



GENDER EQUALITY

**THEMATIC
ENGAGEMENT**

Q3 2023 Progress Report

Including analysis of progress during the first year of the engagement

October 2023



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INTRODUCTION

This quarterly report presents the Gender Equality Thematic Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q3 2023, as well as analysis of the progress during the first year of the engagement.

The report includes an overview of the ISS ESG Thematic Engagement approach as well as details on the Gender Equality Thematic Engagement, including the methodology for target company selection and engagement objectives. The report includes a section providing insights from the first year of the engagement, both in terms of the gender equality context as well as in terms of the responsiveness to and progress of the engagement. It also includes key statistics for Q3 2023, a summary of the engagement stage, number of interactions and engagement success status for all target companies; as well as details of the responses received during the period. The report includes a measurement of the progress against engagement objectives as well as the overall engagement success, based on the six-monthly data check on the target companies' improvement in their alignment with the requirements for each engagement objective.



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 Gender Equality Thematic Engagement, participating investors aim to see an improvement in female representation in leadership positions, measures to promote equal opportunities and diversity, and gender pay gap disclosure.

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 calls and 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.



GENDER EQUALITY THEMATIC ENGAGEMENT

[Goal 5](#) of the UN Sustainable Development Goals focuses on achieving gender equality and women's empowerment. However, as the United Nations agency for gender equality and women's empowerment ([UN Women](#)) illustrates, disparities between men and women in the workplace persist in the form of pay gaps, uneven opportunities for advancement, and unbalanced representation in important decision-making. Despite some [notable gains](#) in the number of women taking leadership positions and being represented on boards during the last decade, the [glass ceiling](#) continues to impede women from reaching the top in their chosen fields.

Board and leadership positions that [reflect](#) a company's workforce and customer demographics allow for an avoidance of groupthink and ensure a better understanding of stakeholder interests and relevance in the market – initiatives such as the [United Nation's Women Empowerment Principles](#) and the [30% club](#) set out that a minimum of 30% of women in board and executive management positions is the critical mass required to foster real and sustainable change towards gender equality. Providing more opportunities to women may also bring increased economic prosperity, with some studies (for example by [Credit Suisse](#) and [McKinsey](#)) showing a correlation between improved gender equality and financial performance. [Closing the gender pay gap](#) could also increase business performance. Therefore, promoting gender equality through greater female representation in the boardroom and executive management, along with setting measures to promote opportunities and close gender pay gaps, should arguably be on every company's agenda.

COMPANY SELECTION

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

- High market capitalisation.
- No or only partial fulfilment of the engagement objectives and KPIs, based on ISS ESG's proprietary data (ISS ESG Governance Quality Score, ISS ESG Corporate Rating, and ISS ESG Raw Data).

GENDER EQUALITY TARGET LIST

argenx SE	CITIC Limited
AvalonBay Communities, Inc.	Contemporary Amperex Technology Co., Ltd.
Beijing-Shanghai High-Speed Railway Co., Ltd.	Copart, Inc.
BioNTech SE	Daikin Industries Ltd.
BOE Technology Group Co., Ltd.	Datadog, Inc.
BYD Company Limited	ENPHASE ENERGY, INC.
Charter Communications, Inc.	EPAM Systems, Inc.
Chocoladefabriken Lindt & Spruengli AG	Evolution AB
Chongqing Changan Automobile Co. Ltd.	Fanuc Corp.
Chow Tai Fook Jewellery Group Ltd.	Fortinet, Inc.



Hyundai Motor Co., Ltd.	Olympus Corp.
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	Paycom Software, Inc.
Kuehne + Nagel International AG	SANY Heavy Industry Co., Ltd.
Kweichow Moutai Co., Ltd.	Shanxi Xinghuacun Fen Wine Factory Co., Ltd.
Larsen & Toubro Ltd.	SMC Corp. (Japan)
MercadoLibre, Inc.	SoftBank Group Corp.
Mettler-Toledo International Inc.	State Bank Of India
MongoDB, Inc.	Terumo Corp.
NextEra Energy, Inc.	Waste Connections, Inc.
Old Dominion Freight Line, Inc.	Zscaler, Inc.

ENGAGEMENT OBJECTIVES

Target companies have been asked by participating investors to improve gender equality, focusing on the following engagement objectives:

1. Increase female representation in leadership

- The company should increase its female representation in board positions to a minimum of 30%.
- The company should increase its female representation in executive management positions to a minimum of 30%.
- The company should increase its ratio between women in management positions and women in the overall workforce to a minimum of 0.5.

2. Promote equal opportunities and diversity

- The company should take measures to promote opportunities and diversity, in particular with regard to gender. Measures include the assignment of responsibilities, strategic targets, grievance procedures, action plans, training, as well as audits and evaluations.

3. Disclose gender pay gap

- The company should disclose its mean, unadjusted gender pay gap.



FIRST YEAR OF THE GENDER EQUALITY ENGAGEMENT

The third quarter of 2023 marks one year since ISS ESG's Gender Equality Thematic Engagement was initiated. The following section provides observations on the evolving gender equality landscape during the year, as well as analysis of the changes that ISS ESG has observed one year into the engagement. The section also highlights common themes emerging in the engagement dialogues held to date – including challenges shared by companies – and the focus of the engagement for the remainder of the cycle.

EVOLVING GENDER EQUALITY LANDSCAPE

During the first year of the Gender Equality Engagement, some efforts have been made to increase gender equality in the workplace. In the European Union, on 23 November 2022 the [new 'Women on Board' Directive](#) was adopted. Under this Directive, companies will have to have either 40% of non-executive directors from the underrepresented sex, or 33% of all directors, by 30 June 2026. Member states have over another year to adopt this into national law, however some already have more ambitious mandatory requirements, such as [Denmark](#), [France](#) and [Italy](#), which require boards to be comprised of a minimum of 40% of women. In [Japan](#), the prime minister has pledged to have a minimum of 30% of women on company Boards by 2030.

