



NET ZERO

THEMATIC
ENGAGEMENT

Q4 2023 Progress Report

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TABLE OF CONTENTS

INTRODUCTION.....	3
ISS ESG THEMATIC ENGAGEMENT APPROACH.....	4
ENGAGEMENT PROCESS	4
ENGAGEMENT OUTCOMES.....	4
REPORTING	4
NET ZERO 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



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 Q4 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 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 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. At COP28 in December 2023, the [first ever global stocktake](#) released included a commitment by parties to transition away from fossil fuels and tripling renewable energy capacity by 2030, amongst other actions. However, the stocktake also notes nation's climate efforts are not in track to achieve the Paris Agreement.

Companies have a crucial role to play in decreasing GHG emissions and building a resilient, zero-emissions economy. Research shows that a relatively small number of companies are most responsible for the majority of global emissions. For example, [CDP](#) concluded that 100 companies were responsible for 71% of global industrial greenhouse gas emissions, and [UCL and Tianjin University](#) determined that multinational companies' supply chains account for a fifth of global carbon emissions. Supply chain emissions have been estimated to be on average [11.4 times greater](#) than companies' direct 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%).

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

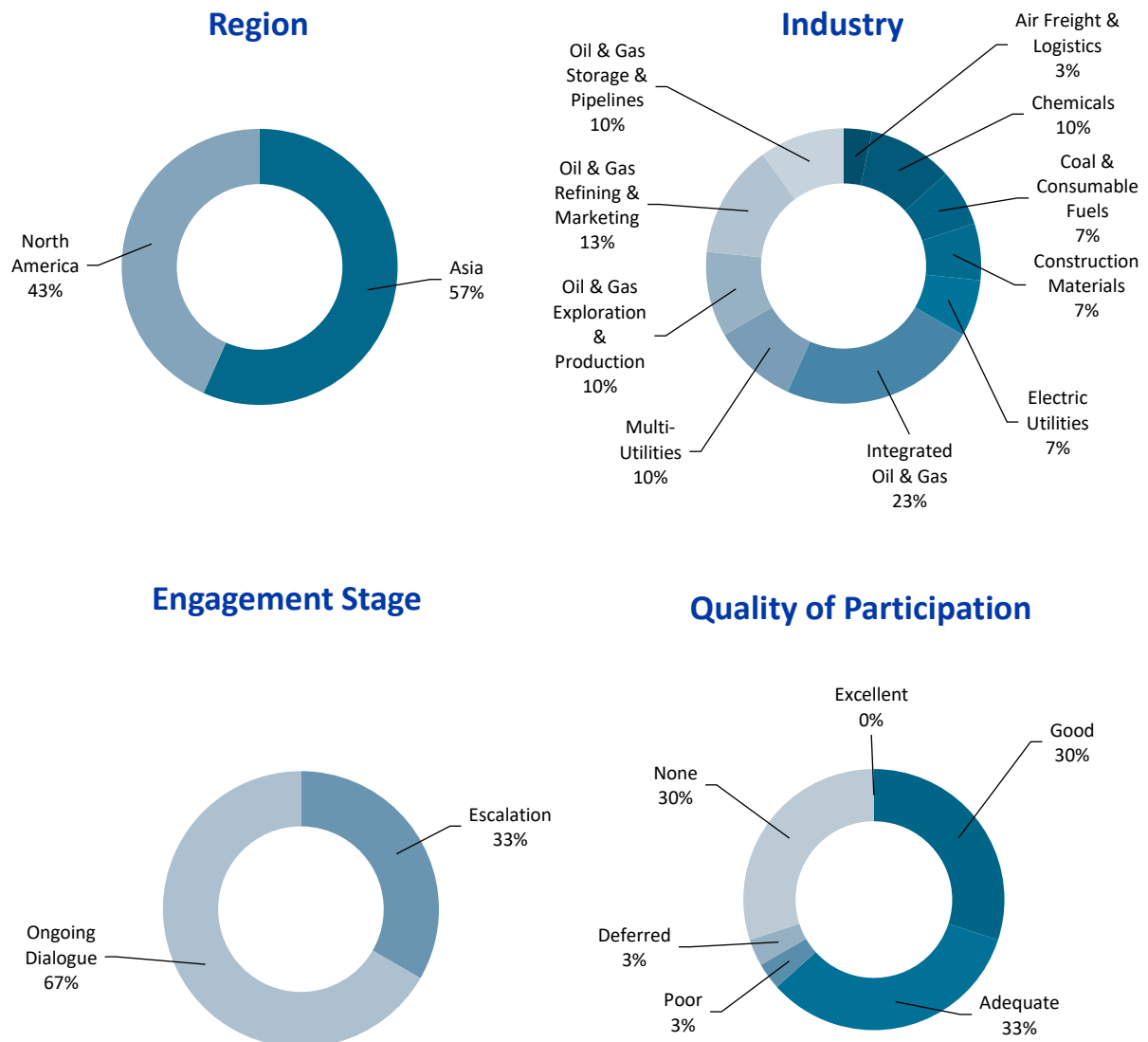
- The company should define a decarbonisation strategy to meet its medium-term GHG reduction targets. This should contain the actions it intends to take and quantify key elements.



