



NORM-BASED ENGAGEMENT

Q4 2023 Progress Report Summary version

January 2024

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INTRODUCTION

This report presents an overview of the Norm-Based Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q4 2023.

Under this solution, ISS ESG facilitates engagement with issuers on behalf of participating clients who would like to encourage corporate disclosure of efforts taken to manage or mitigate the environmental and social risks connected to business activities or operations. Participating investors have the option to opt in or out of each individual company engagement. *Accordingly, while this report summarises the total number of engagements carried out in Q4 2023 by ISS ESG on behalf of the participating investors, this does not mean that each participating investor was a party to all of those engagements.*

The detailed engagement reports, timelines and documentation for the individual companies listed in the report are available to Norm-Based Engagement clients online via the [Pooled Engagement Tool](#).

ISS ESG NORM-BASED ENGAGEMENT APPROACH

ISS ESG's Norm-Based Engagement facilitates engagement with issuers on behalf of participating investors who would like to encourage corporate disclosure of efforts taken to manage or mitigate the environmental and social risks connected to business activities or operations. By engaging collaboratively, participating asset owners and managers can wield more influence than through solo engagements, while saving time and resources.

ENGAGEMENT SCOPE

Through ISS ESG's Norm-Based Engagement, participating investors can focus on companies that are assessed under ISS ESG Norm-Based Research to be involved in alleged or verified severe, systematic, or systemic failures to respect international norms. The engagements are categorised under the four United Nations Global Compact areas of human rights, labour rights, environment, and anti-corruption. Each engagement is identified by one or several specific topics within these areas, e.g., union rights, workplace discrimination, health and safety, child labour and forced labour within the labour rights norm area. Participating investors have the option to opt in or out of each individual company engagement.

ENGAGEMENT PROCESS

The engagement is preceded by in-depth research and fact-finding dialogues with companies and stakeholders through ISS ESG Norm-Based Research. Once a company is identified to be involved in a relevant controversy it is considered for Norm-Based Engagement, which is conducted on a rolling quarterly basis. Through these feasibility studies, ISS ESG identifies gaps in company disclosure and assesses whether investor dialogue is an appropriate means to reach the goals set by the participating investors. Influential factors include an estimation of the company's level of responsibility, mitigating steps it has taken to mitigate the possible failure to respect a norm, and availability of both stakeholder and expert sources to facilitate constructive dialogue.

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 repeated follow-ups to respond. Should the company remain unresponsive, enquiries are escalated to the CEO and the Board. Once every effort has been made to engage both Investor Relations and a company's Executive Management, the feasibility of engagement is re-evaluated.

ENGAGEMENT OUTCOMES

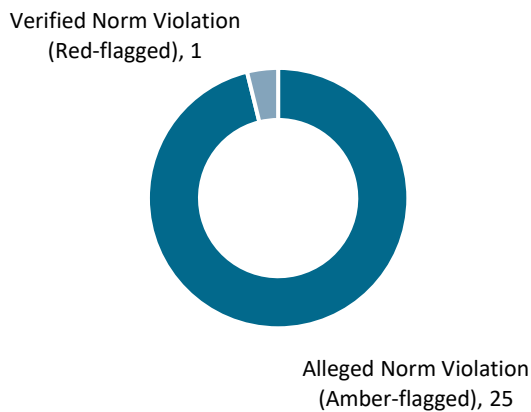
At the outset of each engagement, clear and actionable goals are defined within four key categories: disclosure, implementation, remediation and termination. Information provided by the company through the course of the engagement dialogue is assessed against the goals. ISS ESG also assesses the company's quality of participation in the engagement. Where the goals have been fulfilled and the controversy – or the risk thereof – is assessed to have been resolved, the engagement is closed. If there is insufficient information to determine whether the goals have been fulfilled, the engagement may be suspended pending developments in the controversy or the disclosure of further information by the company and may subsequently be extended. Alternatively, where there is a poor outlook for the achievement of goals for the engagement, the dialogue may be discontinued.

