



WATER

**THEMATIC
ENGAGEMENT**

Q4 2023 Progress Report



January 2024



ISS-ESG.COM

© 2024 | Institutional Shareholder Services and/or its affiliates



TABLE OF CONTENTS

INTRODUCTION.....	3
ISS ESG THEMATIC ENGAGEMENT APPROACH.....	4
ENGAGEMENT PROCESS	4
ENGAGEMENT OUTCOMES.....	4
REPORTING	4
WATER THEMATIC ENGAGEMENT	5
COMPANY SELECTION.....	5
ENGAGEMENT OBJECTIVES.....	6
Q4 2023 ENGAGEMENT STATISTICS.....	7
ENGAGEMENT SUMMARY TABLE	8
COMPANY RESPONSES RECEIVED IN Q4 2023	11
CHEMICALS.....	11
TEXTILES & APPAREL	21
CLOSED ENGAGEMENTS	22



INTRODUCTION

This progress report presents the Water Thematic Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q4 2023.

The report includes an overview of the ISS ESG Thematic Engagement approach as well as details on the Water Thematic Engagement, including the methodology for target company selection and engagement objectives. It also includes key statistics for Q4 2023, a summary of the engagement stage and number of interactions with all target companies, as well as details of the responses received during the period. The progress against engagement objectives as well as the overall engagement success will be measured and included in the next progress report, as data on the target companies' improvement in their alignment with the requirements for each engagement objective is collected and assessed twice a year.



ISS ESG THEMATIC ENGAGEMENT APPROACH

ISS ESG's Thematic Engagement solution allows investors to participate in a joint outreach and dialogue with companies on material sustainability-related themes. By engaging collaboratively, institutional investors can leverage their scale in discussions on ESG issues and communicate their concerns to corporate management more effectively. ISS ESG facilitates engagement on behalf of participating clients to promote positive change through active ownership and dialogue. This may include ongoing dialogue with companies identified for enhanced disclosure, a push for improved sustainability performance, or the mitigation of ESG risks.

Through ISS ESG's Water Thematic Engagement, participating investors seek to improve their transparency around water-related strategy and risk management through the disclosure of key metrics and targets in two industries with high water risk exposure: Chemicals and Textiles & Apparel.

ENGAGEMENT PROCESS

ISS ESG's Thematic Engagement involves a number of steps carried out over a two-year lifecycle. The process starts by identifying target companies and setting objectives and key performance indicators in line with investor expectations. Both the company selection and the objective setting leverages ISS ESG proprietary data and research, as well as internal expertise.

The engagement dialogue is initiated through letters to companies, sent by ISS ESG on behalf of participating investors. Dialogue may be conducted in writing or through meetings, facilitated by ISS ESG. Some companies require reminders to respond. Should the company remain unresponsive, enquiries are escalated to the CEO and the Board.

At the end of each engagement cycle, ISS ESG will assess the opportunity to extend or close engagements.

ENGAGEMENT OUTCOMES

ISS ESG's Thematic Engagement includes regular measurements of the outcome of the engagement dialogue, both at the level of each objective as well as at an aggregate level of each company engagement. The outcome measurements are based on improvements in each company's alignment with the requirements for each engagement objective, as evidenced by their public disclosures and assessed in the relevant ISS ESG data and research (checked twice a year); as well as ISS ESG's assessment of the quality of each company's participation in the engagement.

REPORTING

Participating investors are informed of the progress of engagements through quarterly and annual progress reports. The reports provide an overview of the engagement stage reached for each company, details of interactions as well as company responses. In the quarter following the check of the ISS ESG data on the requirements for each objective, the reports also include measurements of progress against each engagement objective as well as the overall engagement success.



WATER THEMATIC ENGAGEMENT

Global population growth has driven an increase in the demand for water throughout the 21st century, a situation exacerbated by the impacts of climate change on water availability. This increasing demand is likely to result in a [40% shortfall](#) in freshwater supply within 10 years, signifying that the world is facing a water crisis. With growing global water stress, companies are facing increased scrutiny over their water stewardship, and are expected to be demonstrating to their stakeholders how they are integrating water-related risk into their overall business strategies, how they are pricing and valuing water, and how they are building long-term resilience to water-related challenges.

