

**NORM-BASED
ENGAGEMENT**

Q1 2024 Progress Report
Summary version

April 2024

TABLE OF CONTENTS

INTRODUCTION.....	3
ISS ESG NORM-BASED ENGAGEMENT APPROACH	4
ENGAGEMENT SCOPE	4
ENGAGEMENT PROCESS	4
ENGAGEMENT OUTCOMES.....	4
STATISTICS FOR ENGAGEMENT INITIATED IN Q1 2024	5
ENGAGEMENTS INITIATED IN Q1.....	6

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 Q1 2024.

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 Q1 2024 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

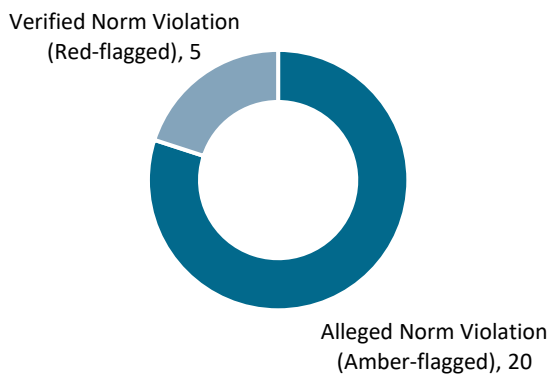
At the outset of each engagement, clear and actionable goals are defined within four key categories: disclosure, implementation, remediation and termination. Information provided by the company through the course of the engagement dialogue is assessed against the goals. ISS ESG also assesses the company's 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 Q1 2024

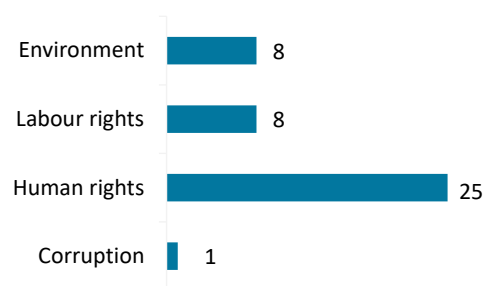
In Q1 2024, ISS ESG initiated Norm-Based Engagement on behalf of signatory investors with 25 companies, covering 42 individual ESG topics. Of these 25 companies, five were Red flagged and the remainder Amber flagged, according to ISS ESG’s Norm-Based Research methodology. By 31 March 2024, ISS ESG had received responses from 9 of the 25 companies to which investor enquiries had been sent on 16 February 2024. This constitutes an overall response rate of 32%. The statistics presented below are based on the companies with which engagement was initiated in Q1 2024.

Summary charts of engagements initiated between 1 January 2024 and 31 March 2024:

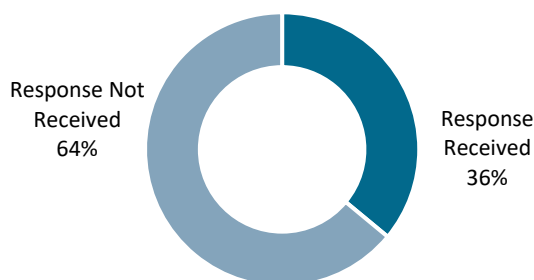
Verified or Alleged Failure to Respect Established Norms



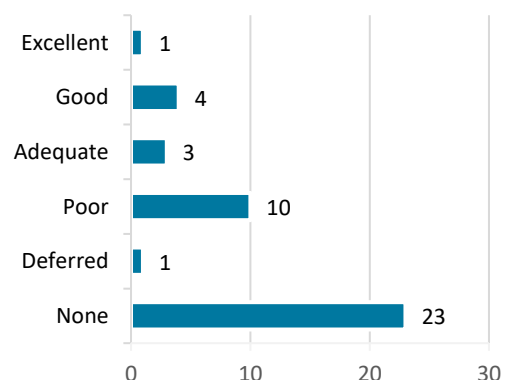
Norm Area Breakdown



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 Q1

The following table provides an overview of companies with which ISS ESG initiated engagement dialogue in Q1 2024.

ISSUER	ISIN	NORM AREA BREAKDOWN
Adani Enterprises Limited	INE423A01024	Environment, Human rights
Bharat Heavy Electricals Limited	INE257A01026	Environment
Bollore SE	FR0000039299	Human rights, Labour rights
Compagnie de l'Odet SE	FR0000062234	Human rights, Labour rights
Daqo New Energy Corp.	US23703Q2030	Labour rights
ENGIE SA	FR0010208488	Environment, Human rights
Freeport-McMoRan, Inc.	US35671D8570	Environment, Human rights
Hawaiian Electric Industries, Inc.	US4198701009	Human rights
Imperial Metals Corporation	CA4528921022	Human rights
Jardine Cycle & Carriage Limited	SG1B51001017	Human rights
Jardine Matheson Holdings Ltd.	BMG507361001	Human rights
JinkoSolar Holding Co., Ltd.	US47759T1007	Labour rights
Lyft, Inc.	US55087P1049	Labour rights
Marubeni Corp.	JP3877600001	Human rights
Meituan	KYG596691041	Corruption
Mitsubishi Corp.	JP3898400001	Environment, Human rights
Mitsui & Co., Ltd.	JP3893600001	Environment, Human rights
NTPC Limited	INE733E01010	Environment
PT Astra Agro Lestari Tbk	ID1000066004	Human rights
PT Astra International Tbk	ID1000122807	Human rights
Red Rock Resorts, Inc.	US75700L1089	Labour rights
SK, Inc.	KR7034730002	Human rights
Socfinaf SA	LU0056569402	Human rights, Labour rights
Sumitomo Chemical Co., Ltd.	JP3401400001	Environment
Sumitomo Corp.	JP3404600003	Labour rights

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