



NET ZERO

**THEMATIC
ENGAGEMENT**

Q3 2024 Progress Report



October 2024



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INTRODUCTION

This report presents the Net Zero Thematic Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q3 2024.

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 Q3 2024, a summary of the engagement stage, status and number of interactions 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 6-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 Net Zero Thematic Engagement, participating investors seek 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 three-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.



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 are 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 we urgently need. For investors, it is critical to understand the financial impacts of climate change on a company, both in terms of the identified risks and opportunities to which the company is exposed, and the company's response to and management of such risks. The financial community is actively supporting the transition to a Net Zero economy. As an example, the Glasgow Financial Alliance for Net Zero already represents over 675 financial institutions, representing 40% of global private financial assets, that are committed to support the world's transition to Net Zero emissions by 2050.

For companies, addressing climate-related risks and risks around the physical impacts of climate change, both related to the transition to a lower-carbon economy, can bring benefits including improved brand reputation, increased investor confidence, preparedness for regulation, opportunities for innovation, an increased competitive edge, and ultimately improved financial performance.

As investors, we recognise that engaging with the companies in which we invest, to secure greater disclosure of climate-related risks and robust emissions reduction strategies, as well as to gain a deeper understanding of companies' perspectives and key challenges, is beneficial, both in creating long-term value and achieving Net Zero emissions by 2050.

COMPANY SELECTION

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

- High market capitalisation.
- Highest emitters in high impact sectors (absolute GHG emissions data for Scope 1, 2 and 3).
- Excluded Oil & Gas Equipment & Services and Oil & Gas Storage & Transportation.
- Implied temperature rise $\geq 2^{\circ}\text{C}$ using ISS ESG's Scenario Analysis data.
- Excluded Climate Leaders according to ISS ESG's Carbon Risk Rating.
- Excluded 'Aligning' companies according to ISS ESG's Net Zero Alignment data.
- No or only partial fulfilment of the engagement objectives and KPIs, based on ISS ESG's Net Zero Alignment dataset.



NET ZERO TARGET LIST

Aker BP ASA	Exelon Corporation
ArcelorMittal SA	FirstEnergy Corp.
Arkema SA	General Dynamics Corporation
Atlas Copco AB	Honda Motor Co., Ltd.
BAE Systems Plc	Ingersoll Rand Inc.
BASF SE	INPEX Corp.
BKW AG	JSW Steel Limited
Boliden AB	Linde Plc
Bouygues SA	LyondellBasell Industries NV
Caterpillar, Inc.	Mitsubishi Heavy Industries, Ltd.
Chevron Corporation	Nucor Corporation
CNH Industrial NV	OCI NV
ConocoPhillips	PACCAR Inc
Constellation Energy Corporation	Public Service Enterprise Group Incorporated
Coterra Energy Inc.	Rio Tinto plc
Covestro AG	RTX Corp.
Daimler Truck Holding AG	Samsung C&T Corp.
Deere & Company	Shin-Etsu Chemical Co., Ltd.
Dover Corporation	Stellantis NV
Dow Inc.	Suzuki Motor Corp.
Eaton Corporation plc	The Boeing Company
EMS-Chemie Holding AG	The Southern Company
ENGIE SA	Valero Energy Corporation
EOG Resources, Inc.	Valmet Corp.
Evonik Industries AG	Woodside Energy Group 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 a vast majority of scope 1 and 2 emissions.
- The company's Net Zero GHG emissions ambition should cover material scope 3 GHG emissions categories.

2. **Medium-term greenhouse gas reduction target (2025 to 2035)**

- The company should set a medium-term (2025 to 2035) target for reducing its GHG emissions on a clearly defined scope of emissions.
- The medium-term (2025 to 2035) GHG reduction target should cover the vast majority of scope 1 and 2 emissions and material scope 3 emissions.
- The target should be aligned with the goal of limiting global warming to 1.5°C.

3. **Decarbonisation strategy**

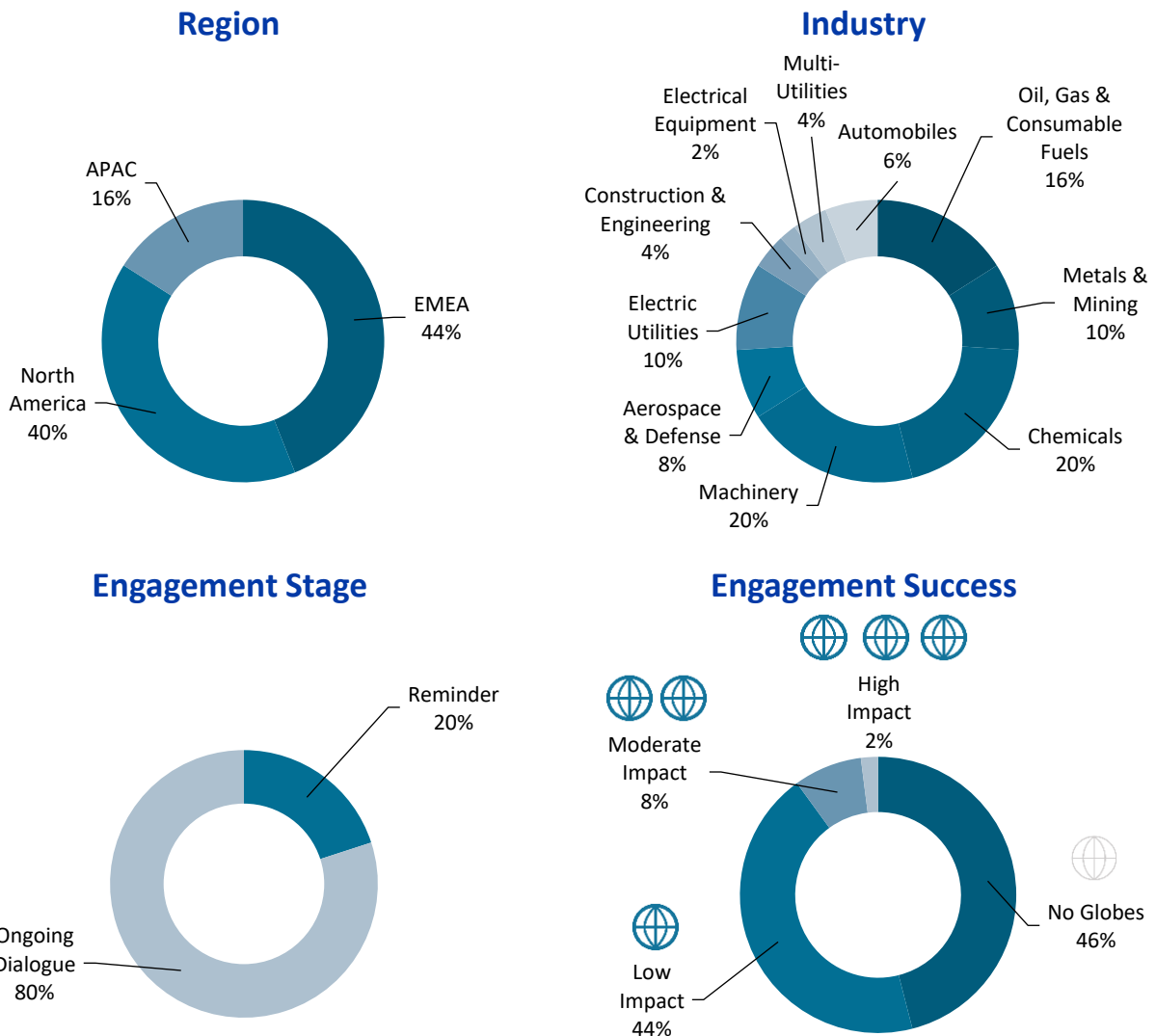
- The company should define a decarbonisation strategy to meet its medium-term GHG reduction targets. This should contain the actions it intends to take and quantify key elements.