Q4 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 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. Due to rounding, totals might not add up to 100%.

ENGAGEMENT SUMMARY TABLE

The Net Zero initiation letter was sent to the above identified companies on 31 March 2022 (Q1 2022). The following table lists the number of interactions that took place with each company during Q4 2023, as well as the engagement stage as per 31 December 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	1	1	2
China Petroleum & Chemical Corporation	China	Integrated Oil & Gas	Escalation	1	0	1
China Shenhua Energy Company Limited	China	Coal & Consumable Fuels	Ongoing dialogue	3	0	3
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	2	1	3



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



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	1	2
Rongsheng Petrochemical Co., Ltd.	China	Chemicals	Escalation	1	0	1
S.F. Holding Co., Ltd.	China	Air Freight & Logistics	Ongoing dialogue	2	1	3
Saudi Arabian Oil Co.	Saudi Arabia	Integrated Oil & Gas	Ongoing dialogue	1	0	1
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 Q4 2023

During Q4 2023 ISS ESG received responses from 10 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	
Follow-up enquiry		28 November 2023	
Company response		19 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 28 November. On 19 December, the company responded, agreeing to provide a written response.			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			

Canadian Natural Resources Limited		ISIN	DOMICILE
		CA1363851017	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		15 November 2023	
Company response		22 November 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 15 November. On 22 November, the company confirmed its willingness to participate in an engagement meeting, scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



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	
Follow-up enquiry		01 December 2023	
Company response		13 December 2023	
Clarification enquiry		21 December 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 December. On 13 December, the company provided a written response to the questions posed. ISS ESG sent a clarification enquiry on 21 December.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 13 December response, the company restated that it believes that Net Zero targets in the oil and gas midstream sector are premature given the uncertainties related to carbon emission calculations and verifiable carbon offsets. The company also restated the focus areas of its emissions task force to enhance GHG data collection and reporting – a project that the company believes will take several years due to the size, diversity and complexity of its operations – and the task force’s activities to reduce emissions. The company added that while it may set an emissions reduction target in the future, its current approach remains to reduce all emissions, including through the export of clean fuels. The company referred to pages 19-20 and 45-56 of its 2022 Corporate Responsibility Report and the Emission Reduction & Innovation section of its website for further details on its decarbonisation strategy.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives, in particular on outstanding points such as setting 2050 Net Zero and 2030 medium-term targets that cover the majority (>=95%) of scope 1 and 2 emissions as well as the most relevant scope 3 emissions; and a decarbonisation strategy in relation to ambitious targets.</p>			



