



NET ZERO

THEMATIC
ENGAGEMENT

Q2 2023 Progress Report

July 2023

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INTRODUCTION

This progress report presents the Net Zero Thematic Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q2 2023.

The report includes an overview of the ISS ESG Thematic Engagement approach as well as details on the Net Zero Thematic Engagement, including the methodology for target company selection and engagement objectives. It also includes key statistics for Q2 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 Net Zero Thematic Engagement, participating investors aim to improve companies' commitments to reach Net Zero emissions by 2050 by calling for ambitious targets and decarbonisation strategies.

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.



NET ZERO THEMATIC ENGAGEMENT

The dramatic potential impacts of climate change, not only on the environment and society, but also on financial assets, are now well recognised. Through the [2015 Paris Agreement](#), participating national governments committed to limiting global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. In [2018](#) and [2021](#), the Intergovernmental Panel on Climate Change (IPCC) warned that global warming must not exceed 1.5°C to avoid the catastrophic impacts of climate change. To achieve this, the [IPCC determined](#) that greenhouse gas (GHG) emissions must almost halve by 2030 – and drop to net zero by 2050. At COP26 in November 2021, nearly 200 countries [agreed](#) on the 1.5°C goal through signing the Glasgow Climate Pact.

Companies have a crucial role to play in decreasing GHG emissions and building the resilient, zero-emissions economy. For example, [CDP](#) concluded that 100 companies were responsible for 71% of global industrial greenhouse gas emissions.

[According to the World Resources Institute](#), energy consumption is the largest source of human-induced greenhouse gas emissions, responsible for 75.6% (37.6 GtCO₂e) globally. The energy sector includes transportation, electricity and heat, buildings, manufacturing and construction, fugitive emissions and other fuel combustion. Within the energy sector, heat and electricity generation produce the most emissions (15.8 GtCO₂e in 2019, or 31.8% of total greenhouse gas emissions), followed by transportation (8.4 GtCO₂e in 2018, or 17% of total emissions) and manufacturing and construction (6.3 GtCO₂e, or 12.7% of total emissions).

Other sectors that are responsible for high emissions are agriculture, including livestock and crop cultivation (5.8 GtCO₂e, or 11.6%); industrial processes of chemicals, cement (2.9 GtCO₂e, or 5.9%); waste, including landfills and wastewater (1.6 GtCO₂e, or 3.3%); and land use, land-use change and forestry, such as deforestation (1.6 GtCO₂e, or 3.3%).

Companies also contribute to emissions through their supply chains, which, according to CDP, are on average [11.4 times greater](#) than direct emissions.

COMPANY SELECTION

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

- High market capitalisation.
- Highest emitters (GHG emissions intensity data for scopes 1, 2 and 3).
- Climate laggards according to ISS ESG's Carbon Risk Rating.
- No or only partial fulfilment of the engagement objectives and KPIs, based on ISS ESG's Net Zero Alignment dataset.



NET ZERO TARGET LIST

Ameren Corporation	Kinder Morgan, Inc.
Anhui Conch Cement Company Limited	Marathon Petroleum Corporation
Canadian Natural Resources Limited	Occidental Petroleum Corporation
China Petroleum & Chemical Corporation	Oil & Natural Gas Corp. Ltd.
China Shenhua Energy Company Limited	ONEOK, Inc.
CNOOC Limited	PetroChina Company Limited
DTE Energy Company	Phillips 66
Energy Transfer LP	PTT Public Co., Ltd.
EOG Resources, Inc.	Reliance Industries Ltd.
FirstEnergy Corp.	Rongsheng Petrochemical Co., Ltd.
Formosa Petrochemical Corp.	S.F. Holding Co., Ltd.
Formosa Plastics Corp.	Saudi Arabian Oil Co.
Fortis Inc.	Saudi Electricity Co.
Hengli Petrochemical Co., Ltd.	Shaanxi Coal Industry Co., Ltd.
Imperial Oil Limited	UltraTech Cement Ltd.

ENGAGEMENT OBJECTIVES

Through this engagement, investors will focus on target companies' ambition to reach Net Zero emissions by 2050. Target companies have been asked by participating investors to accelerate their climate action by setting the following Net Zero targets and strategies:

1. 2050 Net Zero GHG emissions target

- The company should make a Net Zero GHG emissions ambition statement that explicitly includes at least 95% of scope 1 and 2 emissions.
- The company's Net Zero GHG emissions ambition should cover the most relevant scope 3 GHG emissions categories for the company's sector.