However, studies suggest that little progress has been made to close the gender gap in companies. The World Economic Forum (WEF)'s [2023 Global Gender Gap Report](#) shows that while women have accessed employment at a higher rate than men in the past year, the parity in the labour-force participation rate is still below its peak in 2009. In terms of women in management and senior leadership positions, the glass ceiling remains to be broken. [The UN](#) has calculated that 28% of management positions are filled by women, and states that with “the current slow pace of change” this figure will reach 30% as late as 2050. In senior management positions, [data provided by LinkedIn](#) shows that there has been an increase in female representation. However, while women hold 32.2% of senior managers positions in 2023, in C-suite positions the proportion is only 25%. With regard to income, the [World Inequality Report 2022](#) estimates only 35% of the total income from work is paid to women, a statistic reported not to have changed in the last thirty years. More positively, 79% of companies that are part of the [WEF's 2023 Future of Jobs Report](#) have diversity, equity, and inclusion programmes that include gender in their focus. However, looking at the figures of female representation in different levels of management and Boards within companies, it is clear that companies need to do more to close the gender gap.

ENGAGEMENT RESPONSIVENESS

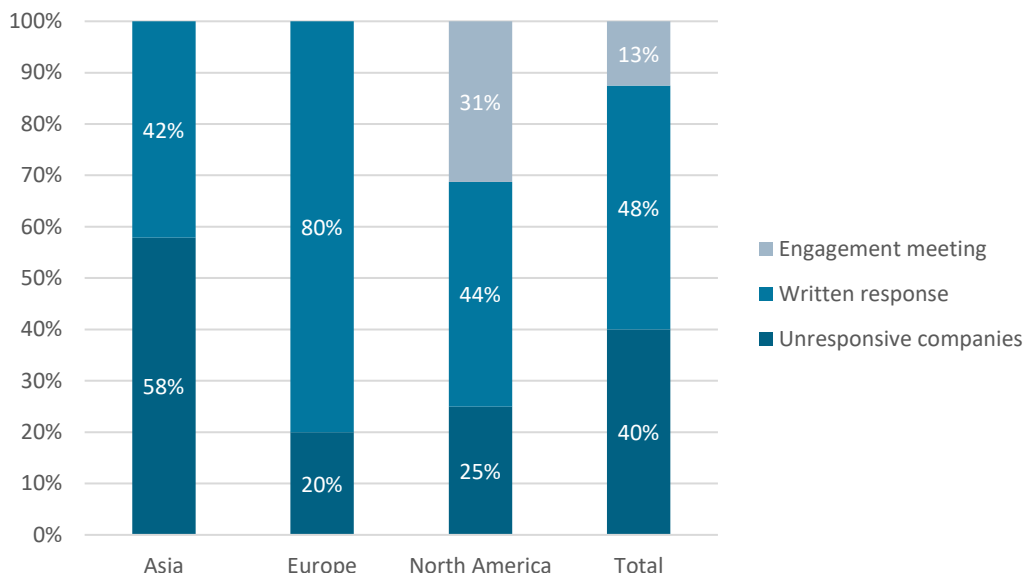
The Gender Equality Thematic Engagement was initiated in September 2022. One year into the engagement, 60% of the target companies have responded, showing willingness to participate in the engagement and discuss the issues with participating investors. The response rate differs by region (chart 1). Among the target companies domiciled in North America the response rate is 75%, while for Asian companies it is lower at 42% and among European companies it is 80%.

ISS ESG encourages companies to share their responses to the engagement questions through a (virtual) meeting, as this enables the participating investors to gain valuable insights and better understand the companies' perspectives. One year into the engagement, 13% of the target companies



have participated in the dialogue through at least one engagement meeting, and 48% have responded in writing.

Chart 1. Regional Overview of Response Rate and Type



NOTE: Due to rounding, totals might not add up to 100%.

ISS ESG implements a robust reminder and escalation process for non-responding companies, and the response rate has progressively increased throughout the year. Initially, 20% of companies responded to the engagement letter. The response rate then increased to 28% following reminder emails to the Investor Relations’ teams of the target companies; to 43% following reminder calls to Investor Relations; to 48% following escalation letters to the CEO; and subsequently to 60% following escalation letters to the Board, where it remained following the escalation letters to the CEO and Board.

ISS ESG notes that once a company enters into a dialogue, it often continues to provide updates throughout the cycle. Six out of eight companies that provided an initial response early in the cycle and were sent a follow-up enquiry with a request to respond by Q3 2023 have provided a written response to the questions posed.

QUALITY OF PARTICIPATION

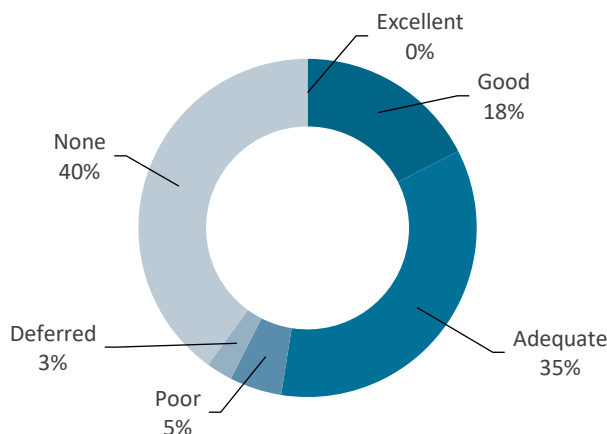
For each company response, ISS ESG assesses the quality of the participation in the engagement. The assessment considers the extent to, and depth in which, the company has addressed the engagement questions, and is separate from the measurement of progress against the engagement objectives. The assessment is dynamic over time, as ISS ESG continues to pose clarification enquiries where a company does not initially address all questions, or only does so in a partial manner.

For the majority of target companies, the quality of participation one year into the engagement is assessed as positive (chart 2). In total, 53% of all target companies (88% of responding companies) are assessed as either ‘Adequate’ – meaning that they have at least partially addressed the engagement questions – or ‘Good’ – meaning that they have addressed most elements of the questions. Less than 10% of companies have provided responses deemed ‘Poor’ or ‘Deferred’ – meaning that they have



either provided a general response which has not addressed the specific questions, or that they have acknowledged the engagement outreach but have yet to provide answers to the specific engagement questions.

Chart 2. Quality of Participation



NOTE: Due to rounding, totals might not add up to 100%.