EOG Resources, Inc.		ISIN US26875P1012	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		06 November 2023	
Engagement meeting		20 November 2023	
Engagement outlook communication		13 December 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>After the company confirmed in Q3 its willingness to participate in the investor dialogue, on 6 November, the company asked to reschedule the engagement meeting initially scheduled for 9 November due to scheduling conflicts on its part. On 20 November, an engagement meeting took place, and an engagement outlook communication was sent on 13 December.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In the 20 November engagement meeting, the company explained that its decarbonisation strategy will focus primarily on reducing scope 1 and 2 emissions – which the company believes those are in its control – and using carbon capture and storage (CCS) rather than offsets. The company explained its 2040 Net Zero ambition covers scopes 1 and 2, and that in 2024 it will set new near- and medium-term targets that will also cover scope 2 (in addition to scope 1). The company provided an update on its work to advance CCS in its operations but given the infancy of this technology, the company stated that it is not in a position to disclose the expected emissions reduction associated to it. Regarding scope 3, the company mentioned that it reported its emissions for the first time last year but that it is reluctant to set a reduction target as it considers it has no control on its clients’ consumption. As regards the alignment of its targets with the Paris agreement on climate change, the company mentioned that it expects more clarity in 2024 on how the United States will contribute to the global effort. EOG stated that it evaluated the resilience of its portfolio against the Announced Pledges Scenarios from the International Energy Agency (IEA) but not against the IEA Net Zero Emissions by 2050 scenario. The company stated that capital expenditures amounted approximately to \$6 Bn in FY 2023 and explained that the capital program is prominently made of drilling investments in the US and that environmental projects are limited to 3% of the total capital program.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives, in particular on outstanding points such as a 2050 Net Zero target that covers the most relevant scope 3 emissions; 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; and a quantitative decarbonisation strategy in relation to ambitious targets.</p>			



FirstEnergy Corp.		ISIN US3379321074	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		29 November 2023	
Engagement outlook communication		21 December 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>After the company confirmed in Q3 its willingness to provide an update on the progress of the engagement objectives, an engagement meeting took place on 29 November. On 21 December, ISS ESG sent an engagement outlook communication.</p>			
<p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In the 29 November engagement meeting, the company explained that it is focused on reducing scope 1 emissions, and that it will not set scope 2 and 3 targets while it awaits the final U.S. Securities and Exchange Commission (SEC) climate disclosure rule. The company informed ISS ESG that it could set a target that covers the electricity purchased for its own facilities and line losses (scope 2), but that setting a scope 3 target is more unlikely as scope 3 emissions mostly correspond to the energy purchased multiplied by the emissions factor of the Pennsylvania-New Jersey-Maryland Interconnection (PJM) market, which the company considers not to have control over. On setting a target validated by the Science Based Targets initiative (SBTi), the company acknowledged that it is not aligned with the SBTi requirements given its lack of scope 2 and 3 targets. FirstEnergy explained that it is collaborating with the Electric Power Research Institute and its members to develop an alternative science-based target methodology for the electric power industry which could be finalised by the end of 2024. The company highlighted that its renewable energy capacity is limited since utilities in many states are vertically integrated. The company explained that due to its structure, it can only own and operate renewables in West Virginia, but that the state only allows companies to apply for 50 MW in increments, up to a total of 200 MW. The company explained that 30MW (out of 50MW) will go online by the end of the year, and the remaining 20MW will when it procures customers for it.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives, in particular on outstanding points such as a 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; and a target validated by the Science Based Targets initiative.</p>			



Fortis Inc.		ISIN CA3495531079	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		07 November 2023	
Company response		10 November 2023	
Engagement meeting		08 December 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 7 November. On 10 November, the company confirmed its willingness to participate in an engagement meeting, which took place on 8 December. An engagement outlook communication will be sent in Q1.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In the 8 December engagement meeting, the company stated that no decision has been made on setting a long-term scope 3 target, and that this will be discussed in 2024. The company added that establishing such target requires working on GHG forecasts, and looking at the assets of the energy producers involved in its transmission business and at the mid-term climate strategies of its largest customers. The company explained that most of its scope 3 emissions are out of its control and that challenges come from the multiple utilities within the group and a potential lack of confidence on the energy producers' targets. The company provided an update on the materiality analysis of its scope 3 GHG emissions for 11 utility operations, through which it identified that its material categories are 3 (Fuel- and energy-related activities) and 11 (Use of sold products) of the GHG Protocol. The company pointed that it already reports on these two categories (amongst others) and plans to align with the GHG Protocol by disclosing material scope 3 emissions by category. As regards a science-based target validated by the Science Based Targets initiative (SBTi), the company mentioned that the SBTi is not as prevalent in North America as it is in Europe, and the company added that it is first prioritising its scope 3 reporting. The company mentioned that it is aligned with a 2°C pathway but not 1.5 °C stating that, for that, the company would have to phase out coal generation in Arizona by 2030 rather than 2032 as it is currently planned. The company reiterated that it would like to phase out coal sooner, but that it is taking a balanced approach to try to take into account the common regulatory and stakeholder priorities of reliability and affordability as well as community support for those impacted by the coal closures.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives, in particular on outstanding points such as a 2050 Net Zero target that covers the most relevant scope 3 emissions; the public disclosure of the methodology used to set its scope 3 medium-term target; and a target validated by the Science Based Targets initiative.</p>			