Water presents a range of financially-material business risks which can be categorized into [three types](#): physical risks, regulatory risks, and reputational risks. [Risks do not only apply for water-intensive companies](#); companies across sectors can be affected by water-related risks which may lead to increased costs for water procurement or loss of revenue through the disruption of operations. Water is often [undervalued](#), and therefore existing calculations on its materiality may not always be accurate. That said, water-related issues are often indirectly prioritised in many companies' physical climate risk assessments, affecting companies across all regions.

[For Chemicals companies](#), water is vital across the value chain. In production processes, water is primarily used for cooling, steam generation, and feedstock processing. Chemicals companies' operations can also be at high risk of disruption where they are water intensive, thus increasing water procurement costs and capital expenditures. In manufacturing processes, chemicals can generate [process wastewater](#) that requires treatment prior to disposal, and non-compliance with water quality regulation may result in financial risks and other regulatory implications.

The Textiles & Apparel industry has [a significant impact on water throughout its value chain](#), from the consumption of water, pollution of water resource (insecticides, factory level discharged, micro and/or nanofiber pollution, textiles going to landfill), and the production of raw materials, through to the use and disposal of products. These activities pose significant risks to Textiles & Apparel companies through regulatory non-compliance and fines, damaged brand reputation, or losing their social license to operate if they are found to have poor water and wastewater management processes. The industry demonstrates a lack of understanding about the materiality of these risks to their business and value chain, however. Despite a range of water-related opportunities, for instance water efficiency or new products and services, these opportunities are not being acknowledged, disclosed or realised.

COMPANY SELECTION

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

- High market capitalisation.
- Industries with high water risk exposure in their supply chains and direct operations.
- Laggards identified using ISS ESG's Water Risk Rating.
- No or only partial fulfilment of the engagement objectives and KPIs, based on ISS ESG's Corporate Rating indicators.



WATER TARGET LIST

Air Liquide SA	LG Chem Ltd.
Air Products and Chemicals, Inc.	LyondellBasell Industries NV
Akzo Nobel NV	Moncler SpA
ANTA Sports Products Ltd.	Nutrien Ltd.
Asian Paints Ltd.	PETRONAS Chemicals Group Bhd.
Celanese Corporation	Prada SpA
Cintas Corporation	RPM International Inc.
Corteva, Inc.	Saudi Basic Industries Corp.
Dow, Inc.	Shenzhou International Group Holdings Ltd.
DuPont de Nemours, Inc.	Skechers U.S.A., Inc.
EMS-Chemie Holding AG	The Sherwin-Williams Company
Ganfeng Lithium Co., Ltd.	Tianqi Lithium Corp.
Givaudan SA	Titan Company Limited
Industries of Qatar Co.	Wanhua Chemical Group Co., Ltd.
Kering SA	Westlake Corp.

ENGAGEMENT OBJECTIVES

Target companies have been asked by participating investors to improve their water-related disclosures, focusing on the following engagement objectives:

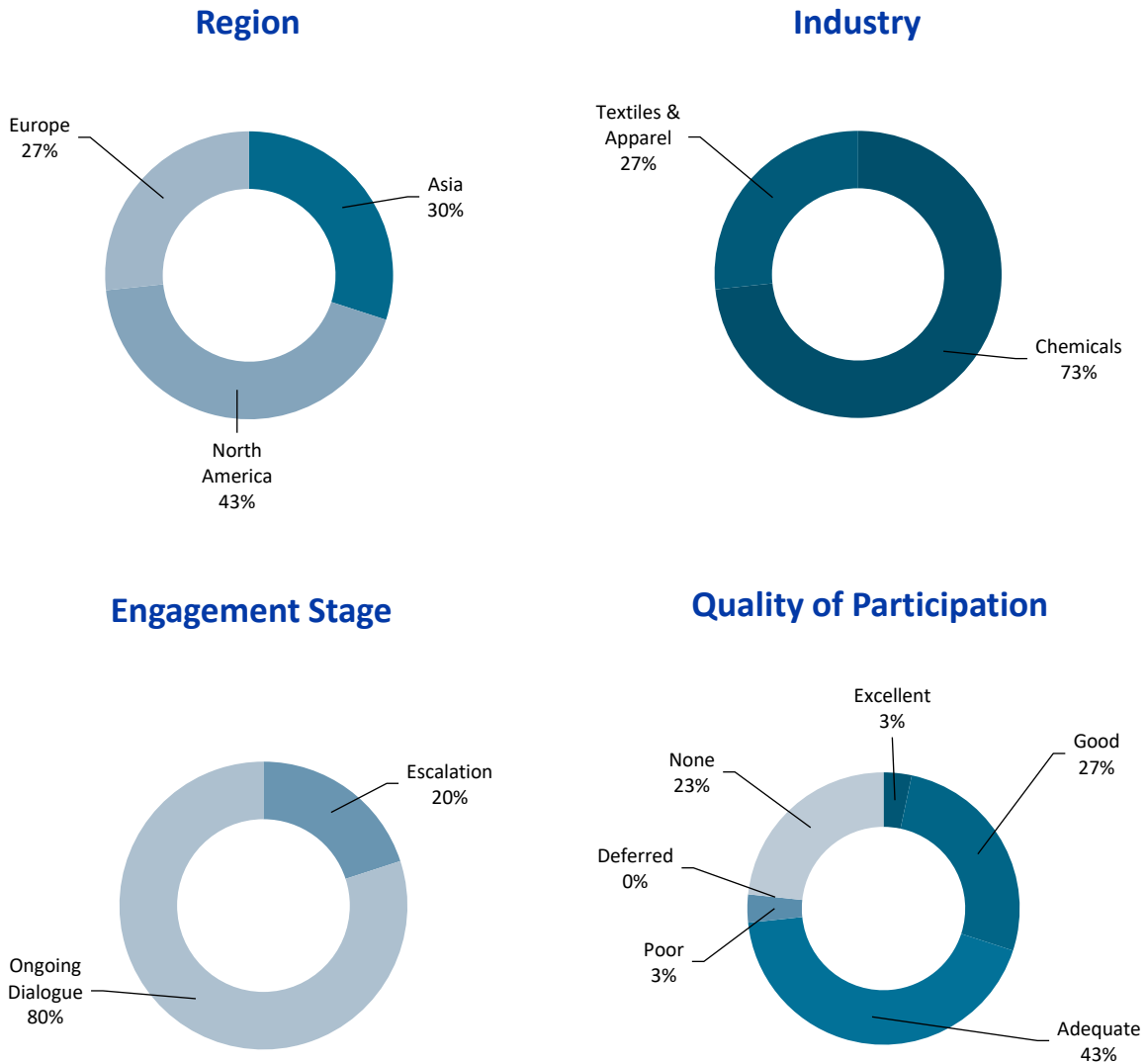
CHEMICALS	TEXTILES & APPAREL
1. Management of water consumption	1. Water management strategy
<ul style="list-style-type: none"> Freshwater use inventories Identification of activities in regions with high levels of water stress 	<ul style="list-style-type: none"> Freshwater use inventories Identification of activities in regions with high levels of water stress Water management at outsourced production sites
2. Management of wastewater	2. Reduction of pollution
<ul style="list-style-type: none"> Wastewater management 	<ul style="list-style-type: none"> Wastewater management Strategy to reduce substances of concern in production processes and at outsourced production sites
3. Disclosure of water use reduction targets	
<ul style="list-style-type: none"> Freshwater use reduction targets and action plan 	



Q4 2023 ENGAGEMENT STATISTICS

The following statistics provide an overview of the geographic and industry distribution of the Water Thematic Engagement target companies, as well as engagement stage and quality of participation as of the end of Q4 2023.

Summary charts, as of 31 December 2023.