ENGAGEMENT OBJECTIVE PROGRESS

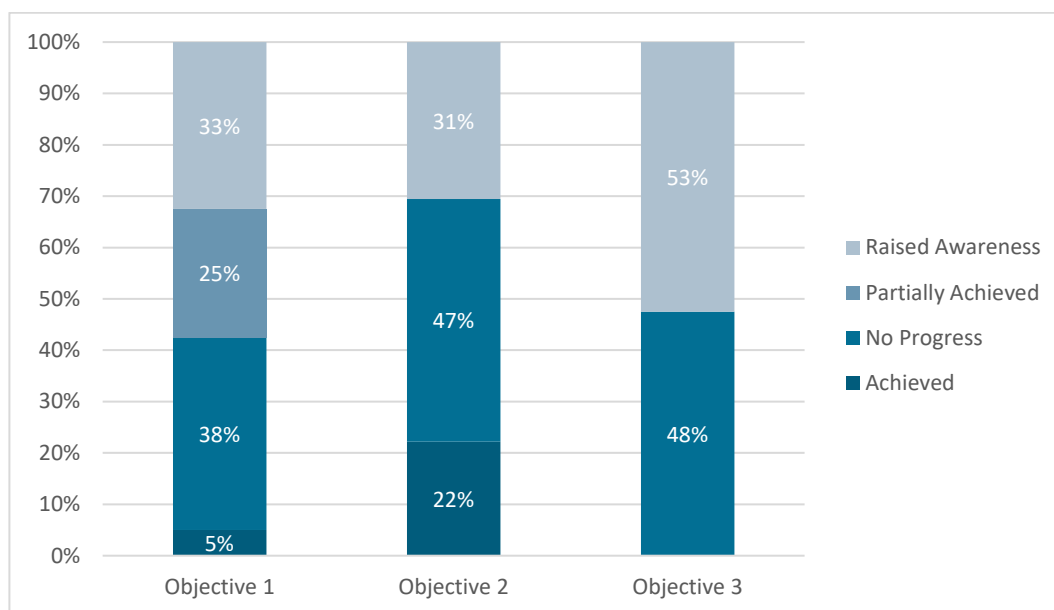
Progress against the relevant engagement objectives for each company considers a combination of improvements in the company’s alignment with the requirements for each objective, as well as the quality of participation in the engagement.

The share of target companies that have shown progress in their fulfilment of at least one of the underlying indicators is 40%. However, ISS ESG notes differences in the progress towards each of the three objectives. For objective 1, nearly a third (30%) of the companies have either ‘Achieved’ or ‘Partly Achieved’ the objective to increase female representation in senior leadership positions. The greatest improvement has been in relation to the ratio of women in management to the overall workforce. In addition, while some companies have demonstrated an increase in female representation on their Boards, improvements in executive management positions has been slower. Regarding objective 2 related to measures to promote equal opportunities and diversity, 22% of companies that had not fulfilled it at the start of the engagement are now assessed as having ‘Achieved’ this objective. With regard to objective 3 related to the disclosure of the mean, unadjusted gender pay gap, ISS ESG notes that no companies have fulfilled this objective (chart 3).

A quarter of target companies have not yet made any progress in their alignment with the underlying indicators, however they have demonstrated a positive quality of participation and the respective objectives are therefore assessed as having reached the level of ‘Raised Awareness’. The share of companies for which there is no progress noted – neither in terms of their participation in the dialogue nor in terms of their alignment with the underlying indicators – is 35%.



Chart 3. Engagement Objective Progress



NOTE: Due to rounding, totals might not add up to 100%.

OVERALL ENGAGEMENT SUCCESS

The overall success and impact of the engagement with each company is an aggregate measure of the progress towards all of the relevant engagement objectives. Each company engagement is categorised in one of four levels of zero to three globes, which takes into consideration both whether a dialogue has been established and awareness of the issues has been raised, and/or whether the company has improved its alignment with the objectives – as evidenced in its public disclosures. Given the approach of combining both the participation in the dialogue and the progress towards the objectives, there is a range of different scenarios for each globe level.

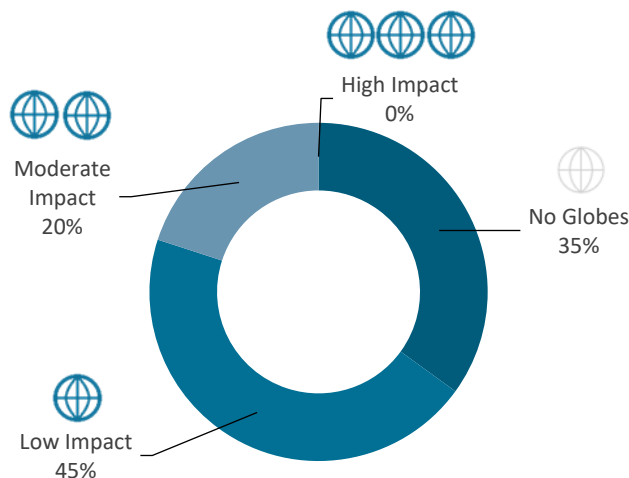
One year into the engagement, ISS ESG notes an impact with the majority (65%) of target companies (chart 4). For 20% of the companies, the engagement is assessed to have a ‘Moderate Impact’. This includes companies which have made progress towards at least one objective and addressed the engagement questions, or which have made progress towards two objectives or more. For companies that already fulfilled one of the objectives at the start of the engagement, ‘Moderate Impact’ also applies when at least one of the applicable objectives is fully achieved, even if the second applicable objective has not been addressed.

For another 45% of the companies, the impact is assessed to have a ‘Low Impact’. This includes companies which have addressed the engagement questions but have not yet made any progress towards any of the engagement objectives. It also includes companies which have made progress towards at least one engagement objective, even if they have not addressed the engagement questions.

The share of companies which have neither addressed the engagement questions nor demonstrated any progress towards any of the objectives, stands at 35%.



Chart 4. Engagement Success



ENGAGEMENT DIALOGUE

The following section outlines case studies of positive dialogues noted since the engagement was initiated, as well as a summary of general observations from the discussions with companies and challenges highlighted through the dialogues. Further details on the dialogue with companies are available in each respective Quarterly Progress Report, as well as the Activity Reports.