Q3 2024 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 engagement success as of the end of Q3 2024.






Summary charts, as of 30 September 2024.



NOTE: "Industry" refers to Global Industry Classification Standard (GICS) 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 initiation letter was sent to the target companies on 6 June 2024, with the exception of the letters for LyondellBasell Industries NV and Samsung C&T Corp., which were sent on 27 June. This table lists the number of interactions that took place during Q3 2024, as well as the engagement stage, status and success as per 30 September 2024.












ISSUER NAME	DOMICILE	ISS ESG CORPORATE RATING INDUSTRY	ENGAGEMENT STAGE	ENGAGEMENT STATUS	NUMBER OF OUTBOUND INTERACTIONS	NUMBER OF INBOUND INTERACTIONS	TOTAL NUMBER OF INTERACTIONS	ENGAGEMENT SUCCESS
Aker BP ASA	Norway	Oil & Gas Exploration & Production	Reminder	Active	2	0	2	
ArcelorMittal SA	Luxembourg	Mining & Integrated Production	Ongoing dialogue	Active	1	1	2	
Arkema SA	France	Chemicals	Ongoing dialogue	Closed	1	1	2	
Atlas Copco AB	Sweden	Industrial Machinery & Equipment	Ongoing dialogue	Active	1	1	2	
BAE Systems Plc	United Kingdom	Aerospace & Defence	Ongoing dialogue	Active	2	2	4	



BASF SE	Germany	Chemicals	Ongoing dialogue	Active	2	1	3	
BKW AG	Switzerland	Electric Utilities	Ongoing dialogue	Active	1	0	1	
Boliden AB	Sweden	Mining & Integrated Production	Ongoing dialogue	Active	3	2	5	
Bouygues SA	France	Construction	Ongoing dialogue	Active	2	2	4	
Caterpillar, Inc.	USA	Heavy Trucks & Construction & Farm Machinery	Ongoing dialogue	Active	2	1	3	
Chevron Corporation	USA	Integrated Oil & Gas	Ongoing dialogue	Active	2	1	3	
CNH Industrial NV	Netherlands	Heavy Trucks & Construction & Farm Machinery	Ongoing dialogue	Active	1	0	1	
ConocoPhillips	USA	Oil & Gas Exploration & Production	Reminder	Active	2	0	2	
Constellation Energy Corporation	USA	Electric Utilities	Ongoing dialogue	Active	2	1	3	



Coterra Energy Inc.	USA	Oil & Gas Exploration & Production	Ongoing dialogue	Active	3	1	4	
Covestro AG	Germany	Chemicals	Ongoing dialogue	Active	2	1	3	
Daimler Truck Holding AG	Germany	Heavy Trucks & Construction & Farm Machinery	Ongoing dialogue	Active	0	1	1	
Deere & Company	USA	Heavy Trucks & Construction & Farm Machinery	Ongoing dialogue	Active	3	2	5	
Dover Corporation	USA	Industrial Machinery & Equipment	Ongoing dialogue	Active	2	1	3	
Dow Inc.	USA	Chemicals	Ongoing dialogue	Active	1	1	2	
Eaton Corporation plc	Ireland	Electrical Equipment	Ongoing dialogue	Active	1	1	2	
EMS-Chemie Holding AG	Switzerland	Chemicals	Ongoing dialogue	Active	3	1	4	
ENGIE SA	France	Multi-Utilities	Ongoing dialogue	Active	1	1	2	

EOG Resources, Inc.	USA	Oil & Gas Exploration & Production	Ongoing dialogue	Active	1	0	1	
Evonik Industries AG	Germany	Chemicals	Ongoing dialogue	Active	1	3	4	
Exelon Corporation	USA	Gas and Electricity Network Operators	Reminder	Active	2	0	2	
FirstEnergy Corp.	USA	Electric Utilities	Ongoing dialogue	Active	2	2	4	
General Dynamics Corporation	USA	Aerospace & Defence	Ongoing dialogue	Active	0	0	0	
Honda Motor Co., Ltd.	Japan	Automobile Manufacturers	Ongoing dialogue	Active	2	1	3	
Ingersoll Rand Inc.	USA	Industrial Machinery & Supplies & Components	Reminder	Active	2	0	2	 
INPEX Corp.	Japan	Oil & Gas Exploration & Production	Ongoing dialogue	Active	2	1	3	
JSW Steel Limited	India	Steel	Ongoing dialogue	Active	2	1	3	 

Linde Plc	Ireland	Industrial Gases	Ongoing dialogue	Active	3	2	5	
LyondellBasell Industries NV	Netherlands	Chemicals	Ongoing dialogue	Active	3	1	4	
Mitsubishi Heavy Industries, Ltd.	Japan	Machinery	Ongoing dialogue	Active	2	1	3	
Nucor Corporation	USA	Steel	Reminder	Active	2	0	2	 
OCI NV	Netherlands	Fertilizers & Agricultural Chemicals	Reminder	Active	2	0	2	
PACCAR Inc	USA	Construction Machinery & Heavy Transportation Equipment	Reminder	Active	2	0	2	
Public Service Enterprise Group Incorporated	USA	Multi-Utilities	Reminder	Active	2	0	2	
Rio Tinto plc	United Kingdom	Diversified Metals & Mining	Ongoing dialogue	Active	1	0	1	
RTX Corp.	USA	Aerospace & Defense	Ongoing dialogue	Active	3	1	4	




Samsung C&T Corp.	South Korea	Trading Companies & Distributors	Ongoing dialogue	Active	2	1	3	
Shin-Etsu Chemical Co., Ltd.	Japan	Specialty Chemicals	Reminder	Active	2	0	2	
Stellantis NV	Netherlands	Automobile	Reminder	Active	2	0	2	
Suzuki Motor Corp.	Japan	Automobile	Ongoing dialogue	Active	3	2	5	
The Boeing Company	USA	Aerospace & Defence	Ongoing dialogue	Active	2	1	3	
The Southern Company	USA	Electric Utilities	Ongoing dialogue	Active	5	2	7	
Valero Energy Corporation	USA	Oil & Gas Refining & Marketing	Ongoing dialogue	Active	2	1	3	
Valmet Corp.	Finland	Industrial Machinery & Equipment	Ongoing dialogue	Active	3	2	5	
Woodside Energy Group Ltd.	Australia	Oil & Gas Exploration & Production	Ongoing dialogue	Active	0	1	1	

NOTE: For definitions, see p.8



COMPANY RESPONSES RECEIVED IN Q3 2024

During Q3 2024 ISS ESG received responses from 35 of the 50 companies. The tables below provide further information on each dialogue.

ArcelorMittal SA		ISIN LU1598757687	DOMICILE Luxembourg
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		02 July 2024	
Engagement outlook communication		18 July 2024	
QUARTERLY SUMMARY OF INTERACTIONS On 6 June, the company responded to the initial enquiry sent in Q2, agreeing to participate in an engagement meeting which took place on 2 July. ISS ESG sent an engagement outlook communication on 18 July, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS During the meeting held on 2 July 2024 the company confirmed that its 2050 Net Zero pledge includes scope 3 emissions, and that all material scope 3 categories are covered. The company promised clearer communication in its future climate report to be published at the end of the year. The company shared that approximately five to ten percent of its total emissions will need to be covered by offsets. Regarding its medium-term target, the company explained that it does not currently include scope 3 emissions, noting that it wants to ensure the robustness of its data before setting a scope 3 target. The			




company noted that the majority of its scope 3 emissions come from joint ventures (JVs), for example its JV with Nippon Steel in India for which the group's sustainability and strategy teams have been involved. The company also stated that it has started to work with its suppliers to gather information on their carbon footprints and key performance indicators (KPIs). Additionally, ArcelorMittal S.A. stated that it aims to improve its emission reduction disclosures. Regarding science-based targets, the company highlighted that it had been a long-time member of the SBTi's expert advisory group for developing the SBTi's steel sector guidance and that it had worked internally to understand how its current targets align with the SBTi's guidance for the steel sector. The company concluded that it would not set a 1.5°C aligned target unless it thought that the target was credible. As a global company, ArcelorMittal S.A highlighted that faster progress is required in the scaling up of renewable energy, green hydrogen and carbon capture and storage (CCS), all of which are critical to enable the transition to net zero, in all the regions where the group operates.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions, a scope 3 medium-term target, and a target validated by the Science Based Targets initiative.