NOTE: "Industry" refers to ISS ESG Corporate Rating Industry. **Engagement Stage** definition: **Initiation:** An engagement letter is sent to the relevant company representatives. **Reminder:** Reminder letters are sent to unresponsive companies. **Escalation:** In case of non-response, enquiries are escalated to a higher level of seniority within the company. **Ongoing dialogue:** The company is entering into a dialogue with the investors through ISS ESG and is providing answers to the questions raised or providing further information. **Quality of Participation** definition: **Excellent:** The company has replied and substantially addressed all elements of the questions. **Good:** The company has replied and addressed most elements of the questions. **Adequate:** The company has replied, but only partially addressed the questions posed. **Poor:** The company has replied but not addressed the questions posed. **Deferred:** The company has replied, acknowledging the enquiry, but requested more time to respond, transferred the responsibility to another function in the company, and/or agreed to schedule a meeting in which it will provide more information. **None:** The company has not replied. Due to rounding, totals might not add up to 100%.

ENGAGEMENT SUMMARY TABLE

The initiation letter was sent to the target companies on 15 September 2022 (Q3 2022). This table lists the number of interactions that took place during Q4 2023, as well as the engagement stage as per 31 December 2023. Note that in Q1 2023, ISS ESG started recording friendly reminders sent to companies.

ISSUER NAME	DOMICILE	ISS ESG CORPORATE RATING INDUSTRY	ENGAGEMENT STAGE	NUMBER OF OUTBOUND INTERACTIONS	NUMBER OF INBOUND INTERACTIONS	TOTAL NUMBER OF INTERACTIONS
Air Liquide SA	France	Chemicals	Ongoing dialogue	0	0	0
Air Products and Chemicals, Inc.	USA	Chemicals	Ongoing dialogue	4	2	6
Akzo Nobel NV	Netherlands	Chemicals	Ongoing dialogue	0	0	0
ANTA Sports Products Ltd.	Cayman Islands	Textiles & Apparel	Escalation	1	0	1
Asian Paints Ltd.	India	Chemicals	Ongoing dialogue	0	0	0
Celanese Corporation	USA	Chemicals	Ongoing dialogue	2	1	3
Cintas Corporation	USA	Textiles & Apparel	Ongoing dialogue	0	0	0
Corteva, Inc.	USA	Chemicals	Ongoing dialogue	3	2	5
Dow, Inc.	USA	Chemicals	Ongoing dialogue	0	0	0
DuPont de Nemours, Inc.	USA	Chemicals	Ongoing dialogue	3	1	4
EMS-Chemie Holding AG	Switzerland	Chemicals	Ongoing dialogue	0	0	0



Ganfeng Lithium Co., Ltd.	China	Chemicals	Escalation	1	0	1
Givaudan SA	Switzerland	Chemicals	Ongoing dialogue	2	1	3
Industries of Qatar Co.	Qatar	Chemicals	Ongoing dialogue	0	0	0
Kering SA	France	Textiles & Apparel	Ongoing dialogue	1	1	2
LG Chem Ltd.	South Korea	Chemicals	Ongoing dialogue	4	3	7
LyondellBasell Industries NV	Netherlands	Chemicals	Ongoing dialogue	3	1	4
Moncler SpA	Italy	Textiles & Apparel	Ongoing dialogue	0	0	0
Nutrien Ltd.	Canada	Chemicals	Ongoing dialogue	2	1	3
PETRONAS Chemicals Group Bhd.	Malaysia	Chemicals	Ongoing dialogue	0	0	0
Prada SpA	Italy	Textiles & Apparel	Ongoing dialogue	2	0	2
RPM International Inc.	USA	Chemicals	Ongoing dialogue	1	1	2
Saudi Basic Industries Corp.	Saudi Arabia	Chemicals	Escalation	1	0	1
Shenzhou International Group Holdings Ltd.	Cayman Islands	Textiles & Apparel	Escalation	1	0	1
Skechers U.S.A., Inc.	USA	Textiles & Apparel	Ongoing dialogue	0	0	0
The Sherwin-Williams Company	USA	Chemicals	Ongoing dialogue	0	0	0



Tianqi Lithium Corp.	China	Chemicals	Ongoing dialogue	0	0	0
Titan Company Limited	India	Textiles & Apparel	Escalation	1	0	1
Wanhua Chemical Group Co., Ltd.	China	Chemicals	Escalation	1	0	1
Westlake Corp.	USA	Chemicals	Ongoing dialogue	3	0	3

NOTE: For definitions, see p.7.