CASE STUDIES

BioNTech SE		ISIN US09075V1026
THEME Gender Equality	DOMICILE Germany	
SUMMARY	<p>Since the start of the engagement in Q3 2022, ISS ESG has facilitated dialogue with BioNTech SE through written communication, with responses received in Q2 and Q3 2023.</p> <p>In the dialogue, the company highlighted that the share of women on its Supervisory Board (part of its two-tiered Board structure) increased to 33% in 2023. Regarding its measures to promote equal opportunities and diversity, the company explained that in 2022 it appointed two General Equal Treatment Officers – one of whom is female – to ensure that the company complies with the German General Equal Treatment Act. In addition, it provided details about its training offered to employees on equality, and restated that it has been a signatory to the Charta der Vielfalt since 2018 – a German employer initiative to promote diversity.</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 increasing female representation at executive management level and the public disclosure of its mean, unadjusted gender pay gap.</p>	



MongoDB, Inc.		ISIN US60937P1066
THEME Gender Equality	DOMICILE USA	
SUMMARY	<p>During the first year of the engagement, ISS ESG moderated an engagement meeting with MongoDB, Inc. in Q2 2023.</p> <p>Through the dialogue, the company elaborated on different measures adopted to promote equal opportunities and diversity, for example, its monitoring of pay equity. The company explained that it has a growing number of employee-led groups that focus on providing support and professional development to its members with similar backgrounds or interests, including groups to support women and underrepresented genders in their professional development. It also mentioned that it is a signatory to the Corporate Parity Pledge, through which it is committed to interview at least one qualified female candidate for every open position at the vice president level and above, as well as for every additional directorship on the Board. To foster an early identification of diverse talent, the company explained that it holds the “Make it Matter” and the “Women in Computer Science” summits annually to recruit interns, details of which were disclosed in its 2023 Corporate Sustainability Report. As regards the ratio between women in management and the overall workforce, the company shared that new metrics would be included in the 2023 Corporate Sustainability Report, where it continued to report on the percentage of women in the overall workforce, and for the first time, disclosed the share of women in leadership positions. 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 increasing female representation at Board and executive management levels and the public disclosure of its mean, unadjusted gender pay gap.</p>	

ISS ESG OBSERVATIONS

More generally, the dialogues have provided insights and context on companies’ approach to gender equality, beyond what is immediately discernible from the underlying data, or from the public disclosures. For example, companies have acknowledged the need to increase female representation in leadership positions and indicated their ambitions to do so, for example by setting internal targets or regularly reviewing the Board composition. Companies have also explained their plans to adopt further measures to promote equal opportunities and diversity, such as considering setting metrics on recruitment and training to evaluate equality efforts; and with regard to the disclosure of the gender pay gap, companies have provided information about their plans to collect and disclose relevant data in future reports. Companies have provided context on why the gender pay gap exists, such as due to tenure length.

Through the dialogues, some companies have also highlighted challenges they face in achieving some of the investor expectations. Some barriers cited by companies include the smaller pool of female candidates found in fields such as science, technology, engineering and mathematics; the lack of



consensus regarding a definition for executive management; and the need to educate employees on pay ranges before publicly disclosing gender pay gap figures.

FUTURE ENGAGEMENT FOCUS

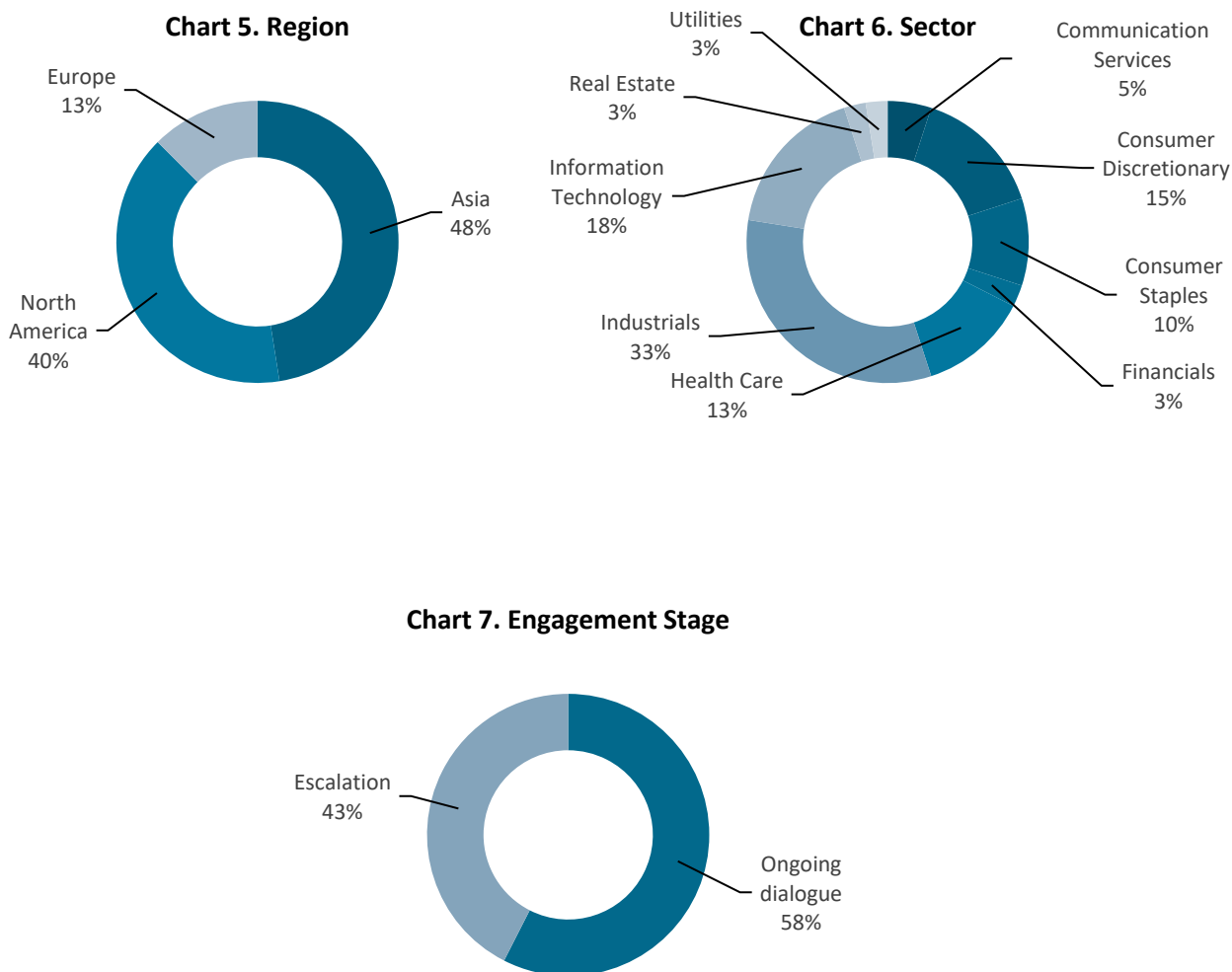
With the continuous changes in the regulatory landscape to increase gender diversity and equality in the labour market, and the known correlation between greater female representation and company performance, investors want to understand how companies aim to close the gender gap. ISS ESG will continue to facilitate dialogue throughout the remainder of the engagement cycle on behalf of participating investors who aim to drive the change needed to achieve gender equality in the labour market. ISS ESG will continue to send reminders and escalate the enquiries for companies which have yet to respond, and will continue to request regular updates from companies that have already participated in the dialogue. The engagement dialogue will continue to highlight the need for increased female representation in companies' leadership and greater transparency on the gender pay gap. ISS ESG will also continue to ask companies about how they plan to enhance their measures to promote equal opportunities and diversity, in particular with regard to gender.



