



NORM-BASED ENGAGEMENT



Q3 2023 Progress Report
Summary version

October 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 Q3 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 Q3 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.

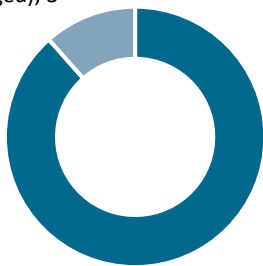
STATISTICS FOR ENGAGEMENT INITIATED IN Q3 2023

In Q3 2023, ISS ESG initiated Norm-Based Engagement on behalf of signatory investors with 26 companies, covering 38 individual ESG topics. Of these 26 companies, three were Red flagged and the remainder Amber flagged, according to ISS ESG’s Norm-Based Research methodology. By 30 September 2023, ISS ESG had received responses from 6 of the 26 companies to which investor enquiries had been sent on 17 July 2023. This constitutes an overall response rate of 23%. The statistics presented below are based on the companies with which engagement was initiated in Q3 2023.

Summary charts of engagements initiated between 1 July 2023 and 30 September 2023:

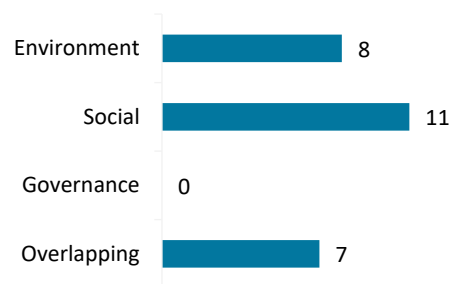
Verified or Alleged Failure to Respect Established Norms

Verified Norm Violation
(Red-flagged), 3

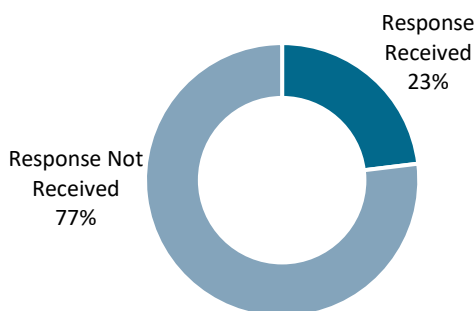


Alleged Norm Violation
(Amber-flagged), 23

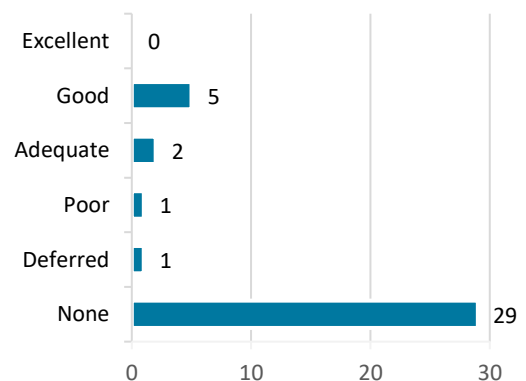
ESG Area Breakdown



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 Q3

The following table provides an overview of companies with which ISS ESG initiated engagement dialogue in Q3 2023.

ISSUER	ISIN	ESG AREA BREAKDOWN
Alamos Gold, Inc.	CA0115321089	Environment
Amgen Inc.	US0311621009	Human rights
Anglogold Ashanti Plc	GB00BRXH2664	Human rights
Apple Inc.	US0378331005	Labour rights
Centrais Eletricas Brasileiras SA	BRELETACNPB7	Overlapping (Environment, Human rights)
China Railway Construction Corporation Limited	CNE100000981	Human rights
CNOOC Limited	HK0883013259	Overlapping (Environment, Human rights)
Companhia de Saneamento do Parana	BRSAPRACNPR6	Environment
Companhia Energetica de Minas Gerais SA	BRCMIGACNPR3	Overlapping (Environment, Human rights)
Companhia Siderurgica Nacional	BRCNAACNOR6	Environment
GCL Technology Holdings Limited	KYG3774X1088	Labour rights
Hoshine Silicon Industry Co., Ltd.	CNE100002V10	Labour rights
Iberdrola SA	ES0144580Y14	Overlapping (Environment, Human rights)
McDonald's Corporation	US5801351017	Labour rights
Mercedes-Benz Group AG	DE0007100000	Environment
Neoenergia SA	BRNEOEACNOR3	Overlapping (Environment, Human rights)
Norfolk Southern Corporation	US6558441084	Environment
Petroleo Brasileiro SA	BRPETRACNPR6	Environment
Power Construction Corporation of China, Ltd.	CNE1000017G1	Overlapping (Environment, Human rights)
Southern Copper Corporation	US84265V1052	Overlapping (Environment, Human rights)
Starbucks Corporation	US8552441094	Labour rights
Teck Resources Limited	CA8787422044	Environment
The Chemours Company	US1638511089	Environment
UBS Group AG	CH0244767585	Human rights

Xiamen CD Inc.	CNE000000WL7	Human rights
Xinjiang Zhongtai Chemical Co., Ltd.	CNE000001PP0	Labour rights

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