COMPANY RESPONSES RECEIVED IN Q4 2023

During Q4 2023 ISS ESG received responses from 10 of the 30 companies. The tables below provide further information on each dialogue.

CHEMICALS

Air Products and Chemicals, Inc.		ISIN US0091581068	DOMICILE USA
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Friendly reminder		09 October 2023	
Engagement outlook communication		30 October 2023	
Company response		06 November 2023	
Clarification enquiry		13 November 2023	
Company response		20 November 2023	
Engagement outlook communication		27 November 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As the company remained unresponsive to the follow-up enquiry sent in Q3, ISS ESG sent a friendly reminder on 9 October, and an engagement outlook communication on 30 October. The company provided a written response to the questions posed on 6 November, and a clarification enquiry was sent on 13 November. The company provided a written response on 20 November, and an engagement outlook communication was sent on 27 November. A follow-up enquiry is scheduled for Q2 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 6 November response, the company stated that it prohibits the discharges of water that exceed permit conditions or limits, discharges that create fire, explosion hazards or corrosive conditions, and discharges that may interfere with flow to the treatment facility or cause the facility to experience operational difficulties. The company stated that it is required to report on effluent parameters such as chemical oxygen demand (COD) and biochemical oxygen demand (BOD) at selected facilities included in our annual water inventory. The company explained that testing is completed using routine (typically quarterly) water sampling, the frequency of which is determined based on discharge requirements. The company stated that the water discharged from its air separation units is predominantly from cooling towers, and has low levels of COD and BOD. It also noted that its hydrogen, carbon monoxide and syngas operations can generate higher COD wastewater streams that are transferred to nearby regulated facilities where COD is treated. The company noted that the majority of its water discharges are to third-party destinations, including municipalities/utilities and customers, and noted that these do not require</p>			



pretreatment, and that other discharges typically have permit limits that can be met without tertiary, secondary or primary pretreatment. The company also stated that it has worked with its suppliers to optimise cooling tower cycles, thus reducing the amount of water used for flushing as well as the amount of water required to replace the flushed water. The company also noted that in water-scare areas it has used recycled or grey water in its facilities, or converted to cooling with air to reduce the amount of water required. On 20 November, in response to the clarification enquiry, the company stated that it is evaluating additional disclosures relating to its wastewater monitoring and treatment.

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 wastewater management processes.

Celanese Corporation		ISIN US1508701034	DOMICILE USA
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Closed		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Reminder to Investor Relations		04 December 2023	
Company response		12 December 2023	
Engagement closure communication		19 December 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
As the company remained unresponsive to ISS ESG’s previous outreach, ISS ESG sent a reminder to the company on 4 December. The company responded on 12 December, and an engagement closure communication was sent on 19 December.			
QUARTERLY SUMMARY OF OBSERVATIONS			
In its 12 December response, the company stated that its 2023 CDP water submission is public and addresses its corporate water risks, water target and metrics, external assurance, and other information. The company also highlighted page 21 of its 2022-23 Sustainability Report which highlights its progress. The company stated that whilst it appreciates the opportunity to participate in the engagement dialogue, it respectfully declines at this time.			