Q3 2023 ENGAGEMENT STATISTICS

The following statistics provide an overview of the geographic and sector distribution of the Gender Equality Thematic Engagement target companies, as well as engagement stage as of the end of Q3 2023.

Summary charts, as of 30 September 2023.



NOTE: "Sector" refers to GICS Sector. **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. Due to rounding, totals might not add up to 100%.



ENGAGEMENT SUMMARY TABLE

The initiation letter was sent to the target companies on 22 September 2022 (Q3 2022). This table lists the number of interactions that took place during Q3 2023, as well as the engagement stage and engagement success as per 30 September 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	ENGAGEMENT SUCCESS
argenx SE	Netherlands	Pharmaceuticals & Biotechnology	Escalation	1	0	1	
AvalonBay Communities, Inc.	USA	Real Estate	Ongoing dialogue	2	0	2	
Beijing-Shanghai High-Speed Railway Co., Ltd.	China	Rail Transportation	Escalation	1	0	1	
BioNTech SE	Germany	Pharmaceuticals & Biotechnology	Ongoing dialogue	3	2	5	
BOE Technology Group Co., Ltd.	China	Electronic Components	Escalation	1	0	1	
BYD Company Limited	China	Automobile	Escalation	1	0	1	
Charter Communications, Inc.	USA	Telecommunications	Escalation	1	0	1	



Chocoladefabriken Lindt & Spruengli AG	Switzerland	Food Products	Ongoing dialogue	1	0	1	
Chongqing Changan Automobile Co. Ltd.	China	Automobile	Escalation	1	0	1	
Chow Tai Fook Jewellery Group Ltd.	Cayman Islands	Textiles & Apparel	Ongoing dialogue	1	0	1	
CITIC Limited	Hong Kong	Multi-Sector Holdings	Ongoing dialogue	0	0	0	
Contemporary Amperex Technology Co., Ltd.	China	Electronic Components	Ongoing dialogue	1	1	2	
Copart, Inc.	USA	Research & Consulting Services	Ongoing dialogue	3	1	4	
Daikin Industries Ltd.	Japan	Industrial Machinery & Equipment	Ongoing dialogue	1	0	1	
Datadog, Inc.	USA	Software & Diversified IT Services	Ongoing dialogue	1	0	1	
ENPHASE ENERGY, INC.	USA	Electronic Components	Ongoing dialogue	0	1	1	



EPAM Systems, Inc.	USA	IT Consulting & Other Services	Ongoing dialogue	0	0	0	
Evolution AB	Sweden	Interactive Media & Online Consumer Services	Escalation	1	0	1	
Fanuc Corp.	Japan	Industrial Machinery & Equipment	Escalation	1	0	1	
Fortinet, Inc.	USA	Software & Diversified IT Services	Ongoing dialogue	2	1	3	
Hyundai Motor Co., Ltd.	South Korea	Automobile	Escalation	1	0	1	
Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.	China	Beverages	Escalation	1	0	1	
Kuehne + Nagel International AG	Switzerland	Marine Transportation	Ongoing dialogue	0	0	0	
Kweichow Moutai Co., Ltd.	China	Beverages	Escalation	1	0	1	
Larsen & Toubro Ltd.	India	Construction	Ongoing dialogue	3	2	5	
MercadoLibre, Inc.	USA	Interactive Media & Online Consumer Services	Escalation	1	0	1	



Mettler-Toledo International Inc.	USA	Health Care Equipment & Supplies	Ongoing dialogue	4	3	7	
MongoDB, Inc.	USA	Software & Diversified IT Services	Ongoing dialogue	0	0	0	
NextEra Energy, Inc.	USA	Electric Utilities	Ongoing dialogue	3	2	5	
Old Dominion Freight Line, Inc.	USA	Road Transportation	Ongoing dialogue	2	1	3	
Olympus Corp.	Japan	Health Care Equipment & Supplies	Ongoing dialogue	4	2	6	
Paycom Software, Inc.	USA	Software & Diversified IT Services	Escalation	1	0	1	
SANY Heavy Industry Co., Ltd.	China	Heavy Trucks & Construction & Farm Machinery	Escalation	1	0	1	
Shanxi Xinghuacun Fen Wine Factory Co., Ltd.	China	Beverages	Escalation	1	0	1	
SMC Corp. (Japan)	Japan	Industrial Machinery & Equipment	Escalation	1	0	1	
SoftBank Group Corp.	Japan	Multi-Sector Holdings	Ongoing dialogue	0	0	0	




State Bank Of India	India	Commercial Banks & Capital Markets	Ongoing dialogue	3	3	6	
Terumo Corp.	Japan	Health Care Equipment & Supplies	Ongoing dialogue	3	3	6	
Waste Connections, Inc.	Canada	Water and Waste Utilities	Ongoing dialogue	2	0	2	
Zscaler, Inc.	USA	Software & Diversified IT Services	Escalation	1	0	1	

NOTE: For definitions, see p.14.



COMPANY RESPONSES RECEIVED IN Q3 2023

During Q3 2023 ISS ESG received responses from 12 of the 40 companies. The tables below provide further information on each dialogue.