2. Medium-term greenhouse gas reduction target (2025 to 2030)

- The company should set a medium-term (2025 to 2030) target for reducing its GHG emissions on a clearly defined scope of emissions.
- The medium-term (2025 to 2030) GHG reduction target should cover at least 95% of scope 1 and 2 emissions and the most relevant scope 3 emissions.
- The target should be aligned with the goal of limiting global warming to 1.5°C.

3. Decarbonisation strategy

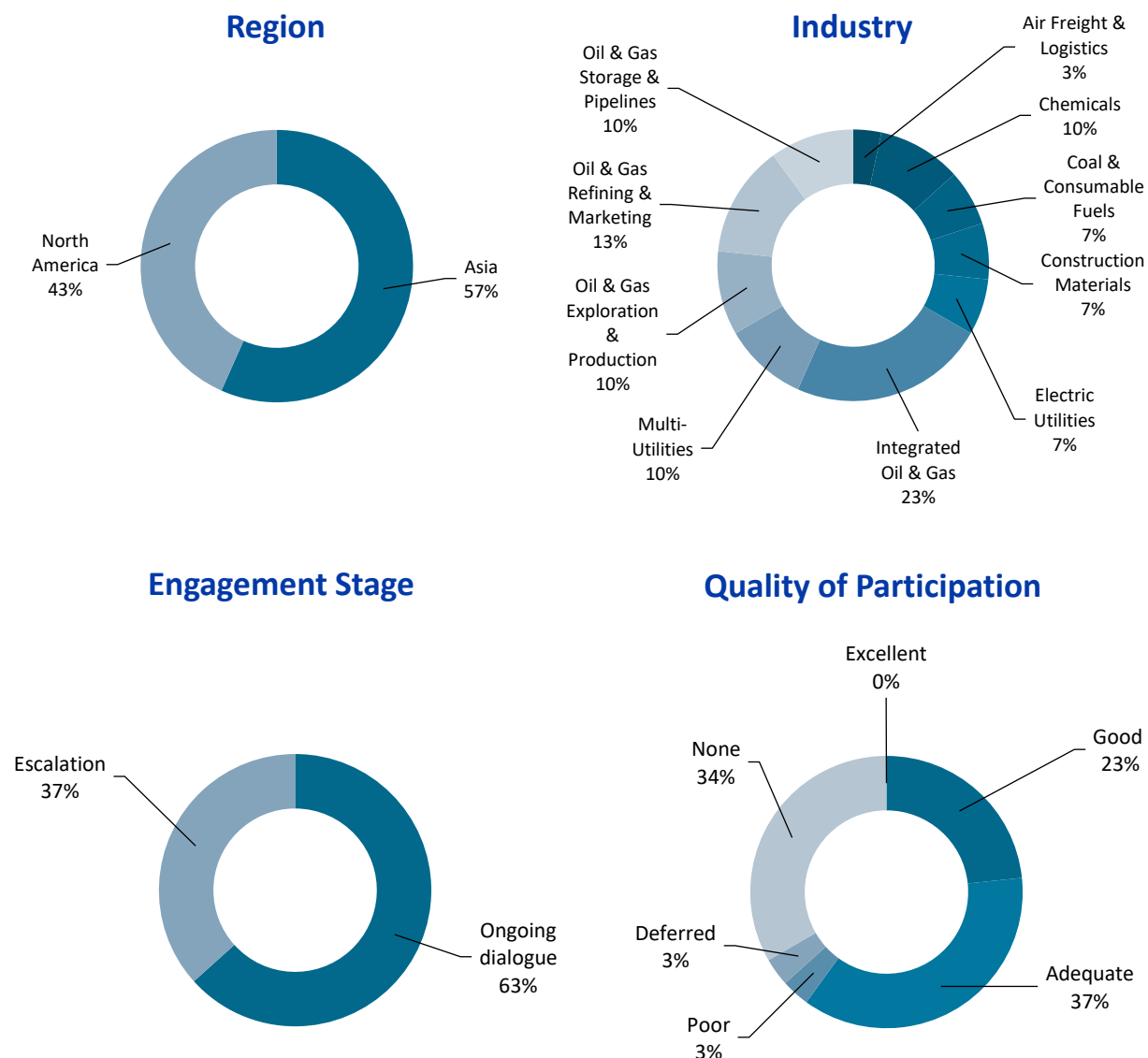
- The company should define a decarbonisation strategy to meet its medium-term GHG reduction targets. This should contain the actions it intends to take and quantify key elements.



Q2 2023 ENGAGEMENT STATISTICS

The following statistics provide an overview of the geographic and industry distribution of the Net Zero Thematic Engagement target companies, as well as the engagement stage and quality of participation as of the end of Q2 2023.