Corteva, Inc.		ISIN US22052L1044	DOMICILE USA
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		26 October 2023	
Company response		26 October 2023	
Friendly reminder		23 November 2023	
Company response		05 December 2023	
Clarification enquiry		17 December 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 26 October. The company responded on the same day, acknowledging the investor enquiry and communicating its willingness to participate in an engagement meeting. On 23 November, ISS ESG sent a friendly reminder which the company responded to on 5 December. On 17 December, ISS ESG sent a clarification enquiry.</p>			
<p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 5 December response, the company explained that 100% of its standard effluents are regularly measured and monitored, and noted that water discharge quality is monitored using standard parameters to ensure compliance with environmental regulations and to prevent pollution. The company stated that this practice is based on the definition provided by the Environmental Protection Agency, which sets guidelines and standards for water quality to protect human health and the environment. The company stated that all tertiary treatment is recorded, but that a global number is not compiled due to wastewater being mixed with water from other companies at the wastewater treatment facilities, where Corteva does not have operational control over tertiary treatment. The company stated that not all wastewater treatment plants use tertiary treatment, and that primary and secondary treatments are often sufficient for many purposes. The company noted that those that do use tertiary treatment achieve more stringent levels of cleanliness to meet the exacting standards that govern water reuse, especially in public water supplies. The company also highlighted that some of its sites treat water using reverse osmosis, ultrafiltration or dissolved air flotation systems prior to reusing or discharging water. The company explained that secondary treatment applies additional biological processes such as aeration and activated sludge treatment prior to discharge, and that both aerobic and anaerobic biological treatments are used to further remove the biodegradable pollutants to meet the regulatory or third-party wastewater treatment effluent limits prior to discharge. Regarding wastewater reduction targets, the company stated that it has discussed setting targets, but that it believes setting targets at this time would not be appropriate due to its continuing work to evaluate the future production footprint of the company in line with its recent announcement to optimise its Crop Protection network. The company highlighted several examples of where it continues to prioritise water efficiency, and where this has led to water reductions. For example, the company stated that its seed production and R&D operations that are closer to the supply chain of growers engage with regions of the world where water risk may be a significant concern.</p>			



The company stated that it is committed to helping farmers in water stressed regions become more resilient, and noted that this is where its Sustainable Innovation goal's product-specific criteria for water use and water quality come into play, presenting substantial opportunities to enhance water security on a global scale. The company also highlighted that as of 2023 it has made substantial progress on this goal, with approximately 80% of its new crop protection products are designed to meet criteria that enhance water quality and minimise groundwater risk, surpassing existing baseline benchmarks. The company also stated that 100% of new seed products in its pipeline are crafted to exceed existing standards in water use efficiency. In addition, its efforts in Uttar Pradesh, in the Ganges river basin in India also exemplify the effectiveness of its strategy. Through the Enhancing Landscape Level Sustainability for Rice Production project, the company has introduced the Direct Seeded Rice technique, which has reduced water usage by approximately 40% using this agronomic practice. The company stated that this project not only conserves water but also promotes better soil health and reduces greenhouse gas emissions. The company also highlighted its Savli R&D facility in India, where, it explained, water-saving measures have resulted in significant benefits to the community. The company stated that by saving 4.7 times more water than it consumes, it has positively impacted over 4,000 people in two villages, and approximately 12,000 people in surrounding areas through rainwater harvesting initiatives. The company also highlighted its AQUAmax[®] technology, which uses specialised seed coatings and genetic traits to enable crops to develop deeper roots and better withstand periods of water stress, leading to increased yields and reduced water usage per unit of production.

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 wastewater management processes and freshwater use reduction targets and related action plans.



DuPont de Nemours, Inc.		ISIN US26614N1028	DOMICILE USA
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		08 November 2023	
Friendly reminder		04 December 2023	
Company response		14 December 2023	
Clarification enquiry		17 December 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 8 November. On 4 December, ISS ESG sent a friendly reminder, and the company provided a written response to the questions posed on 14 December. On 17 December, ISS ESG sent a clarification enquiry.</p>			
<p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 14 December response, the company explained that its approach to water management continues to evolve, but that it remains similar to previous discussions. The company stated that it believes the greatest impact on water can be made through its customers, and highlighted a range of technologies and products which improve water stewardship. For example, the company stated that its water technologies help purify over 50 million gallons of water every minute in installations worldwide, which, it explained, is 1,000 times the water withdrawn at its sites, and 10,000 times the water consumption at its sites. In addition, the company explained that it has launched a series of new products that focus on the intersection of water purification and energy reduction and other attributes. The company shared that these products are highlighted in its sustainability report, and that such efforts have improved drinking water access and quality for more than nine million people since 2019 by working with municipal customers on critical water treatment expansions and upgrades. Regarding its own water management, the company stated that less than 3% of its water use is concentrated at five sites in high risk watersheds, and that approximately 80% of the company’s water consumption comes from 12 sites, with a significant portion coming from a single larger scale site. The company stated that the vast majority of its sites have minimal water management issues as regards consumption and the management of wastewater. The company shared that its sites utilise water for cooling purposes, and at the time of construction, it was understood that availability of water was important, thus most were built adjacent to rivers. The company also explained that water is used primarily to cool the processes at the sites with limited evaporated cooling, and noted that while capital investment to introduce more evaporative cooling could reduce the water withdrawal, it does not believe that this would impact water availability or risk in these areas of ample water supply. The company shared that its water management strategy is focused on taking a risk-based approach at its sites, and highlighted that it is working to implement holistic water stewardship strategies at the few sites in high-risk watersheds and higher consumption sites by 2030. The company iterated that its approach incorporates the Alliance for Water Stewardship principles into local</p>			



