



NORM-BASED ENGAGEMENT

Q2 2023 Progress Report Summary version

July 2023

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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 Q2 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 Q2 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

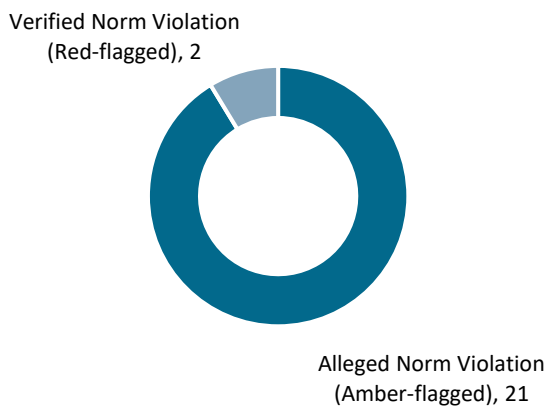
At the outset of each engagement, clear and actionable goals are defined within four key categories: disclosure, implementation, remediation and termination. Information provided by the company through the course of the engagement dialogue is assessed against the goals. ISS ESG also assesses the company's 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 Q2 2023

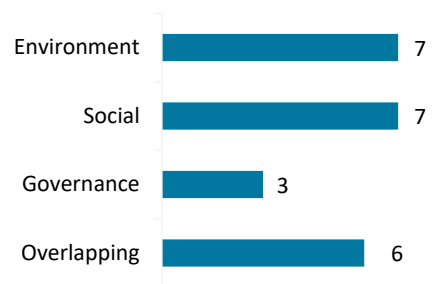
In Q2 2023, ISS ESG initiated Norm-Based Engagement on behalf of signatory investors with 23 companies, covering 35 individual ESG topics. Of these 23 companies, two were Red flagged and the remainder Amber flagged, according to ISS ESG’s Norm-Based Research methodology. By 30 June 2023, ISS ESG had received responses from 13 of the 23 companies to which investor enquiries had been sent on 18 April 2023. This constitutes an overall response rate of 57%. The statistics presented below are based on the companies with which engagement was initiated in Q2 2023.

Summary charts of engagements initiated between 1 April 2023 and 30 June 2023:

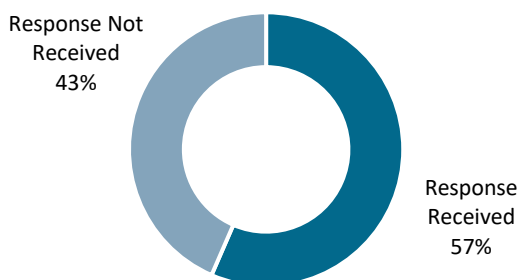
Verified or Alleged Failure to Respect Established Norms



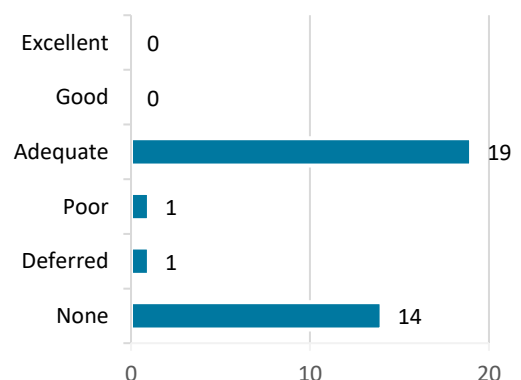
ESG Area Breakdown



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 Q2

The following table provides an overview of companies with which ISS ESG initiated engagement dialogue in Q2 2023.

ISSUER	ISIN	ESG AREA BREAKDOWN
ABB Ltd.	CH0012221716	Corruption
Alibaba Group Holding Limited	KYG017191142	Corruption
AltaGas Ltd.	CA0213611001	Environment
Baidu, Inc.	KYG070341048	Corruption
Bunge Limited	BMG169621056	Environment
CK Power Public Company Limited	TH4536010Z09	Overlapping (Environment, Human rights)
Compass Group Plc	GB00BD6K4575	Labour rights
Consolidated Edison, Inc.	US2091151041	Environment
Ecopetrol SA	COC04PA00016	Overlapping (Environment, Labour rights)
Edison SpA	IT0003372205	Environment
Equitrans Midstream Corporation	US2946001011	Environment
Experian Plc	GB00B19NLV48	Human rights
Global Power Synergy Public Company Limited	TH6488010005	Overlapping (Environment, Human rights)
Indofood Agri Resources Ltd.	SG1U47933908	Labour rights
Metallurgical Corporation of China Ltd.	CNE100000FF3	Environment
Oil & Natural Gas Corp. Ltd.	INE213A01029	Overlapping (Environment, Human rights)
Philip Morris International Inc.	US7181721090	Labour rights
POSCO Holdings Inc.	KR7005490008	Overlapping (Environment, Human rights, Labour rights)
POSCO INTERNATIONAL Corp.	KR7047050000	Overlapping (Environment, Human rights, Labour rights)
PT Indofood Sukses Makmur Tbk	ID1000057003	Labour rights
PT Perusahaan Perkebunan London Sumatra Indonesia Tbk	ID1000118409	Labour rights
PT Salim Ivomas Pratama Tbk	ID1000119100	Labour rights
RGC Resources, Inc.	US74955L1035	Environment

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