Summary charts, as of 30 June 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 Net Zero initiation letter was sent to the above identified companies on 31 March 2022 (Q1). The following table lists the number of interactions that took place with each company during Q2 2023. Note that as of Q3 2022, ISS ESG has recorded responses received from companies over several interactions, as well as clarification enquiries from ISS ESG, in a more granular manner. 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
Ameren Corporation	USA	Multi-Utilities	Ongoing dialogue	1	1	2
Anhui Conch Cement Company Limited	China	Construction Materials	Escalation	1	0	1
Canadian Natural Resources Limited	Canada	Oil & Gas Exploration & Production	Ongoing dialogue	4	2	6
China Petroleum & Chemical Corporation	China	Integrated Oil & Gas	Escalation	3	0	3
China Shenhua Energy Company Limited	China	Coal & Consumable Fuels	Ongoing dialogue	2	0	2
CNOOC Limited	Hong Kong	Oil & Gas Exploration & Production	Escalation	1	0	1
DTE Energy Company	USA	Multi-Utilities	Escalation	1	0	1
Energy Transfer LP	USA	Oil & Gas Storage & Pipelines	Ongoing dialogue	3	2	5

EOG Resources, Inc.	USA	Oil & Gas Exploration & Production	Escalation	1	0	1
FirstEnergy Corp.	USA	Electric Utilities	Ongoing dialogue	0	0	0
Formosa Petrochemical Corp.	Taiwan	Oil & Gas Refining & Marketing	Escalation	1	0	1
Formosa Plastics Corp.	Taiwan	Chemicals	Ongoing dialogue	2	0	2
Fortis Inc.	Canada	Multi-Utilities	Ongoing dialogue	0	0	0
Hengli Petrochemical Co., Ltd.	China	Chemicals	Escalation	1	0	1
Imperial Oil Limited	Canada	Integrated Oil & Gas	Ongoing dialogue	2	2	4
Kinder Morgan, Inc.	USA	Oil & Gas Storage & Pipelines	Ongoing dialogue	1	1	2
Marathon Petroleum Corporation	USA	Oil & Gas Refining & Marketing	Ongoing dialogue	1	0	1
Occidental Petroleum Corporation	USA	Integrated Oil & Gas	Ongoing dialogue	1	0	1
Oil & Natural Gas Corp. Ltd.	India	Integrated Oil & Gas	Ongoing dialogue	1	0	1
ONEOK, Inc.	USA	Oil & Gas Storage & Pipelines	Ongoing dialogue	1	2	3
PetroChina Company Limited	China	Integrated Oil & Gas	Ongoing dialogue	2	0	2

Phillips 66	USA	Oil & Gas Refining & Marketing	Ongoing dialogue	0	0	0
PTT Public Co., Ltd.	Thailand	Integrated Oil & Gas	Ongoing dialogue	0	0	0
Reliance Industries Ltd.	India	Oil & Gas Refining & Marketing	Ongoing dialogue	1	0	1
Rongsheng Petrochemical Co., Ltd.	China	Chemicals	Escalation	1	0	1
S.F. Holding Co., Ltd.	China	Air Freight & Logistics	Ongoing dialogue	1	0	1
Saudi Arabian Oil Co.	Saudi Arabia	Integrated Oil & Gas	Ongoing dialogue	2	0	2
Saudi Electricity Co.	Saudi Arabia	Electric Utilities	Escalation	1	0	1
Shaanxi Coal Industry Co., Ltd.	China	Coal & Consumable Fuels	Escalation	1	0	1
UltraTech Cement Ltd.	India	Construction Materials	Escalation	1	0	1

NOTE: For definitions, see p.7.



COMPANY RESPONSES RECEIVED IN Q2 2023

During Q2 2023 ISS ESG received responses from 6 of the 30 companies. The tables below provide further information on each dialogue.