management processes. Regarding the management of hazardous waste, the company shared that it has reported various metrics around its management approach and specific volumes in its sustainability report, and explained that it uses a variety of methods for waste disposal, following regulation as applicable at each location.

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 wastewater management processes and freshwater use reduction targets and related action plans.

Givaudan SA		ISIN CH0010645932	DOMICILE Switzerland
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		07 November 2023	
Friendly reminder		04 December 2023	
Company response		12 December 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 7 November. On 4 December, ISS ESG sent a friendly reminder. The company responded on 12 December, communicating its willingness to participate in an engagement meeting, scheduled for Q1 2024.			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



LG Chem Ltd.		ISIN KR7051910008	DOMICILE South Korea
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		24 October 2023	
Friendly reminder		21 November 2023	
Company response		22 November 2023	
Clarification enquiry		29 November 2023	
Company response		30 November 2023	
Engagement outlook communication		04 December 2023	
Company response		05 December 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As a follow-up to the previous interactions, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 24 October. On 21 November, ISS ESG sent a friendly reminder. The company provided a written response to the questions posed on 22 November, and a clarification enquiry was sent on 29 November. The company provided a written response to the questions posed on 30 November, and an engagement outlook communication was sent on 4 December, which the company responded to on 5 December. A follow-up enquiry is scheduled for Q2 2024.</p>			
<p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 22 November response, the company explained that it doesn't have updated information regarding its reverse osmosis (RO) membrane system, but that it focuses on selling RO filter products to customers in the Middle East and Asia for sweeter desalination or industrial purposes to improve water quality. Regarding water use reduction targets, the company stated that it doesn't yet have any specific details, and that its current priority is to reduce its scope 1 & 2 carbon emissions. The company stated that it complies with relevant local laws and regulation for all workplaces. In its 30 November response to the clarification enquiry, the company shared a copy of its 2022 Sustainability Report. In its 5 December response, the company noted that it would be happy to share updated details if it decides on any concrete plans related to water.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on outstanding points such as the public disclosure of wastewater management processes and freshwater use reduction targets and action plans.</p>			



LyondellBasell Industries NV		ISIN NL0009434992	DOMICILE Netherlands
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		06 October 2023	
Company response		09 October 2023	
Friendly reminder		24 October 2023	
Engagement outlook communication		14 November 2023	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 6 October. The company responded on 9 October, communicating its willingness to participate in an engagement meeting. On 24 October, ISS ESG sent a friendly reminder, followed by an engagement outlook communication on 14 November. A follow-up enquiry is scheduled for Q2 2024.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



Nutrien Ltd.		ISIN CA67077M1086	DOMICILE Canada
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		27 November 2023	
Company response		01 December 2023	
Engagement outlook communication		07 December 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 27 November. The company provided a written response to the questions posed on 1 December, and an engagement outlook communication was sent on 7 December. A follow-up enquiry is scheduled for Q2 2024.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 1 December response, the company stated that it does not have any plans to expand its target beyond higher-risk and higher-use facilities, and explained that it is undertaking a TNFD risk assessment to better understand how water could be influenced by its operation. The company also shared that it intends to provide more clarity and a progress update on its water target in its upcoming Sustainability Report, due to be published in March 2024.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on outstanding points such as the public disclosure of freshwater use reduction targets and relation action plans.</p>			



RPM International Inc.		ISIN US7496851038	DOMICILE USA
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Follow-up enquiry		23 October 2023	
Company response		17 November 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>As a follow-up to the previous interactions with the company, ISS ESG sent a follow-up enquiry to request an update on the progress of the engagement objectives on 23 October. The company responded on 17 November, communicating its willingness to participate in an engagement meeting which is scheduled for Q1 2024.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>N/A</p>			



