products	Ongoing dialogue	1	0	1
Britannia Industries Ltd.	India	Food Products	Escalation	1	0	1
China Feihe Ltd.	Cayman Islands	Food Products	Escalation	1	0	1
China Northern Rare Earth (Group) High-Tech Co., Ltd.	China	Mining & Integrated Production	Escalation	1	0	1
Conagra Brands, Inc.	USA	Food Products	Ongoing dialogue	0	0	0
First Majestic Silver Corp.	Canada	Mining & Integrated Production	Ongoing dialogue	2	1	3



First Quantum Minerals Ltd.	Canada	Mining & Integrated Production	Ongoing dialogue	1	1	2
Foshan Haitian Flavouring & Food Co., Ltd.	China	Food Products	Escalation	1	0	1
Freeport-McMoRan, Inc.	USA	Mining & Integrated Production	Ongoing dialogue	4	2	6
Grupo Mexico S.A.B. de C.V.	Mexico	Mining & Integrated Production	Escalation	1	0	1
JDE Peet's NV	Netherlands	Food Products	Ongoing dialogue	0	0	0
Jiangxi Copper Company Limited	China	Mining & Integrated Production	Escalation	1	0	1
Kerry Group Plc	Ireland	Food Products	Ongoing dialogue	2	0	2
Kikkoman Corp.	Japan	Food Products	Ongoing dialogue	2	0	2
McCormick & Company, Incorporated	USA	Food Products	Escalation	1	0	1
Mondelez International, Inc.	USA	Food Products	Ongoing dialogue	2	0	2
Mowi ASA	Norway	Food Products	Ongoing dialogue	1	0	1
MP Materials Corp.	USA	Mining & Integrated Production	Ongoing dialogue	0	0	0
Newcrest Mining Ltd.	Australia	Mining & Integrated Production	Ongoing dialogue	3	1	4



Saudi Arabian Mining Co.	Saudi Arabia	Mining & Integrated Production	Ongoing dialogue	0	0	0
Shandong Gold Mining Co., Ltd.	China	Mining & Integrated Production	Escalation	1	0	1
Sumitomo Metal Mining Co., Ltd.	Japan	Mining & Integrated Production	Ongoing dialogue	0	0	0
The Hershey Company	USA	Food Products	Ongoing dialogue	0	0	0
Tyson Foods, Inc.	USA	Food Products	Ongoing dialogue	3	1	4
Zhaojin Mining Industry Co., Ltd.	China	Mining & Integrated Production	Escalation	1	0	1
Zhejiang Huayou Cobalt Co., Ltd.	China	Mining & Integrated Production	Escalation	1	0	1
Zijin Mining Group Co., Ltd.	China	Mining & Integrated Production	Ongoing dialogue	0	0	0

NOTE: For definitions, see p.7.



COMPANY RESPONSES RECEIVED IN Q4 2023

During Q4 2023 ISS ESG received responses from five of the 30 companies. The tables below provide further information on each dialogue.

FOOD PRODUCTS

Tyson Foods, Inc.		ISIN US9024941034	DOMICILE USA
SDG ALIGNMENT SDG 14: Life Below Water; SDG 15: Life On Land		SFDR PAI ALIGNMENT PAI 7: Activities negatively affecting biodiversity-sensitive areas	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		20 October 2023	
Engagement outlook communication		13 November 2023	
Company response		13 November 2023	
Friendly reminder		04 December 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>After the follow-up enquiry was sent in Q3, ISS ESG sent a friendly reminder on 20 October and an engagement outlook communication on 13 November. The company responded on the same day, acknowledging the investor enquiry. On 4 December, ISS ESG sent a friendly reminder. An engagement outlook communication is scheduled for Q1 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



MINING & INTEGRATED PRODUCTION

First Majestic Silver Corp.		ISIN CA32076V1031	DOMICILE Canada
SDG ALIGNMENT SDG 14: Life Below Water; SDG 15: Life On Land		SFDR PAI ALIGNMENT PAI 7: Activities negatively affecting biodiversity-sensitive areas	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Clarification enquiry		04 October 2023	
Company response		12 October 2023	
Engagement outlook communication		20 October 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>After the company provided a written response to the follow-up enquiry sent in Q3, ISS ESG sent a clarification enquiry on 4 October. The company responded on 12 October, and an engagement outlook communication was sent on 20 October. A follow-up enquiry is scheduled for Q2 2024.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 12 October response, the company explained that regarding protected areas, it has not historically encountered a situation where a policy to refrain from operating in such areas has been required, and noted that this may be considered as its sustainability approach evolves over time. Regarding its reporting plans for land disturbance, the company clarified that this will be in alignment with the data disclosures as described under the GRI indicator MM1 for the Mining and Metals Sector.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on outstanding points such as the public disclosure of a policy regarding operating in protected areas, and total land disturbed and rehabilitated in line with GRI reporting requirements.</p>			



First Quantum Minerals Ltd.		ISIN CA3359341052	DOMICILE Canada
SDG ALIGNMENT SDG 14: Life Below Water; SDG 15: Life On Land		SFDR PAI ALIGNMENT PAI 7: Activities negatively affecting biodiversity-sensitive areas	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement outlook communication		06 October 2023	
Company response		09 October 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>After an engagement meeting was held in Q3, ISS ESG sent an engagement outlook communication on 6 October. The company provided a written response on 9 October asking ISS ESG to clarify the engagement expectations, and a follow-up enquiry is scheduled for Q2 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