BioNTech SE		ISIN	DOMICILE
		US09075V1026	Germany
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Partly Achieved ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Achieved ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
 Moderate Impact			
ENGAGEMENT TIMELINE			
ACTION		DATE	
Clarification enquiry		06 July 2023	
Company response		06 July 2023	
Friendly reminder		27 July 2023	
Company response		28 July 2023	
Engagement outlook communication		08 August 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>After the company provided a response to the questions posed in Q2, ISS ESG sent a clarification enquiry on 6 July which the company acknowledged on the same day. On 27 July, ISS ESG sent a friendly reminder. The company provided a written response to the questions posed on 28 July. An engagement outlook communication was sent on 8 August, and a follow-up enquiry is scheduled for Q1 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 28 July response, the company restated its commitment for 25% of the Management Board positions to be held by women by 31 December 2025, and mentioned that it could not provide further details relating to interim timelines. It also stated that it understands the importance of meeting German regulatory requirements and investor expectations, and that it supports the United Nation's Women Empowerment Principles. Regarding measures to promote equal opportunities and diversity, the company mentioned its support of diversity and inclusion (D&I) employee groups and further actions to</p>			




enhance the company's D&I culture. The company also stated that it is assessing its current D&I initiatives with the aim to expand them, and that it plans to publish D&I and Equal Opportunity reports in line with regulatory requirements. The company clarified that the scope of the two appointed General Equal Treatment officers is limited to the application of the German General Equal Treatment Act, and that in the event of potential violations of general equal treatment set out in the Corporate Code of Conduct, the Compliance & Business Ethics department is the global point of contact. The company stated that this department partners with the Human Resources team and an internal initiative (Culture Campus) in implementing training and other initiatives on D&I. As regards its gender pay gap, the company mentioned that it plans to conduct an analysis in 2023 in line with regulatory requirements.


ISS ESG's underlying data shows that in the latest six-monthly data check, the company has improved on objective 1, in relation to an increase in female representation at Board level; and on objective 2, in relation to the company's measures to promote equal opportunities and diversity, in particular as regards gender.

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 increasing female representation at executive management level and the public disclosure of its mean, unadjusted gender pay gap.



Contemporary Amperex Technology Co., Ltd.		ISIN CNE100003662	DOMICILE China
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Raised Awareness ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		12 July 2023	
Engagement outlook communication		20 July 2023	
QUARTERLY SUMMARY OF INTERACTIONS After ISS ESG sent a clarification enquiry in Q2, the company provided a response to the questions posed on 12 July. An engagement outlook communication was sent on 20 July, and a follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 12 July response, the company mentioned that it is actively working to increase female representation in the Board. However the detailed timeline has not yet been finalised for public disclosure and the company stated it will keep ISS ESG posted. The company explained that it has no gender statistics about its mentoring program invitations since the invitations are sent to all company employees as mentoring programs are opened to all employees, including the those designed for female staff. ISS ESG’s underlying data shows that the company has not progressed since the beginning of the engagement cycle. 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 increasing female representation at Board and executive management levels; the company’s measures to promote equal opportunities and diversity, in particular as regards gender; and the public disclosure of its mean, unadjusted gender pay gap.			




Copart, Inc.		ISIN US2172041061	DOMICILE USA
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Raised Awareness ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		11 July 2023	
Clarification enquiry		21 July 2023	
Friendly reminder		11 August 2023	
Engagement outlook communication		14 September 2023	
QUARTERLY SUMMARY OF INTERACTIONS After the initial enquiry was escalated to the Board in Q2, the company provided a response to the questions posed on 11 July. ISS ESG sent a clarification enquiry on 21 July, followed by a friendly reminder on 11 August, and an engagement outlook communication on 14 September. A follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 11 July response, the company stated that Copart's Nominating and Governance Committee adopted revised policies and procedures to include gender and ethnicity along with diversity of experience as specific factors to be considered in evaluating Board nominees. The company explained that two Board members are women. As regards executive management, the company mentioned that the new CFO, who is a woman, serves as one of three named executive officers, with both co-CEOs. More broadly, the company explained that it considers that women are “well represented” in Copart’s management – stating that they cover 33% of 711 manager roles within the United States as of July 31, 2022 – and that gender diversity is “excellent” – with women representing 48% of its global workforce.			
ISS ESG’s underlying data shows that the company has not progressed since the beginning of the engagement cycle.			
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 increasing female representation at Board and			



executive management levels; the company's measures to promote equal opportunities and diversity, in particular as regards gender; and the public disclosure of its mean, unadjusted gender pay gap.




ENPHASE ENERGY, INC.		ISIN US29355A1079	DOMICILE USA
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Moderate Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Achieved ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		31 August 2023	
QUARTERLY SUMMARY OF INTERACTIONS After the company confirmed in Q2 its willingness to participate in the engagement dialogue, a virtual meeting took place on 31 August. An engagement outlook communication will be sent in Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS In the 31 August engagement meeting, the company stated that it is considering a diverse pool of candidates to propose an additional director to the Board. While the company stated that it could not commit to a particular timeline for the nomination, it mentioned it would aim to do so at the 2024 Annual General Meeting. Regarding its leadership team, the company stated that it includes two women – the General Counsel and the Chief Financial Officer was promoted in 2022 – and underlined that they have a higher share of women at that level than other semiconductor companies, with the average of the industry being 5%. With regard to measures to promote equal opportunities and diversity, the company mentioned that it established a diversity, equity, and inclusion council in 2022 to look at global diversity efforts within the group and make recommendations to management. The company informed ISS ESG that the DEI council is working to define DEI indicators before the Board of Directors validates them. The company also mentioned that it is considering setting diversity metrics on recruitment, and progress on training, workshops and other development opportunities to evaluate its efforts on promoting equality. As regards gender pay gap, the company mentioned that it will finalise an analysis next year of its data collected through the company’s Human Resources data system, and after that, the disclosure of the unadjusted, mean gender pay gap will be evaluated.			
ISS ESG’s underlying data shows that in the latest six-monthly data check, the company has improved on objective 2, in relation to the company’s measures to promote equal opportunities and diversity, in particular as regards gender.			




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 increasing female representation at Board and executive management levels and the public disclosure of its mean, unadjusted gender pay gap.