Ameren Corporation		ISIN	DOMICILE
		US0236081024	USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		18 May 2023	
Engagement outlook communication		14 June 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>After the company confirmed in Q1 its willingness to provide an update on the progress of the engagement objectives, a virtual meeting took place on 18 May. An engagement outlook communication was sent on 14 June, and a follow-up enquiry is scheduled for in Q4.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In the 18 May engagement call, the company shared several updates regarding the engagement objectives. Firstly, as stated in the previous engagement call, the company stressed that it has been able to bring its Net Zero target (covering scope 1 and 2 emissions) forward by five years from 2050 to 2045, whilst maintaining its contribution to limiting global warming to 1.5°C. With regard to the inclusion of scope 3 in its emissions reduction targets, the company explained that it is now assessing the feasibility of setting both short and long-term emissions reduction targets for scope 3, related to its electric and natural gas business, in conjunction with consultants. The company stated that the results from this study will be published prior to its 2024 annual meeting, which is likely to be held in May 2024. The company clarified that it is not yet in a position to guarantee that it will set scope 3 targets. As regards submitting a target for validation through the Science Based Targets initiative (SBTi), the company communicated that following analysis of the SBTi's methodology and expectations with a third-party expert, it felt that the SBTi's approach did not suit its business model, and that the SBTi doesn't provide the flexibility of pathways that others, such as the Electric Power Research Institute (EPRI) do (noting that EPRI recognises that there are a range of decarbonisation pathways consistent with a 1.5°C outcome). The company stated that it believes that its current Net Zero targets are science-based, since they have leveraged analyses based on 78 scenarios that limit global warming to 1.5°C.</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 inclusion of scope 3 emissions in its Net Zero and medium-term targets; the public disclosure of the associated methodology; and setting a target validated by the Science Based Targets initiative.</p>			



Canadian Natural Resources Limited		ISIN CA1363851017	DOMICILE Canada
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		28 April 2023	
Company response		10 May 2023	
Clarification enquiry		19 May 2023	
Friendly reminder		09 June 2023	
Company response		09 June 2023	
Engagement outlook communication		22 June 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As the company remained unresponsive to the follow-up enquiry sent in Q1, a friendly reminder was sent on 28 April. The company provided a written response to the questions posed on 10 May. A clarification enquiry was sent on 19 May, followed by a friendly reminder on 9 June, which the company responded to on the same day. An engagement outlook communication was sent on 22 June, and a follow-up enquiry is scheduled for in Q4 2023.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 10 May response to the follow-up enquiry, the company stated that its commitment is to work with the Pathways Alliance members to advance the foundational CCS project, which the company expects will reduce scope 1 and 2 emissions “significantly”. The company explained that its focus on oil sands mining and thermal emissions is due to those operations representing 70% of scope 1 and 2 emissions of its oil sands operations. The company also stated that its focus to reduce emissions is on scope 1 and 2, and not 3, since these are in its operational control. The company mentioned that its investment in research, technology and innovation could help reduce scope 3 emissions. The company shared that while it does not have an update to set an additional 2030 target, its targets are reviewed regularly for improvement. On 9 June, in response to the clarification enquiry the company stated that it does not have information to share regarding plans to cover the Oil Sand Mining and Upgrading business segment and the Exploration and Production activities out of Canada in its 2030 methane emissions target. The company also mentioned that it is not estimating the potential reduction of scope 3 emissions attributed to the investment the company is making in research, technology and innovation. The company declined to comment on whether it will be ready to have a validated target once the SBTi guidance for oil and gas companies is finalised. The company shared with ISS ESG that it will look to reduce emissions across its entire asset base through the use of technology and innovation.</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 setting a 2050 Net Zero and 2030 medium-term target that covers the vast majority (>=95%) of scope 1 and 2 emissions as well as the most relevant scope 3 emissions.</p>			



Energy Transfer LP		ISIN US29273V1008	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		21 April 2023	
Clarification enquiry		03 May 2023	
Friendly reminder		24 May 2023	
Company response		25 May 2023	
Engagement outlook communication		06 June 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The company provided a written response to the follow-up enquiry sent in Q1 on 21 April. A clarification enquiry was sent on 3 May, followed by a friendly reminder on 24 May. The company responded on 25 May. An engagement outlook communication was sent on 6 June, and a follow-up enquiry is scheduled for in Q4.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 21 April response, the company explained it believes Net Zero targets are premature for midstream companies, citing different reasons including the challenges in accurately accounting for emissions data. The company stated that it has established a two-tiered Emission Reduction Task Force that will work with external consultants to enhance emission data collection and reporting, and explore new technologies to reduce emissions. The company referenced its 2021 Corporate Responsibility Report and the Emission Reduction & Innovation section of its website for details on its decarbonisation strategy. On 25 May, in response to the clarification enquiry the company stated that it does not plan to disclose separately the amount of capital expenditures related to GHG emission reductions. It explained that it does not plan to set a target for renewable energy sourcing, but it will evaluate opportunities of expanding renewable energy Purchase Power Agreements (PPAs). The company explained that it is monitoring development of the draft methodology for oil and gas companies at the SBTi and that it has prioritised the establishment of an Emission Reduction Task Force that will focus on improving and enhancing GHG data collection and reporting.</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 setting 2050 Net Zero and 2030 medium-term targets that cover the vast majority (>=95%) of scope 1 and 2 emissions as well as the most relevant scope 3 emissions; setting a target validated by the Science Based Targets initiative; and the public disclosure of a decarbonisation strategy in relation to ambitious targets.</p>			