Arkema SA		ISIN FR0010313833	DOMICILE France
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Closed		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  High Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Achieved ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		08 July 2024	
Engagement closure communication		24 July 2024	
QUARTERLY SUMMARY OF INTERACTIONS On 8 July, the company provided a written response to the initial enquiry sent in Q2 2024, and an engagement closure communication was sent on 24 July.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 8 July response, the company stated that it had set ambitious targets aligned with a 1.5°C trajectory, validated by the Science-Based Targets initiative (SBTi), which covered 90% of scope 1+2 and 90% of scope 3 emissions. The company mentioned that it aimed to achieve a 90% reduction in greenhouse gas emissions by 2050 compared to 2019 levels across all three scopes. Lastly, it shared that reaching Net-Zero is an ambitious goal requiring detailed analysis and understanding of key drivers, and the company was currently in the early stages of this process.			
ISS ESG's underlying data shows that in the latest six-monthly data check, the company has improved on objective 1, setting a Net Zero target that covers the vast majority (>=95%) of its combined scope 1 and 2 emissions, as well as the most material scope 3 emissions.			




Atlas Copco AB		ISIN SE0017486889	DOMICILE Sweden
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Company response		27 August 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. The company responded on 27 August agreeing to participate in an engagement meeting, scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			




BAE Systems Plc		ISIN GB0002634946	DOMICILE United Kingdom
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		04 July 2024	
Clarification enquiry		15 July 2024	
Company response		22 July 2024	
Engagement outlook communication		29 July 2024	
QUARTERLY SUMMARY OF INTERACTIONS On 4 July, the company responded to the initial enquiry sent in Q2 2024, providing a written response to the questions posed. On 15 July, ISS ESG sent a clarification enquiry, which the company responded to on 22 July. An engagement outlook communication was sent on 29 July, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS In its response on July 4, the company stated that for the inclusion of material scope 3 emissions in its medium-term GHG reduction target, it has submitted its scope 3 emission reduction targets to SBTi, which is currently undergoing the validation process. Regarding science-based targets and alignment with 1.5°C, the company mentioned that they are aligned with a science-based target of 1.5°C and have submitted these targets to SBTi, which is also undergoing validation with SBTi. On 22 July, in response to the clarification enquiry, the company stated that its SBTi validation process commenced on 11 June 2024, following their January submission. The company also stated that it is responding promptly to SBTi requests, but the approval timeline depends on the SBTi approver.			
ISS ESG's underlying data shows that the company has not progressed 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 setting a scope 3 medium-term target and a target validated by the Science Based Targets initiative.			



BASF SE		ISIN DE000BASF111	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		01 July 2024	
Clarification enquiry		01 July 2024	
Engagement outlook communication		10 July 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded to the initial enquiry in Q2, ISS ESG sent a clarification enquiry on 1 July, which the company responded to on the same day. An engagement outlook communication was sent on 10 July, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 1 July response, the company stated that it is following developments of the SBTi's chemicals industry target setting guidance. The company stated that it has been a member of the SBTi's Technical Advisory Group since 2015 and has also been a member of its Expert Advisory Group for the chemicals industry. The company stated that due to the ongoing development of guidelines for the chemicals sector, particularly for upstream emissions, a decision on an SBTi commitment cannot be made until publication of the final guidelines. The company noted that the methodology is not expected to be published before the end of 2024.			
ISS ESG's underlying data shows that the company has not progressed 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 setting a target validated by the Science Based Targets initiative.			



Boliden AB		ISIN SE0020050417	DOMICILE Sweden
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Company response		23 August 2024	
Clarification enquiry		30 August 2024	
Company response		04 September 2024	
Engagement outlook communication		12 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. The company provided a written response to the questions posed on 23 August. On 30 August, ISS ESG sent a clarification enquiry which the company responded to on 4 September. An engagement outlook communication was sent on 12 September and a follow-up enquiry is scheduled for Q3 2025.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 23 August response, the company stated that its 2023 Annual and Sustainability report and 2023 Sustainability index are aligned with GRI standards, OECD guidelines, UN Global Compact's ten principles, the TCFD recommendations, and the SASB Metals & Mining Standard. The company also stated that in 2023, its 2030 targets covering scopes 1,2 and 3 were validated by the Science Based Targets Initiative. The company also highlighted its 2050 Net Zero target which includes scopes 1 and 2. The company shared that further scope 3 emissions disclosures and reduction plans are expected to</p>			




be made available in its 2024 Annual and Sustainability report, in order to align with the Corporate Sustainability Reporting Directive. The company stated that ESG is integrated within its long-term business plans and budgets, and that it is continuing to work on improving. The company provided links to its 2023 Annual and Sustainability report and 2023 Sustainability Index and reiterated that further disclosures are expected with its 2024 reports. On 4 September, in response to the clarification enquiry, the company stated that further disclosures within its 2024 annual and sustainability reporting are expected to be published in March 2025. With regard to its Net Zero ambition, the company recognised that it has not established a scope 3 reduction target. The company shared that it does not intend on ruling out establishing a scope 3 reduction goal for Net Zero, but that it is currently focused on its near-term targets covering scopes 1, 2 and 3. Furthermore, the company stated that the imminence of climate change requires it to reduce its greenhouse gas emissions to make impactful changes at the present. The company stated that it hopes to set the groundwork for long-term goals by reducing its overall emissions via its near-term targets.

ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions.



Bouygues SA		ISIN FR0000120503	DOMICILE France
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		02 July 2024	
Clarification enquiry		02 July 2024	
Company response		29 July 2024	
Engagement outlook communication		02 August 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded to the initial enquiry in Q2, ISS ESG sent a clarification enquiry on 2 July. The company responded on the same day, agreeing to provide a response to the questions posed, which it shared on 29 July. An engagement outlook communication was sent on 2 August, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 29 July response, the company shared that the CSRD sustainability report, which will be available within the 2024 URD to be published in March 2025, will include updates on investment plans to support decarbonisation and adaptation trajectories. The company emphasised that achieving Net Zero requires significant GHG emission reductions and contributions to restoring carbon sinks, integrating various approaches such as technological advancements, investments, disinvestments, and circular economy models. The company explained that the first step consists of identifying, testing, and			




deploying relevant action levers, with progress towards the 2030 objective being a priority before finalising the 2050 modelling. The company explained that actions related to carbon sink restoration and adaptation measures are part of its strategy, including the launch of Rejeneo. The company stated that once ready, its global Net Zero strategy, including both aspects of reducing emissions and contributing to the restoration of carbon sinks, will be detailed. The company clarified that, in the short term, other businesses outside of Bouygues Immobilier do not plan to establish roadmaps for a science-validated Net Zero trajectory but are focused on meeting their 2027/2030 SBTi objectives. The company confirmed that Colas and Equans have recently submitted files aligned with the 1.5°C limit.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the vast majority ($\geq 95\%$) of its combined scope 1 and 2 emissions as well as the most material scope 3 emissions, and a target validated by the Science Based Targets initiative.