Fortinet, Inc.		ISIN US34959E1091	DOMICILE USA
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Moderate Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Achieved ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Clarification enquiry		06 July 2023	
Company response		06 July 2023	
Engagement outlook communication		18 July 2023	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded to the follow-up enquiry in Q2, ISS sent a clarification enquiry on 6 July, which the company responded to on the same day. An engagement outlook was sent on 18 July, and a follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 6 July response, the company explained that it has no deadline to appoint a new Board member. The company also stated that it has no plans to publicly disclose the mean, unadjusted gender pay gap or its internal gender targets for the Board of Directors and the executive management.			
ISS ESG's underlying data shows that while the company has progressed during this engagement cycle, it has not done so in the latest six-monthly data check.			
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 increasing female representation at Board and executive management levels and the public disclosure of its mean, unadjusted gender pay gap.			




Larsen & Toubro Ltd.		ISIN INE018A01030	DOMICILE India
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity N/A ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		26 July 2023	
Company response		10 August 2023	
Clarification enquiry		18 August 2023	
Company response		06 September 2023	
Engagement outlook communication		14 September 2023	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the follow-up enquiry sent in Q2, a friendly reminder was sent on 26 July. The company provided a response to the questions posed on 10 August. ISS ESG sent a clarification enquiry on 18 August, which the company responded to on 6 September. An engagement outlook communication was sent on 14 September, and a follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 10 August response, the company explained that it is working to appoint an additional female director to its Board. Regarding the gender pay gap, the company stated that pay is based on education, experience, potential and performance, and that median salaries in each band are equal for both genders. The company also explained that since it has fewer female employees owing to the nature of its business, median salaries at company level would be misleading. The company stated that it will improve transparency on its pay when the representation of women increases. On 6 September, the company stated that it is in the process of identifying another woman to appoint to the Board by 31 May 2024. As regards gender pay gap, the company mentioned that due to its gender ratio being 8.4% in 2023-2024 (from 6.2% in 202-2021), the gender pay gap would not be representative. The company stated that it plans to publicly disclose gender this data at an appropriate time.			
ISS ESG's underlying data shows that the company has not progressed since the beginning of the engagement cycle.			



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 increasing female representation at Board and executive management levels and the public disclosure of its mean, unadjusted gender pay gap.



Mettler-Toledo International Inc.		ISIN US5926881054	DOMICILE USA
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Partly Achieved ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Raised Awareness ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		31 July 2023	
Company response		01 August 2023	
Company response		11 August 2023	
Clarification enquiry		17 August 2023	
Friendly reminder		07 September 2023	
Company response		07 September 2023	
Engagement outlook communication		13 September 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 31 July. The company acknowledged the follow-up enquiry on 1 August, and provided a response to the questions posed on 11 August. ISS ESG sent a clarification enquiry on 17 August, and a friendly reminder on 7 September, which the company responded to on the same day. An engagement outlook communication was sent on 13 September, and a follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 11 August response, the company explained that it has a target to ensure equal opportunities in leadership for women. The company stated that it has no announcements to make regarding targets on female representation in the executive management. The company mentioned that it does not have plans to expand its public disclosures on measures to promote gender equality, and it stated it did not have more details to share regarding its awareness training pilots. As regards gender pay gap, the company			




explained that it discloses this information as required by regulation. On 7 September, the company stated that it has no further comment to provide.

ISS ESG's underlying data shows that while the company has progressed during this engagement cycle, it has not done so in the latest six-monthly data check.

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 increasing female representation at executive management level; the company's measures to promote equal opportunities and diversity, in particular as regards gender; and the public disclosure of its mean, unadjusted gender pay gap.




NextEra Energy, Inc.		ISIN US65339F1012	DOMICILE USA
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Moderate Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Partly Achieved ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Achieved ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		06 July 2023	
Company response		06 July 2023	
Friendly reminder		31 July 2023	
Company response		31 July 2023	
Engagement outlook communication		07 August 2023	
QUARTERLY SUMMARY OF INTERACTIONS After the company confirmed its willingness to participate in a virtual meeting in Q2, ISS ESG sent a friendly reminder on 6 July. On the same day, the company agreed to participate in a virtual meeting in September. On 31 July, sent an additional friendly reminder, which the company responded to on the same day, explaining that it would contact ISS ESG regarding an engagement session once its ESG report is published. An engagement outlook communication was sent on 7 August, and a follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that in the latest six-monthly data check, the company has improved on objective 1, in relation to an increase in female representation at Board level; and on objective 2, in relation to the company's measures to promote equal opportunities and diversity, in particular as regards gender. 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 increasing female representation at executive management level and the public disclosure of its mean, unadjusted gender pay gap.			



Old Dominion Freight Line, Inc.		ISIN US6795801009	DOMICILE USA
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS 		<p>ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership No Progress</p> <p>ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity No Progress</p> <p>ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap No Progress</p>	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		01 August 2023	
Company response		15 August 2023	
Engagement outlook communication		24 August 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <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 1 August. The company provided a written response on 15 August. An engagement outlook communication was sent on 24 August, and a follow-up enquiry is scheduled for Q1 2024.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 15 August response, the company stated that it is proud of its Diversity, Equity and Inclusion and broader ESG reporting, and that it will take into consideration the investor expectations in planning for future reporting. The company mentioned that it prefers to publicly share ESG information with all stakeholders at the same time, and that it welcomes direct dialogue with shareholders.</p> <p>ISS ESG’s underlying data shows that the company has not progressed since the beginning of the engagement cycle.</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 increasing female representation at Board and executive management levels; the ratio of women in management to the overall workforce; the company’s measures to promote equal opportunities and diversity, in particular as regards gender; and the public disclosure of its mean, unadjusted gender pay gap.</p>			



Olympus Corp.		ISIN JP3201200007	DOMICILE Japan
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Partly Achieved ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Raised Awareness ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		24 July 2023	
Engagement outlook communication		14 August 2023	
Clarification enquiry		21 August 2023	
Company response		21 August 2023	
Company response		05 September 2023	
Engagement outlook communication		14 September 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As the company remained unresponsive to the clarification enquiry sent in Q2, a friendly reminder was sent on 24 July, and an engagement outlook communication was sent on 14 August. On 21 August, the company queried if there were additional questions to answer. ISS ESG reshared the previous clarification enquiry on the same day, and the company responded to the questions posed on 5 September. An engagement outlook communication was sent on 14 September, and a follow-up enquiry is scheduled for Q1 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 5 September response, the company mentioned that it is aiming to have 30% of women in Board and executive management positions. The company explained that it has not set a defined timeline for that stating that it does not just want to hire or promote women to meet a KPI, but it is taking action to increase female representation at those levels within the company. The company mentioned that it will set numerical targets for succession planning next year. In relation to responsibilities for auditing progress against the company's diversity, equity and inclusion (DEI) strategy, the company stated that the Chief</p>			




Diversity, Equity and Inclusion Officer leads the DEI program globally. The global DEI team meets monthly with reach region to monitor progress, and working groups are organised quarterly to share best practice. The company explained it has an advisory Board that meets quarterly, and that it has an HR Steering Committee – comprised by executive managers, regional representative officers, and global division function leaders – to which progress on DEI is reported to. Regarding grievance procedures, the company explained that any stakeholders can use a hotline or help desk. With regard to gender pay gap, the company currently can only disclose data for Japan, while global data is still being collected. The company stated that it complies with regional regulation.