Freeport-McMoRan, Inc.		ISIN US35671D8570	DOMICILE USA
SDG ALIGNMENT SDG 14: Life Below Water; SDG 15: Life On Land		SFDR PAI ALIGNMENT PAI 7: Activities negatively affecting biodiversity-sensitive areas	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		07 November 2023	
Friendly reminder		04 December 2023	
Company response		04 December 2023	
Clarification enquiry		14 December 2023	
Company response		18 December 2023	
Engagement outlook communication		19 December 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 7 November. ISS ESG sent a friendly reminder on 4 December, and the company provided a written response to the questions posed on the same day. On 14 December, ISS ESG sent a clarification enquiry which the company responded to on 18 December. On 19 December, ISS ESG sent an engagement outlook communication. A follow-up enquiry is scheduled for Q2 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 4 December response, the company stated that it understands that the nature of its mining and processing activities means that it is responsible for the management of land and the associated biodiversity. The company noted that it is committed to proactively managing and mitigating the impacts of its operations on biodiversity, land, and surrounding ecosystems, and that its local biodiversity initiatives are influenced by conservations objectives as outlined by internationally recognised sources (e.g., IUCN, Ramsar Wetlands, and UNESCO World Heritage sites). The company also explained that biodiversity initiatives are often third-party verified as credible biodiversity actions by the Wildlife Habitat Council's Conservation Certification. The company reaffirmed its commitment to not explore or mine in World Heritage Sites. In addition, the company stated that it is currently evaluating the recommendations from the Taskforce on Nature-related Financial Disclosures as a potential tool to identify, assess, respond to and disclose its nature-related issues in the future, and highlighted the LEAP approach which recommends assessing the interface between operations and ecologically sensitive locations to identify any potentially elevated nature-related risks and opportunities. The company also stated that it is in the process of completing biodiversity management plans for several of its sites, including Cerro Verde, El Abra, Morenci and PT-FI (Grasberg operations). The company shared that it has been actively engaged in efforts led by the International Council on Mining and Metals to develop an approach for its member companies to contribute to a nature positive future. The company explained that this work is informed by the Kunming-Montreal Global Biodiversity Framework, and is geared towards contributing to nature positive outcomes through local action and addressing material impacts to nature in operations and within the value chain. The company stated that as part of these efforts, strengthening existing commitments to no net loss has been identified as a principal approach to drive positive change for nature and those that depend on it. In its 18 December response, the company stated that it is in the process of evaluating the</p>			



TNFD framework. The company explained that it intends to provide more information to its stakeholders as it progresses this work, and noted that it is in an early stage at this time.

ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on outstanding points such as the public disclosure of a policy regarding operating in protected areas.

Newcrest Mining Ltd.		ISIN AU000000NCM7	DOMICILE Australia
SDG ALIGNMENT SDG 14: Life Below Water; SDG 15: Life On Land		SFDR PAI ALIGNMENT PAI 7: Activities negatively affecting biodiversity-sensitive areas	
ENGAGEMENT STATUS Closed		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		06 October 2023	
Friendly reminder		06 November 2023	
Company response		08 November 2023	
Engagement closure communication		14 December 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 6 October. On 6 November, ISS ESG sent a friendly reminder, which the company responded to on 8 November. An engagement closure communication was sent on 14 December.			
QUARTERLY SUMMARY OF OBSERVATIONS			
In its 8 November response, the company informed ISS ESG that it has been acquired by Newmont Corporation.			



CLOSED ENGAGEMENTS

The following engagement conducted on behalf of participating investors was closed during Q4 2023. The table below provides further information on the engagement closure.

Newcrest Mining Ltd.	ISIN AU000000NCM7	DOMICILE Australia
<p>ENGAGEMENT STATUS Closed</p>		
<p>MOTIVATION FOR ENGAGEMENT CLOSURE ISS ESG has closed this engagement as the company was acquired by Newmont Corporation. As the company has been delisted, ISS ESG closed the engagement.</p>		



**We empower investors and companies to build
for long-term and sustainable growth by providing
high-quality data, analytics, and insight.**

SUCCEED WITH ISS ESG SOLUTIONS

Email sales@iss-esg.com or visit iss-esg.com for more information.

ISS ESG is the responsible investment arm of Institutional Shareholder Services Inc., the world's leading provider of environmental, social, and governance solutions for asset owners, asset managers, hedge funds, and asset servicing providers. With more than 30 years of corporate governance expertise and 25 years of providing in-depth responsible investment research and analytics, ISS ESG has the unique understanding of the requirements of institutional investors. With its comprehensive offering of solutions, ISS ESG enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, ISS ESG delivers corporate and country ESG research and ratings enabling its clients to identify material social and environmental risks and opportunities.

This document and all of the information contained in it is the property of Institutional Shareholder Services Inc. ("ISS") or its subsidiaries. Subscribing clients participating in the Thematic Engagement covered by this document may reproduce and/or distribute the report without further permission from ISS. Others may not reproduce or disseminate this document in whole or in part without the prior written permission of ISS. ISS MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION.

© 2024 | Institutional Shareholder Services and/or its affiliates