Caterpillar, Inc.		ISIN US1491231015	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 SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy No Progress	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		18 September 2024	
Company response		18 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 18 September, followed by an email. On the same day, the company responded, communicating its willingness to participate in an engagement meeting.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			



Chevron Corporation		ISIN US1667641005	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 SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		19 September 2024	
Company response		26 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 19 September, followed by an email. On 26 September, the company responded, communicating its willingness to participate in an engagement meeting.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			




Constellation Energy Corporation		ISIN US21037T1097	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 SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		19 September 2024	
Company response		20 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 19 September, followed by an email. On 20 September, the company responded, communicating its willingness to participate in an engagement meeting.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			




Coterra Energy Inc.		ISIN US1270971039	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 SUCCESS 		<p>ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress</p> <p>ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress</p> <p>ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy No Progress</p>	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		18 September 2024	
Company response		19 September 2024	
Clarification enquiry		27 September 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was conducted on 18 September, followed by an email. On 19 September, the company provided a written response to the questions posed. ISS ESG sent a clarification enquiry on 27 September.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 19 September response, the company shared a link to its ESG website which contains its 2024 Sustainability Report. The company explained that the report is data-driven and demonstrates how its environmental responsibilities are at the forefront of its corporate goals and technical priorities.</p> <p>ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.</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 Net Zero target that covers the vast majority (>=95%) of its combined scope 1 and 2 emissions, as well as the most material scope 3 emissions, setting a medium-term target that covers the vast majority of its combined scope 1 and 2 emissions, as well as the most material scope 3 emissions, and the public disclosure of a decarbonisation strategy in relation to ambitious targets.</p>			



Covestro AG		ISIN DE0006062144	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Clarification enquiry		03 July 2024	
Company response		04 July 2024	
Engagement outlook communication		11 July 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded to the initial enquiry in Q2, ISS ESG sent a clarification enquiry on 3 July, which the company responded to on 4 July. An engagement outlook communication was sent on 11 July, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 4 July response, the company stated that scope 3 reduction ambitions vary across the industry and that the company has considered the competitive environment in developing its targets. The company recognised that some companies have aligned their targets with the SBTi's sector-agnostic guidelines. However, the company stated that Covestro AG is awaiting chemicals specific guidelines from the SBTi. The company noted that it recognises the value of robust guidelines as well as industry specific guidelines and it is engaging via industry associations to aid the development of guidelines for the chemicals sector. In the meantime, the company stated that is working on implementing its scope 3 emission reduction targets and will review industry specific guidelines when it is published.			
ISS ESG's underlying data shows that the company has not progressed 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 setting a target validated by the Science Based Targets initiative.			




Daimler Truck Holding AG		ISIN DE000DTR0CK8	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		12 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded in Q2, agreeing to participate in an engagement meeting, a virtual engagement meeting was held on 12 September, and an engagement outlook communication is scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS During the 12 September engagement meeting, the company shared that it has completed the data collection process for scope 3 emissions, and that these will be disclosed in the company's next sustainability report, in March 2025. The company noted that the use of its sold products accounts for the largest portion of its emissions and clarified that it plans to cover all scope 3 categories in its future disclosures. Concerning the inclusion of scope 3 in its medium-term targets, the company shared that it believes that it has already covered scope 3 since it has disclosed how many electric vehicles (EVs) it aims to sell by 2030 (up to 60% of vehicles in Europe, Japan, and the U.S.). The company highlighted that a reduction in overall scope 3 emissions would depend on the energy produced by the grid, noting that there is still a risk that electric trucks and buses could be charged using grey energy in the future. In relation to having its targets validated by the Science Based Targets initiative (SBTi), the company stated that it has full intentions to initiate the validation process but the SBTi put a pause on auto maker submissions between Q1 2022 and March 2024. The company stated that it believes the current target setting guidance published by the SBTi is interim guidance, and that a final version will be made available in 2025. The company noted that the current target setting guidance is more challenging than the guidance its competitors used when setting SBTs before Q1 2022, as validated targets must now be based on 100% of scope 3 - category 11 emissions as opposed to 67% and needs to be based on absolute emissions for scope 3 - category 11, where the former method was vehicle km intensity. The company shared that communication with the SBTi remains a challenge. The company clarified that when Daimler AG set science-based targets in 2019, it was not deemed necessary for the trucks business to be included.			



ISS ESG's underlying data shows that the company has not progressed 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 the public disclosure of its scope 3 medium-term target and setting a target validated by the Science Based Targets initiative.



Deere & Company		ISIN US2441991054	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 SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		26 July 2024	
Clarification enquiry		05 August 2024	
Friendly reminder		27 August 2024	
Company response		28 August 2024	
Engagement outlook communication		04 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>On 26 July, the company provided a written response to the initial enquiry sent in Q2 2024. ISS ESG sent a clarification enquiry on 5 August, followed by a friendly reminder on 27 August. The company responded on 28 August, and an engagement outlook communication was sent on 4 September. A follow-up enquiry is scheduled for Q3 2025.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 26 July response, the company shared a link to the sustainability page of its corporate website, where, it stated, it has published its Business Impact Report and Taskforce on Climate-related Financial Disclosures (TCFD) Report. In addition, the company outlined that its emissions reductions targets for scopes 1 and 2 (50% reduction by 2030 against a 2021 baseline) and scope 3 (30% reduction by 2030 against a 2021 baseline for category 1 – purchased goods and services and category 11 – use of sold products) are validated by the Science Based Targets initiative (SBTi). The company also stated that in response to shareholder feedback and the evolving regulatory landscape, it has expanded its strategy disclosure in the 2023 TCFD Report in anticipation of its Climate Transition Plan. The company shared that the 2024 Transition Plan will align with climate targets outlined in its current commitments. The company also stated that it would consider expectations from the Climate Action 100+ Net Zero Company Benchmark, the recommendations from the TCFD, and the CDP climate questionnaire in developing its Transition Plan. Additionally, the company shared that can also impact on-farm GHG emissions, scaling the magnitude of its impact beyond the calculated scope 1, 2, and 3 emissions through utilising precision technology, data-driven insights, and traceability enablement. The company outlined that it has a Leap Ambition seeking to reduce CO2e emissions per unit of output by 15% by</p>			



2030 (against a 2021 baseline). The company stated that this target is related to inputs, equipment, and practices in the field such as nitrogen management, crop protection efficiency and alternative power solutions. On 28 August, in response to the clarification enquiry, the company stated that it has a Science Based Target to reduce scope 1 and 2 emissions by 50% against a 2021 baseline by 2030. The company also stated that it has set a validated Science Based Target for its scope 3.1 and 3.11 emissions (reduction by 30 percent by 2030 against a 2021 baseline). The company shared its appreciation for the feedback on its targets but stated that it is not committing to future targets at the present. With regard to its 2024 Climate Transition Plan, the company shared that the Plan will be published along with its 2024 Business Impact Report. The company stated that its 2024 Climate Transition Plan will align with its current commitments and shared that the Plan will incorporate the actions the company will take to achieve its medium-term targets. With regard to its scope 3 emissions, the company shared that out of the 15 categories of scope 3 emissions, categories 1 and 11 are the most material for the company, comprising 90% of its total scope 3 emissions. The company restated that its scope 3 reduction targets by 2030 are validated by the Science Based Targets Initiative. The company stated that it is committed to reducing its greenhouse gas emissions and providing economic value for its customers. The company reiterated its appreciation for the feedback but stated that it was not seeking to committing to any other future targets.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the vast majority ($\geq 95\%$) of its combined scope 1 and 2 emissions, as well as the most material scope 3 emissions.