ISS ESG's underlying data shows that while the company has progressed during this engagement cycle, it has not done so in the latest six-monthly data check.

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 increasing female representation at Board and executive management levels; the company's measures to promote equal opportunities and diversity, in particular as regards gender; and the public disclosure of its mean, unadjusted gender pay gap.



State Bank Of India		ISIN INE062A01020	DOMICILE India
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity Raised Awareness ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		05 July 2023	
Company response		11 July 2023	
Clarification enquiry		21 July 2023	
Friendly reminder		14 August 2023	
Company response		06 September 2023	
Engagement outlook communication		14 September 2023	
QUARTERLY SUMMARY OF INTERACTIONS After the initial enquiry was escalated to the Board in Q2, the company acknowledged the investor enquiry on 5 July. On 11 July, the company Board provided a response to the questions posed. ISS ESG sent a clarification enquiry on 21 July, and a friendly reminder on 14 August. The company responded to the clarification enquiry on 6 September, and an engagement outlook communication was sent on 14 September. A follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 11 July response, the company mentioned that there are no women on the Board of Directors. The company also provided the share and number of women part of “key management personnel” and in the overall company. The company stated that it provides opportunities to women to access “key” positions within the company. The company listed some measures on gender for its SBSC Hyderabad operations, such as webinars, the publication of an annual magazine, and information sharing via email. The company also has a programme for female leaders at SBSC Hyderabad and SBIL Kolkata, in which 348 women out of more than 2040+ eligible female leaders have taken part in. Regarding equal pay, the company stated that compensation is not based on gender and that there is pay parity between men and women. In its 6 September response, the company stated that there is no discrimination based on gender within the company and that the share of women has increased from 24% in 2018 to 26.78% in 2023. The company clarified that the appointment of the only women in the Board had not been included in the data			




previously shared by the company with ISS ESG. With regard measures to promote equal opportunities and diversity, the company provided details of its flagship intervention “Samya”, and its pilot of the Programme for Women Business Leaders, as well as explaining that its Chief Sustainability Officer and members for different departments monitor gender diversity indicators to meet the United Nations Sustainable Development Goals. In relation to gender pay gap, the company stated that it adheres to the equal remuneration Act, 1976 (India) and there is no discrimination in remuneration based on gender. The company mentioned that its median remuneration by gender is available in its 2022-2023 Annual Sustainability Report.

ISS ESG’s underlying data shows that the company has not progressed since the beginning of the engagement cycle.

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 increasing female representation at Board and executive management levels; the company’s measures to promote equal opportunities and diversity, in particular as regards gender; and the public disclosure of its mean, unadjusted gender pay gap.



Terumo Corp.		ISIN JP3546800008	DOMICILE Japan
SDG ALIGNMENT SDG 5: Gender Equality		SFDR PAI ALIGNMENT PAI 12: Unadjusted Gender Pay Gap; PAI 13: Board Gender Diversity	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 Increase female representation in leadership Raised Awareness ENGAGEMENT OBJECTIVE 2 Promote equal opportunities and diversity N/A ENGAGEMENT OBJECTIVE 3 Disclose gender pay gap Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		14 July 2023	
Clarification enquiry		21 July 2023	
Friendly reminder		11 August 2023	
Company response		17 August 2023	
Company response		25 August 2023	
Engagement outlook communication		04 September 2023	
QUARTERLY SUMMARY OF INTERACTIONS After ISS ESG sent a follow-up enquiry in Q2, the company provided a written response to the questions posed on 14 July. ISS ESG sent a clarification enquiry on 21 July, and a friendly reminder on 11 August. On 17 August, the company agreed to provide a response to the questions posed, which was received on 25 August. An engagement outlook communication was sent on 4 September, and a follow-up enquiry is scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 14 July response, the company explained that it is aware of the recent announcement by the Japanese government to increase the number of female directors and that this issue is under discussion by the Board and the Corporate Governance Committee. The company also shared that it has revised its target for the percentage of female managers at Terumo Corp to 13% from the previous 10% for the fiscal year 2026. It also reported an increase in the current percentage of female managers at both Terumo Corporation and Terumo Group and stated that it will consider disclosing the number of female employees at Group level in the next ESG report. The company also shared its gender pay gap (For Terumo Corporation) which is disclosed in its annual securities report. In its 25 August response, the company explained that the number of candidates for female directors is limited in Japan and selecting the right candidate takes a considerable amount of time with many factors such as the candidate's experience, skills needed on the company's Board, and the candidate's status as a director of other companies to be			



taken into consideration. The company mentioned that details of the deliberations in the Board and governance committee to appoint female directors is confidential. It also shared that appointing a new director isn't likely within the next few months. The company stated that it is currently not considering setting a target to increase the proportion of women in executive management positions and informed that it is discussing with relevant departments to disclose the group's female associate ratio in the ESG section of the next Terumo Report, which will be released in December. The company also explained that it has adopted a job-based personnel system for grade levels and positions above management, and base salaries are determined based on the same grade level. Therefore, there is no pay gap based on gender if they are at the same grade level. The company elaborated that it believes that the pay gap between men and women exists mainly because the proportion of women in management positions is lower than that of men. Therefore, continuing to increase the proportion of women in management positions will help to close the gender pay gap. The company also stated that it is considering disclosing the gender pay gap for fiscal year 2022 in the ESG section of the next Terumo Report in English and Japanese.

ISS ESG's underlying data shows that the company has not progressed since the beginning of the engagement cycle.

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 increasing female representation at Board and executive management levels; the ratio of women in management to the overall workforce; and the public disclosure of its mean, unadjusted gender pay gap.



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