Imperial Oil Limited		ISIN CA4530384086	DOMICILE Canada
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		04 May 2023	
Company response		26 May 2023	
Clarification enquiry		08 June 2023	
Company response		21 June 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 4 May. The company provided a written response to the questions posed on 26 May. A clarification enquiry was sent on 8 June, which the company responded to on 21 June. An engagement outlook communication is scheduled for in Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 26 May response, the company stated that the reporting of scope 3 emissions is less certain since they are driven by the consumers (demand for energy product, energy choice, energy efficiency). The company explained its efforts to offer advanced fuels and renewable fuels, for instance through a C\$750M Renewable Diesel fuel facility. The company is also a member of the Canadian Sustainable Aviation Fuel association (C-SAF). The company explained that it has stress tested its roadmaps against different climate scenarios and considered potential interim milestones. However, the company prefers to wait for the definition of a medium-term GHG cap for the entire industry by the Canadian Government. This cap is currently discussed, among other points of the Government of Canada's 2030 Emissions Reduction Plan. On 21 June, in response to the clarification enquiry the company informed ISS ESG that it continues to assess its plans across different scenarios, including IEA's Net Zero Emissions by 2050 scenario, and monitors new developments such as policies and new technology. The company explained that it is growing its Low Carbon Solutions business, which in addition to the Strathcona Renewable Diesel facility, includes projects such as partnerships to pursue lithium production and to bring EV charging to its branded retailers, and carbon capture and sequestration. The company mentioned that it does not have plans to set a medium-term scope 3 target stating that there is no universally agreed-to methodology for measuring scope 3 emissions, as well as preferring to wait for clarity on Canada's 2030 Emissions Reduction Plan. Regarding reducing scope 1 and 2 emissions in the medium-term, the company mentioned that it foresees a decrease if effective fiscal and regulatory frameworks are in place.</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 inclusion of scope 3 emissions in its Net Zero target; and setting a 2030 medium-term target that covers the vast majority (>=95%) of scope 1 and 2 emissions as well as the most relevant scope 3 emissions.</p>			

Kinder Morgan, Inc.		ISIN US49456B1017	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		08 May 2023	
Company response		09 May 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 8 May. On 9 May, the company responded explaining it would be willing to schedule a virtual meeting in July after its 2022 ESG report is published.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			

ONEOK, Inc.		ISIN US6826801036	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		25 May 2023	
Clarification enquiry		22 June 2023	
Company response		23 June 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>After the company confirmed in Q1 its willingness to provide an update on the progress of the engagement objectives, a virtual meeting took place on 25 May. A clarification enquiry was sent on 22 June, which the company responded to on 23 June. An engagement outlook communication is scheduled for in Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In the 25 May engagement call, the company confirmed that it hasn't set a 2050 Net Zero target since there is still uncertainty on how Net Zero will be achieved technologically. The company shared that it is also awaiting clarity on the proposals put forward by the Securities and Exchange Commission (SEC). In relation to its target to reduce scope 1 and 2 emissions 30% by 2030, the company shared an update on its progress made to date (reduction by 500,000 metric ton) and its decarbonisation strategy (renewable energy sources, optimisation projects, new methane controlling devices, electrification of compressor stations). While the company already discloses some scope 3 data, it reiterated that it is monitoring the SEC's updates, in particular on the materiality of scope 3 emissions, and expressed its concern about the United States Environmental Protection Agency's calculation of scope 3, which assumes the combustion of all products. The company explained that it sent a technical expert through the GHG Protocol's scope 3 emissions certification programme in an effort to try to better understand the materiality of its scope 3 impact. The company also explained that it is tracking and monitoring any guidance published by the Science Based Targets initiative for the oil & gas sector, but that it believes that the International Energy Agency's 2050 Net Zero scenario is wrong, given the demand for natural gas. On 23 June, in response to the clarification enquiry the company stated that it does not currently have plans for a 100% renewable electricity target. The company explained that it did not have any dedicated capital expenditures specifically for climate-related projects between 2020-2022 and stated that it does not anticipate purchasing or selling carbon credits or offsets in 2023.</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 setting a 2050 Net Zero target that covers the vast majority (>=95%) of scope 1 and 2 emissions as well as the most relevant scope 3 emissions; the inclusion of scope 3 emissions in its medium-term target, including the public disclosure of the associated methodology; and a quantitative decarbonisation strategy in relation to ambitious targets.</p>			



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