Occidental Petroleum Corporation		ISIN US6745991058	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		16 November 2023	
Friendly reminder		08 December 2023	
Company response		20 December 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 16 November, followed by a friendly reminder on 8 December. The company provided a written response to the questions posed on 20 December. A clarification enquiry will be sent in Q1 2024.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 20 December response, the company shared that in addition to its long-term goal of achieving Net Zero by 2050, it has also set short- and medium-term scope 3 goals. The company referred to its 2023 Climate Report for a comprehensive list of its GHG emissions reduction goals as well as the company's Net Zero strategy and approach to advancing the goals of the Paris Agreement. The company stated that the speed at which it achieves its scope 3 goals will depend on how its Low Carbon Ventures business develops. The company explained that it has investments in a variety of projects that contribute to its multi-faceted emissions reduction approach. It shared an example of its Direct Air Capture (DAC) investment, which, it explained, is expected to greatly contribute to the company's scope 3 goals. The company stated that it is currently constructing its first DAC plant, and that a study is underway for a second DAC. The company shared a link to its Q3 2023 earnings presentation which contains scenarios for how market demand may unfold and influence DAC development, and more information on DAC development plans.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives, in particular on outstanding points such as a 2030 medium-term target that covers the most relevant scope 3 emissions; and the public disclosure of the methodology used to set such target.</p>			



Oil & Natural Gas Corp. Ltd.		ISIN INE213A01029	DOMICILE India
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		22 November 2023	
Friendly reminder		14 December 2023	
Company response		20 December 2023	
Company response		21 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 22 November, followed by a friendly reminder on 14 December. On 20 December, the company acknowledged the follow-up enquiry and on 21 December, the company communicated its willingness to participate in an engagement meeting.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			

Reliance Industries Ltd.		ISIN INE002A01018	DOMICILE India
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		01 December 2023	
Company response		12 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 1 December. On 12 December, the company communicated its willingness to participate in an engagement meeting.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



S.F. Holding Co., Ltd.		ISIN CNE100000L63	DOMICILE China
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		16 November 2023	
Company response		05 December 2023	
Clarification enquiry		21 December 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 16 November. The company provided a written response to the questions posed on 5 December. ISS ESG sent a clarification enquiry on 21 December.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 5 December response, the company stated that on 23 November 2023 it submitted a commitment letter to the Science Based Targets initiative (SBTi) to set a near-term and a Net Zero target within two years. The company added that this action came after conducting a group-wide carbon inventory in 2022 and gaining a better understanding of the SBTi's methodology. The company also explained that the carbon reduction targets set in 2021 were established after analysing China's dual-carbon policy, the 2030 Peak Carbon Action Plan, SF Holding's business scale development forecast, and the learnings of past carbon reduction actions. In addition, the company provided the formula used to calculate the carbon footprint of parcels (total carbon emissions/total parcel volume).</p> <p>ISS ESG will continue to monitor the company's progress against the objectives, in particular on outstanding points such as a 2050 Net Zero target that covers the vast majority ($\geq 95\%$) of scope 1 and 2 emissions as well as the most relevant scope 3 emissions; the public disclosure of the methodology used to set its scope 3 medium-term target; and a target validated by the Science Based Targets initiative.</p>			



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