TEXTILES & APPAREL

Kering SA		ISIN FR0000121485	DOMICILE France
SDG ALIGNMENT SDG 6: Clean Water and Sanitation		SFDR PAI ALIGNMENT PAI 8: Emissions to Water	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Engagement meeting		07 November 2023	
Engagement outlook communication		30 November 2023	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>After the company confirmed in Q3 its willingness to provide an update on the progress of the engagement objectives, an engagement meeting took place on 7 November. An engagement outlook communication was sent on 30 November, and a follow-up enquiry is scheduled for Q2 2024.</p>			
<p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In the 7 November engagement call, the company shared an overview of its water use reduction target, and provided additional context on its involvement in the Science Based Targets Network (SBTN) pilot programme, in addition to details on its future plans regarding water targets and increased disclosures. The company stated that its Environmental Profit & Loss (EP&L) target was achieved in 2021, and explained that in response to investor expectations, it has decided to set targets for the key areas under the EP&L target, including targets for climate, biodiversity, water, and circularity. The company explained that through the SBTN pilot, it is one of 17 companies globally to establish land use and water targets, and noted that it is assessing its entire group, covering all brands, activities and commodities for targets. The company acknowledged some of the challenges that have come out of its SBTN work, including the vastness of the data involved in setting science based targets for nature, both from its own operations and its supply chain. Regarding biodiversity impacts, the company explained that most of its impacts lie at the raw material level within the supply chain. The company stated that in addition to its existing water use reduction target, related to seven tanneries, a group-wider water target will likely be defined in the course of 2024, and that its 2023 Universal Registration Document disclosure would contain further details on its plans. Additionally, the company explained its involvement with the Zero Discharge of Hazardous Chemicals programme, in which the company has reached the progressive level, and set expectations of strategic suppliers to achieve the same.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on outstanding points such as the public disclosure of freshwater use reduction targets and relation action plans.</p>			



CLOSED ENGAGEMENTS

The following engagement conducted on behalf of participating investors was closed during Q4 2023. The table below provides further information on the engagement closure.

Celanese Corporation	ISIN US1508701034	DOMICILE USA
<p>ENGAGEMENT STATUS 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 improved on objective 1, in relation to public disclosures of freshwater use inventories and the identification of activities taking place in regions with high levels of water stress; and on objective 2, in relation to wastewater management processes. As the company remained unresponsive to ISS ESG’s previous outreach, ISS ESG requested a response from the company, suggesting an engagement meeting to present investors with the company’s progress against the engagement objectives. The company declined the opportunity for dialogue on 4 December. Therefore, ISS ESG has closed the engagement.</p>		



**We empower investors and companies to build
for long-term and sustainable growth by providing
high-quality data, analytics, and insight.**

SUCCEED WITH ISS ESG SOLUTIONS

Email sales@iss-esg.com or visit iss-esg.com for more information.

ISS ESG is the responsible investment arm of Institutional Shareholder Services Inc., the world's leading provider of environmental, social, and governance solutions for asset owners, asset managers, hedge funds, and asset servicing providers. With more than 30 years of corporate governance expertise and 25 years of providing in-depth responsible investment research and analytics, ISS ESG has the unique understanding of the requirements of institutional investors. With its comprehensive offering of solutions, ISS ESG enables investors to develop and integrate responsible investing policies and practices, engage on responsible investment issues, and monitor portfolio company practices through screening solutions. It also provides climate data, analytics, and advisory services to help financial market participants understand, measure, and act on climate-related risks across all asset classes. In addition, ISS ESG delivers corporate and country ESG research and ratings enabling its clients to identify material social and environmental risks and opportunities.

This document and all of the information contained in it is the property of Institutional Shareholder Services Inc. ("ISS") or its subsidiaries. Subscribing clients participating in the Thematic Engagement covered by this document may reproduce and/or distribute the report without further permission from ISS. Others may not reproduce or disseminate this document in whole or in part without the prior written permission of ISS. ISS MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION.

© 2024 | Institutional Shareholder Services and/or its affiliates