Dover Corporation		ISIN US2600031080	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 SUCCESS 		<p>ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress</p> <p>ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress</p> <p>ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy No Progress</p>	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		19 September 2024	
Company response		25 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 19 September, followed by an email. On 25 September, the company provided a written response to the questions posed. A clarification enquiry is scheduled for Q4.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 25 September response, the company explained that the general counsel leads its ESG efforts. The company noted that it is focused on making progress towards its 2030 science-based targets and does not intend to commit to a Net Zero goal. The company explained that it is making measurable progress towards its decarbonisation goals, which are indicated in its CDP response. The company noted that it is in the process of evaluating financial commitments associated with its science-based target roadmap but has not determined what detail it will disclose publicly on this. The company stated that it does not think an engagement meeting is needed at this time.</p> <p>ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.</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 Net Zero target that covers the vast majority (>=95%) of its combined scope 1 and 2 emissions, as well as the most material scope 3 emissions, setting a target validated by the Science Based Targets initiative and the public disclosure of a quantitative decarbonisation strategy in relation to ambitious targets.</p>			



Dow Inc.		ISIN US2605571031	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 SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		22 August 2024	
Engagement outlook communication		20 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded in Q2, agreeing to participate in an engagement meeting, a virtual engagement meeting was held on 22 August. An engagement outlook communication was sent on 20 September, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS During the 22 August engagement meeting, the company stated that its scope 3 emissions constitute 70% of its total corporate emissions. The company stated that significant progress has been made over its scopes 1 and 2 emissions which are more under its direct control, scope 3 presents more of a challenge. The company stated that understanding the nature of its scope 3 emissions starts with supplier engagement. With regard to supplier engagement, the company shared that it has a good baseline for its scope 3 emissions to set a reasonable target and determine how to make progress towards a goal whilst considering investments and affordability. The company stated that some companies within the industry are shutting down swathes of their assets to meet their emissions reductions targets. The company shared that it had updated its supplier code of conduct which it stated ensures that suppliers have commitments for emissions reductions. The company shared that category 3.1 emissions constitute the largest portion of its scope 3 emissions. With regard to its SBTi reporting on category 3.11 and 3.12 emissions, the company reiterated the complexity of downstream emissions. The company also stated that it is building the right alignment within the industry and the GHG protocol on transparency on how category emissions are reported with regard to circular materials. With regard to the Science Based Targets Initiative (SBTi), the company shared that as a member of the SBTi's Expert Advisory group for the chemicals sector it had a robust discussion on emissions reductions. However, the company stated that it felt that the draft guidance from the SBTi did not reflect the realities of the chemicals sector according to Dow Inc's perspective of the industry. The company stated that the SBTi's sectorial decarbonisation approach did not align with where Dow Inc sits on the chemicals value chain. The company stated that its position on the value chain is more upstream including base chemistries			




production. The company shared that its production is associated with high energy use, with regard to its scope 1 and 2 emissions. The company further stated there is a misalignment between the general SBTi approach and Dow's approach and that its investments would need to be tripled to align with the SBTi approach.


ISS ESG's underlying data shows that the company has not progressed 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 setting a medium-term scope 3 target, and a target validated by the Science Based Targets initiative.




Eaton Corporation plc		ISIN IE00B8KQN827	DOMICILE Ireland
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Company response		30 August 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. The company responded on 30 August agreeing to participate in an engagement meeting, scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			



EMS-Chemie Holding AG		ISIN CH0016440353	DOMICILE Switzerland
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS 		<p>ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress</p> <p>ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress</p> <p>ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy No Progress</p>	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		19 September 2024	
Company response		19 September 2024	
Clarification enquiry		27 September 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 19 September, followed by an email. On the same day, the company provided a written response to the questions posed. ISS ESG sent a clarification enquiry on 27 September.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 19 September response, the company shared a link to its latest Sustainability Report and explained that it contains new information about the company’s measures and targets.</p> <p>ISS ESG’s underlying data shows that the company has not progressed in the latest six-monthly data check.</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 Net Zero target that covers the most material scope 3 emissions, a target validated by the Science Based Targets Initiative, and the public disclosure of a decarbonisation strategy in relation to ambitious targets.</p>			



ENGIE SA		ISIN FR0010208488	DOMICILE France
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		28 August 2024	
Engagement outlook communication		30 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded in Q2, agreeing to participate in an engagement meeting, a virtual engagement meeting was held on 28 August. An engagement outlook communication was sent on 30 September, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS During the meeting held on 28 August 2024 shared that its targets are aligned with global guidance under the Science Based Targets initiative (SBTi) but do not fully meet the more stringent power sector-specific guidance. Indeed, ENGIE highlighted that while the power sector-specific guidelines require a 78% reduction in emissions, the company has committed to a 66% reduction. The company explained that while it is committed to aligning with global climate goals, achieving full alignment with the 1.5°C target presents significant operational, economic, and environmental challenges. Regarding its energy portfolio, the company emphasized its commitment to phasing out coal. It clarified that while it plans to reduce its reliance on gas over time, it does not intend to fully exit the sector, as it believes it is well-positioned to decarbonize these assets which will contribute to ensure no disruption to energy supply. With regards to climate strategy review, ENGIE mentioned that it is currently reviewing its climate			




strategy, with updates expected to be presented every three years as part of the 'Say on Climate' initiative (next Say On Climate vote at 2025 AGM) and in line with the commitment made at the 2023 AGM. With regards to investments in renewables and energy storage, the company shared that it aims to achieve 50 gigawatts of renewable energy capacity by 2025 and 80 gigawatts by 2030, 10 gigawatts of battery capacity by 2030, and that it is also focusing on integrating green gases, such as biomethane and green hydrogen, into its energy mix, with developments expected between 2030 and 2045.

ISS ESG's underlying data shows that the company has not progressed 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 setting a target validated by the Science Based Targets Initiative.



Evonik Industries AG		ISIN DE000EVNK013	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		05 July 2024	
Friendly reminder		22 July 2024	
Company response		22 July 2024	
Engagement meeting		05 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS On 5 July, the company responded to the initial enquiry sent in Q2 2024, providing a written response to the questions posed and agreeing to participate in an engagement meeting. ISS ESG sent a friendly reminder on 22 July. On the same day, the company responded, providing availability for an engagement meeting. A meeting was held on 5 September and an engagement outlook communication is scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 5 July response, the company shared its updated 2030 strategy called Next Generation Evonik, which it stated has integrated sustainability into the strategy. The company stated that its 2030 strategy is comprised of foresighted resource management and business growth with sustainability benefits. The company stated that it is committed to the Paris Agreement and is aiming to become carbon neutral by 2050. The company shared that it has also joined the Science Based Targets initiative. Furthermore, the company shared its medium-term target for 2030 which covers both scopes 1 and 2.			




To achieve a 25% reduction of emissions for this target, the company shared three avenues for emissions reductions: diverting from coal derived energy, investing in renewable energy, and enhancing Next Generation Technologies. The company shared that a decision had been made with the shut-down of its coal operations this year. The company additionally shared capital expenditures for select projects between 2022 and 2030, for a total around EUR 700 million. With regard to reducing scope 3 emissions, the company shared that it seeks to reduce scope 3 emissions by 11% by 2030. The company stated that it anticipates achieving its internal 1.5°C target and that it will seek to revalidate its targets with SBTi when possible. The company also provided examples of products under its Next Generation Solutions program. The company shared that allegedly in 2022, the use of eleven Evonik products aided in the avoidance of 48 million metric tons CO₂eq. The company stated that EUR 3 billion of its capital expenditure will be dedicated to its Next Generation Solutions until 2030. The company also stated that further disclosures can be found in its Sustainability Report and Factbook. In the 5 September engagement meeting, the company stated that it has set an ambitious Net Zero target but noted that achieving this goal is dependent on the availability of technologies like carbon capture. Furthermore, the company shared that it is focusing on addressing scope 3 category 11 emissions and that emissions related to raw materials and additives are harder to track and reduce due to the widespread dispersion of its products across multiple applications. The company highlighted that as a result end-of-life emissions are difficult to control. The company shared that it is collaborating with its suppliers to address its emissions via the Together for Sustainability initiative, which seeks to establish a data exchange system for supplier engagement. The company noted that there are challenges with suppliers unable to provide emissions data and that including sustainability within supplier selection processes may require further consultation. With regard to validated targets, the company stated that it has validated its well below 2°C target with the Science Based Targets initiative (SBTi). The company shared that it expects to revalidate its targets to align with 1.5°C in the latter half of the decade in line with structural changes including the sale of its C4 business. The company also noted that it is having ongoing discussions with regard to avoided emissions, but this is complicated by developing accounting rules on the topic. In addition, the company highlighted that it is also uncertain with regard to carbon sequestration for the future but may consider it if the technology becomes viable in two decades. The company shared that it plans to publish a new CDP submission within subsequent months and stated that it would provide additional updates via its Sustainability Fact Book.

ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions and a target validated by the Science Based Targets Initiative.



FirstEnergy Corp.		ISIN US3379321075	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 SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy Raised Awareness	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		17 July 2024	
Clarification enquiry		23 July 2024	
Company response		29 July 2024	
Engagement outlook communication		07 August 2024	
QUARTERLY SUMMARY OF INTERACTIONS On 7 June, the company responded to the initial enquiry sent in Q2 2024, agreeing to participate in an engagement meeting which took place on 17 July. On 23 July ISS ESG sent a clarification enquiry, and the company responded on 29 July. An engagement outlook communication was sent on 7 August, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS In the 17 July engagement meeting, the company explained that economic conditions contextualised its decision to retract its interim target to reduce scope 1 emissions by 30% by 2030, and that aside from the increased profitability of coal, resource adequacy concerns were identified within the PJM market in relation to the retirement of coal operations. The company stated that a closure date for its two coal facilities cannot be unilaterally decided, as the request would need to be approved by the West Virginia Commission, which, it stated, has an interest in the continued running of coal plants			




within the state. The company reiterated that it is required by the state of West Virginia to publish an Integrated Resources Plan (IRP) to outline how it intends to serve its customers over the next 15 years, with the next iteration due by the end of 2025. The company highlighted its solar generation capacity, explaining that it continues to produce approximately 20MW, and that it may be permitted by the state of West Virginia to generate up to 200 MW in 50 MW increments. The company shared that permits for solar generation may depend on a demonstrably achievable predicted load, as well as a sufficient number of customers. It noted that although clean energy is not the highest priority in the region, some commercial and industrial customers' own climate targets may increase demand moving forward. In relation to its emissions goals, the company shared that it also seeks to see reductions from sulfur hexafluoride emissions and mobile fleet assets. On 29 July, in response to the clarification enquiry, the company clarified that the third-party verification of its emissions data is expected to be in line with the compliance dates for SEC disclosures.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions, a medium-term target that covers the vast majority of its combined scope 1 and 2 emissions as well as the most material scope 3 emissions, a target validated by the Science Based Targets initiative, and the public disclosure of a decarbonisation strategy in relation to ambitious targets.




Honda Motor Co., Ltd.		ISIN JP3854600008	DOMICILE Japan
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		20 September 2024	
Company response		24 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 20 September, followed by an email. On 24 September, the company communicated its willingness to participate in an engagement meeting.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			



INPEX Corp.		ISIN JP3294460005	DOMICILE Japan
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		20 September 2024	
Company response		27 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 20 September, followed by an email. On 27 September, the company provided a written response to the questions posed. A clarification enquiry is scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 27 September response, the company stated that scope 3 emissions reduction is one of its goals in its Corporate Position on Climate Change. The company explained that it has not included scope 3 in its 2050 Net Zero pledge and medium-term emissions reduction targets because the company believes it has a primary responsibility for scope 1 and 2 emissions reductions. The company explained that most of its scope 3 emissions are from category 11- Use of Sold Products, as a result of burning its products, which the company noted it has limited influence over and is heavily reliant on its buyers' strategy. The company noted that it is addressing scope 3 emissions reduction by working with relevant stakeholders across the value chains and monitoring the external environment conditions. The company also explained that it is investing in emissions reduction initiatives such as carbon capture (use) and storage (CC(U)S) projects, hydrogen, ammonia, and renewable energies.			
ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions and setting a medium-term scope 3 target.			



JSW Steel Limited		ISIN INE019A01038	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 SUCCESS  Moderate Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Partly Achieved ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		06 August 2024	
Clarification enquiry		10 September 2024	
Friendly reminder		25 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded in Q2, agreeing to participate in an engagement meeting, a virtual engagement meeting was held on 6 August. On 10 September, ISS ESG sent a clarification enquiry, followed by a friendly reminder on 25 September.			
QUARTERLY SUMMARY OF OBSERVATIONS In the 6 August engagement meeting, the company explained that the process of setting its emission reduction targets started by evaluating what could be achieved in the medium-term. The company highlighted its 2030 target, which is to reduce scope 1 and 2 emissions by approximately 23% was approved by the Board. The company explained that it then considered the longer term and that it aims to achieve carbon neutrality by 2050 (covering scopes 1 and 2). The company referenced the International Energy Agency’s Iron and Steel Technology Roadmap to support its target setting and noted that it aligned its strategy with Sustainable Development Scenarios. The company explained that scope 3 emissions currently represent about 10-15% of its total emissions and are therefore not included in its targets. The company explained that it followed the World Steel Association’s guidance for emissions accounting, with all data verified by an independent third party. Regarding targets validated by the Science Based Targets initiative (SBTi), the company shared that it provided input to the SBTi Expert Advisory Group in developing guidance for the steel sector for 1.5°C. The company noted that its feedback included a suggestion that regional budgets should be applied due to varying economic conditions and recycling rates. The company explained that its decarbonisation strategy, which is detailed in its 2024 Climate Action Report, includes Phase 1 (up to 2030) which is focused on adopting renewable energy sources, and Phase 2 (2030 and beyond), which aims to implement technological pathways like green hydrogen, carbon capture and storage, and electric arc furnaces. The company also noted that it is pursuing circular economy practices, increasing scrap input, and exploring			




recycled content. The company explained that it is investing in emerging technologies, such as hydrogen and carbon capture but noted financial and scalability challenges. The company also noted its work with partners like Boston Metals and Electra to enhance electrolysis in iron production and explained that it is closely monitoring global technological advances.

ISS ESG's underlying data shows that in the latest six-monthly data check, the company has improved on objective 1, in relation to setting a Net Zero target that covers the vast majority ($\geq 95\%$) of its combined scope 1 and 2 emissions.

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 Net Zero target that covers the most material scope 3 emissions, a medium-term scope 3 target, and a target validated by the Science Based Targets initiative.



Linde Plc		ISIN IE000S9YS762	DOMICILE Ireland
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Company response		28 August 2024	
Clarification enquiry		09 September 2024	
Company response		10 September 2024	
Engagement outlook communication		20 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. The company provided a written response to the questions posed on 28 August. ISS ESG sent a clarification enquiry on 9 September, and the company responded on 10 September. An engagement outlook communication was sent on 20 September, and a follow-up enquiry is scheduled for Q3 2025.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 28 August response, the company stated that it is too early to definitively confirm whether material scope 3 emissions will be included in its 2050 net-zero target. The company also indicated that it will assess the feasibility of integrating scope 3 targets into its longer-term climate neutrality ambitions. Regarding the medium-term GHG reduction target, the company referred to its earlier response on the matter. On 10 September, in response to the clarification enquiry, the company provided a written answer to the questions posed. In relation to the timeline and methodology for scope 3 reduction targets, the company stated that it remains on track to establish these targets within the 2025–2026 timeframe. The company explained the steps involved in this process, including data collection, methodology development to achieve a full inventory, and the refinement of methodologies and reduction planning. It noted that the data collection and refinement stages have been completed and that it is now focused on implementing reduction activities. The company also shared that the 2022 Sustainability Report covers approximately 40% of scope 3 emissions and has undergone external assurance. Regarding the disclosure of mid-term reduction targets, the company clarified that while it does not currently have scope 3 reduction targets, it is committed to setting these targets by the 2025–2026 timeframe. On 10 September, in response to the clarification enquiry, the company provided a</p>			




written answer to the questions posed. In relation to the timeline and methodology for scope 3 reduction targets, the company stated that it remains on track to establish these targets within the 2025–2026 timeframe. The company explained the steps involved in this process, including data collection, methodology development to achieve a full inventory, and the refinement of methodologies and reduction planning. It noted that the data collection and refinement stages have been completed and that it is now focused on implementing reduction activities. The company also shared that the 2022 Sustainability Report covers approximately 40% of scope 3 emissions and has undergone external assurance. Regarding the disclosure of mid-term reduction targets, the company clarified that while it does not currently have scope 3 reduction targets, it is committed to setting these targets by the 2025–2026 timeframe.

ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions, setting a medium-term scope 3 target and a target validated by the Science Based Targets initiative.



LyondellBasell Industries N.V.		ISIN NL0009434992	DOMICILE Netherlands
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Company response		23 August 2024	
Clarification enquiry		06 September 2024	
Friendly reminder		25 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. The company provided a written response to the questions posed on 23 August. On 6 September, ISS ESG sent a clarification enquiry, followed by a friendly reminder on 25 September.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 23 August response, regarding the inclusion of scope 3 emissions in its Net Zero GHG emissions pledge by 2050, the company stated it aims to reduce absolute scope 3 emissions by 30% from a 2020 baseline by 2030. This target covers over two-thirds of its estimated global scope 3 emissions (75MMt) and includes key sources such as feedstocks, products, and equity investments. The company mentioned it will provide further disclosures on post-2030 targets as its confidence in underlying projects and technologies grows. Regarding setting science-based targets aligned with limiting global			




warming to 1.5°C, the company stated it committed in 2020 to having its 2030 targets validated by SBTi, with the 2023 target already aligned with SBTi requirements. Although its initial commitment was accepted, SBTi has paused validation on companies with oil-and gas-related activities and the development of new methodologies, including for the chemical sector. The company affirmed its commitment to align with the latest climate science and continue working with SBTi. Lastly, the company shared its support for developing the SBTi chemical sector standard, expected to be finalised in 2024.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions, and a target validated by the Science Based Targets initiative.



Mitsubishi Heavy Industries, Ltd.		ISIN JP3900000005	DOMICILE Japan
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Company response		04 September 2024	
Engagement outlook communication		16 September 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. The company provided a written response to the questions posed on 4 September. An engagement outlook communication was sent on 16 September, and a follow-up enquiry is scheduled for Q3 2025.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 4 September response, the company indicated that, due to limited resources at this time, it would decline to engage.</p> <p>ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.</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 target validated by the Science Based Targets initiative.</p>			



RTX Corp.		ISIN US75513E1010	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 SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		19 September 2024	
Company response		19 September 2024	
Clarification enquiry		30 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 19 September, followed by an email. On the same day, the company provided a written response to the questions posed. ISS ESG sent a clarification enquiry on 30 September.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 19 September response, the company shared a link to its ESG webpage, and its 2023 ESG Report. The company explained that its overall business strategy and ESG approach are structured around three pillars: People, Planet, and Principles. The company elaborated on each pillar, stating that the “People” pillar focuses on employees, 54emphasising workplace health and safety, and it shared links to its Diversity, Equity & Inclusion and Corporate Social Responsibility webpages. Under the “Planet” pillar, the company stated its commitment to protecting the environment through innovative technologies			




and practices, including reducing energy use, 55minimizing resource consumption, and fostering a responsible supply chain, and also shared a link to its Sustainable Aviation webpage. Regarding the “Principles” pillar, the company shared that its business is guided by ethical standards and provided links to its Ethics and Compliance webpage, which contains the Code of Conduct, the Supplier Code of Conduct, Conflict Minerals Policy Statement, Binding Corporate Rules, and the Human Rights Policy. The company also referenced its Modern Slavery Statement, stated that its 2024 ESG report is currently in progress and is scheduled to be published in April 2025.


ISS ESG’s underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the vast majority ($\geq 95\%$) of its combined scope 1 and 2 emissions as well as the most material scope 3 emissions, setting a medium-term target that covers the most material scope 3 emissions, and setting a target validated by the Science Based Targets initiative.



Samsung C&T Corp		ISIN #N/A	DOMICILE #N/A
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		23 September 2024	
Company response		24 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 23 September, followed by an email. On 24 September, provided a written response to the questions posed. A clarification enquiry is scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 24 September response, the company confirmed its commitment to achieving Net Zero by 2050. The company stated that it plans to calculate scope 3 emissions by 2025, after which it will review reduction targets and initiatives. The company outlined its medium-term target to reduce net emissions by 58% by 2030, based on a 2018 baseline, and by 49% from the 2020 baseline. The company noted that its medium-term target meets the 1.5°C scenario recommended by the Science Based Targets initiative. The company provided a link to its ESG webpage and noted that its 2022 Net Zero Report and the 2024 Sustainability Report have further information.			
ISS ESG's underlying data shows that the company has not progressed 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 setting Net Zero target that covers the most material scope 3 emissions, setting a medium-term target that covers the most material scope 3 emissions, and setting a target validated by the Science Based Targets initiative.			



Suzuki Motor Corp.		ISIN JP3397200001	DOMICILE Japan
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Clarification enquiry		03 July 2024	
Friendly reminder		18 July 2024	
Company response		18 July 2024	
Company response		24 July 2024	
Engagement outlook communication		31 July 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded to the initial enquiry in Q2, ISS ESG sent a clarification enquiry on 3 July, followed by a friendly reminder on 18 July. The company responded on the same day, agreeing to provide a response to the questions posed, which it shared on 24 July. An engagement outlook communication was sent on 31 July, and a follow-up enquiry is scheduled for Q3 2025.			
QUARTERLY SUMMARY OF OBSERVATIONS In its 24 July response, the company stated that it has been focusing on achieving carbon neutrality at its domestic plants by 2035. The company explained that while it does not have a target for achieving carbon neutrality for scope 1 and 2 emissions, internal discussions to achieve this goal as early as possible by leveraging the experiences from its domestic plants are ongoing. Regarding the review of medium-term targets, the company mentioned that it has been reviewing its mid-term management plan and is preparing to announce a new plan by the end of the fiscal year. It shared that during this			



review, environmental investment will be a subject of discussion, incorporating outputs from annual COP meetings, discussions held in each country following the COP, and suggestions from investors. Regarding science-based targets, the company shared that it is considering the Science Based Targets initiative's guidelines for the automotive sector, and that it is trying to understand these guidelines and discuss its future direction. The company stated that it has been working on third-party validation of emissions since the previous year, and that it plans to expand this effort. The company indicated that it would provide further updates on this topic with the announcement of the new mid-term plan.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the vast majority ($\geq 95\%$) of its combined scope 1 and 2 emissions, and setting a target validated by the Science Based Targets initiative.