STATISTICS FOR ENGAGEMENT INITIATED IN Q4 2023

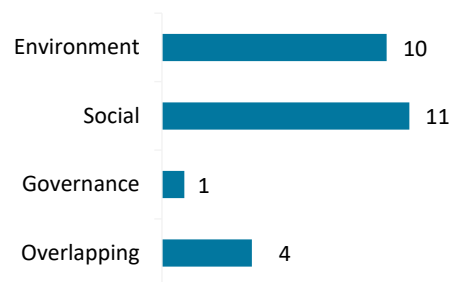
In Q4 2023, ISS ESG initiated Norm-Based Engagement on behalf of signatory investors with 26 companies, covering 40 individual ESG topics. Of these 26 companies, one was Red flagged and the remainder Amber flagged, according to ISS ESG’s Norm-Based Research methodology. By 31 December 2023, ISS ESG had received responses from 12 of the 26 companies to which investor enquiries had been sent on 16 October 2023. This constitutes an overall response rate of 46%. The statistics presented below are based on the companies with which engagement was initiated in Q4 2023.

Summary charts of engagements initiated between 1 October 2023 and 31 December 2023:

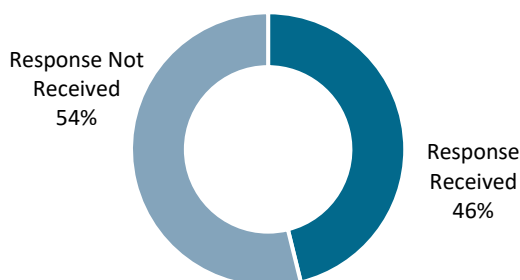
Verified or Alleged Failure to Respect Established Norms



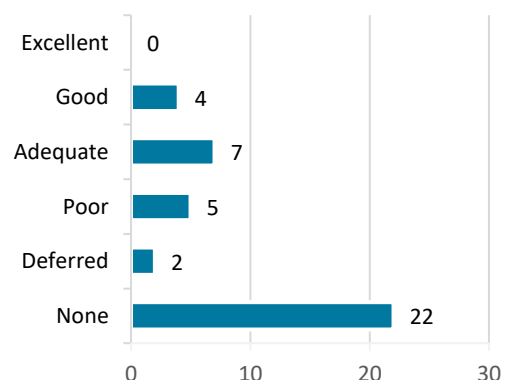
ESG Area Breakdown



Response Rate



Quality of Participation



NOTE: Participation quality definitions: **Excellent:** Company has fully addressed topics and there is strongly positive development in the engagement. **Good:** Company has replied and addressed the topics. **Adequate:** Company has responded, but not fully. **Poor:** Company responded but did not address the topics. **Deferred:** Company has requested more time to respond. **None:** No response received.

ENGAGEMENTS INITIATED IN Q4

The following table provides an overview of companies with which ISS ESG initiated engagement dialogue in Q4 2023.

ISSUER	ISIN	ESG AREA BREAKDOWN
Activision Blizzard, Inc.	US00507VAN91	Labour rights
Albemarle Corporation	US0126531013	Overlapping (Environment, Human rights)
Alphabet Inc.	US02079K3059	Overlapping (Corruption, Human rights, Labour rights)
ArcelorMittal SA	LU1598757687	Environment
Baker Hughes Company	US05722G1004	Environment
Bayer AG	DE000BAY0017	Environment
Delta Air Lines, Inc.	US2473617023	Labour rights
Enel Americas SA	CLP371861061	Human rights
Enel SpA	IT0003128367	Human rights
Eni SpA	IT0003132476	Overlapping (Environment, Labour rights)
Koninklijke Philips NV	NL0000009538	Human rights
Lundin Mining Corporation	CA5503721063	Environment
Mattel, Inc.	US5770811025	Human rights
Pan American Silver Corp.	CA6979001089	Human rights
Rede D'Or Sao Luiz SA	BRRDORACNOR8	Labour rights
Saipem SpA	IT0005495657	Environment
Schlumberger N.V.	AN8068571086	Environment
Sociedad Quimica y Minera de Chile SA	CLP8716X1082	Overlapping (Environment, Human rights)
Subsea 7 SA	LU0075646355	Environment
Telefonaktiebolaget LM Ericsson	SE0000108656	Corruption
The Kansai Electric Power Co., Inc.	JP3228600007	Environment
Tokyo Electric Power Co. Holdings, Inc.	JP3585800000	Environment
Ubisoft Entertainment SA	FR0000054470	Labour rights
United States Steel Corporation	US9129091081	Environment

Universal Health Services, Inc.	US9139031002	Human rights
Walmart Inc.	US9311421039	Labour rights

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