The Boeing Company		ISIN US0970231058	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 SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target N/A ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		26 July 2024	
Company response		30 July 2024	
Engagement outlook communication		08 August 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>After the clarification enquiry was sent in Q2, ISS ESG sent a friendly reminder on 26 July. The company provided a written response to the questions posed on 30 July. An engagement outlook communication was sent on 8 August, and a follow-up enquiry is scheduled for Q3 2025.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 30 July response, the company shared its 2024 Sustainability Report, which, it explained, includes comprehensive information on its GHG emissions and goals, along with links to relevant supplements and assurance statements.</p> <p>ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.</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 medium-term scope 3 target, and a target validated by the Science Based Targets initiative.</p>			



The Southern Company		ISIN US8425871071	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 SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Clarification enquiry		03 July 2024	
Friendly reminder		24 July 2024	
Company response		24 July 2024	
Company response		30 July 2024	
Clarification enquiry		08 August 2024	
Friendly reminder		29 August 2024	
Engagement outlook communication		19 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>After the company responded to the initial enquiry in Q2, ISS ESG sent a clarification enquiry on 3 July, followed by a friendly reminder on 24 July. The company responded on the same day, agreeing to provide a response to the questions posed, which it shared on 30 July. On 8 August, ISS ESG sent a clarification enquiry, followed by a friendly reminder on 29 August and an engagement outlook communication on 19 September. A follow-up enquiry is scheduled for Q3 2025.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 30 July response, the company explained that there remains significant uncertainty around scope 3 emissions reporting as a result of evolving measurement technology and varying methodologies among industry participants. The company noted that industry participants are using different estimation methodologies for scope 3 reporting, and that the company is looking for widely adopted measurement technology, methodologies, and reporting consistency within the energy industry. The company highlighted concerns about legal risks for U.S. companies setting emissions reduction targets</p>			




without a clear path to achieving them. The company noted that it is deeply involved in efforts to reduce scope 3 emissions but has less ability to directly control these emissions compared to its scope 1 emissions. The company attached an excerpt of its 2023 Proxy Statement which includes a proposal to set scope 3 targets. The company confirmed that it will update its Sustainability Data Table with 2023 data for the same 10 scope 3 categories disclosed in 2023, representing all relevant categories. The company stated that it has no current plans to obtain assurance for scope 3 emissions data. Regarding alignment with the Paris Agreement's 1.5°C target, the company referenced the Electric Power Research Institute's (EPRI) research and the SMARTargets, in which it participates. The company provided a link to detailed papers on the EPRI website for more information. The company also acknowledged investor expectations for validation of targets from the Science Based Targets initiative (SBTi) but stated that it does not plan to seek SBTi certification at this time. The company explained that it has engaged with representatives of the SBTi in the past year to understand its methodologies and approaches and will continue to do so. The company noted that the SBTi does not integrate the regional, state, and local factors relevant to its service territories in the US and does not factor critically important nuances to its state-regulated public utility companies. The company stated that it already engages extensively with shareholders on decarbonisation topics, including scope 1, 2 and 3 emissions disclosures and emissions reduction targets. The company emphasised that these topics have historically been high priorities for both the company and its shareholders and are expected to remain so going forward.


ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions, a medium-term scope 3 target, and a target validated by the Science Based Targets initiative.



Valero Energy Corporation		ISIN US91913Y1001	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 SUCCESS 		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target No Progress ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) No Progress ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		22 August 2024	
Reminder to Investor Relations		18 September 2024	
Company response		18 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS As the company remained unresponsive to the initial enquiry, a reminder was sent on 22 August. A reminder phone call was attempted on 18 September, followed by an email. On the same day, the company responded, agreeing to participate in an engagement meeting which is scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS ISS ESG's underlying data shows that the company has not progressed in the latest six-monthly data check.			



Valmet Corp.		ISIN FI4000074984	DOMICILE Finland
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) N/A ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Company response		01 August 2024	
Clarification enquiry		08 August 2024	
Friendly reminder		02 September 2024	
Company response		03 September 2024	
Engagement outlook communication		12 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>On 1 August, the company provided a written response to the initial enquiry sent in Q2 2024. On 8 August, ISS ESG sent a clarification enquiry, followed by a friendly reminder on 2 September. On 3 September, the company provided a written response to the questions posed. An engagement outlook communication was sent on 12 September, and a follow-up enquiry is scheduled for Q3 2025.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 1 August response, the company stated that it has established a climate program and set targets across its value chain. In addition, the company provided a link to its 2023 GRI supplement where, it explained, it has disclosed material scope 3 emissions. The company shared that within its climate program, it has set targets to reduce emissions by 20% in its supply chain by 2030 and a 20% reduction of energy consumption of its technologies (products). The company stated that it has achieved its first target within its climate program, which is in relation to enabling carbon neutral production for pulp,</p>			



paper, and tissue customers. On 3 September, in response to the clarification enquiry, the company stated that it has only set targets for items which it can impact itself. The company highlighted that its category scope 3 category 11 emissions are significant owing to the length of the period of use of the technologies that it supplies. Furthermore, the company shared that the production processes for which the emissions are calculated span 25 years. The company stated that it has set targets for the use phase, such as carbon neutral production, for customers who use fossil fuel free energy. The company shared that it has not set a Net Zero target for its installed base due its limited ability to influence the energy sources its customers have access to. The company stated it seeks to encourage customers to choose its energy-efficient solutions or carbon-neutral options in the long-term.

ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions.



Woodside Energy Group Ltd.		ISIN AU0000224040	DOMICILE Australia
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT SUCCESS  Low Impact		ENGAGEMENT OBJECTIVE 1 2050 Net Zero GHG emissions target Raised Awareness ENGAGEMENT OBJECTIVE 2 Medium-term greenhouse gas reduction target (2025 to 2035) Raised Awareness ENGAGEMENT OBJECTIVE 3 Decarbonisation strategy N/A	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		17 September 2024	
QUARTERLY SUMMARY OF INTERACTIONS After the company responded in Q2, agreeing to participate in an engagement meeting, a virtual engagement meeting was held on 17 September. A clarification enquiry is scheduled for Q4.			
QUARTERLY SUMMARY OF OBSERVATIONS During the 17 September engagement meeting, the company explained that scope 3, category 11 emissions of the Greenhouse Gas Protocol make up the largest portion of its scope 3 impacts and noted that they represent approximately 90% of total emissions. Regarding scope 3 targets, the company shared that these are regularly reviewed, with the Board engaging in discussions multiple times a year to determine appropriate targets. The company highlighted its US \$5 billion investment target in new products and services by 2030, alongside a goal to abate 5 Mtpa CO ₂ -e through emissions avoidance, carbon capture, or the replacement of fossil fuels with hydrogen and its carriers, such as ammonia. With regard to natural gas, the company explained that it must assess whether its supply aligns with the decarbonisation pathways of its customer markets, given the continued demand for natural gas. At the entity level, the company acknowledged that increasing natural gas production does not contribute to lowering scope 3 emissions. However, it referenced its activities in South Australia, where a mix of gas and renewables offers a lower emissions intensity compared to a coal-dominated mix. Regarding offsets, the company shared that it follows a standard emissions mitigation hierarchy: avoid, reduce, and offset. It shared that avoiding emissions during the planning and design phase of facilities has proven effective in reducing both emissions and costs. The company also explained that offsets are used only when projects fall below its \$80 carbon price threshold, which is reviewed annually. The company shared that it does not expect significant changes to this carbon price in the near future.			
ISS ESG's underlying data shows that the company has not progressed 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 setting a Net Zero target that covers the most material scope 3 emissions and a medium-term scope 3 target.



CLOSED ENGAGEMENTS

The following engagement conducted on behalf of participating investors was closed during Q3 2024. The table below provides further information on the engagement closure.

Arkema SA	ISIN	DOMICILE
	FR0010313833	France
<p>ENGAGEMENT STATUS</p> <p>Closed</p>		
<p>MOTIVATION FOR ENGAGEMENT CLOSURE</p> <p>ISS ESG has closed this engagement as the company achieved all requirements of the engagement objectives that were not fulfilled at the engagement initiation, thus determining the engagement success as High Impact.</p> <p>ISS ESG’s underlying data shows that since the beginning of the engagement cycle, the company has made significant improvements, particularly on Objective 1, the 2050 Net Zero GHG emission target. The company has set a Net Zero Target by 2050, covering the vast majority of their operations and including Scope 3 emission reductions.</p> <p>The company had responded to the engagement in July 2024.</p>		



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