



NORM-BASED ENGAGEMENT

Q3 2024 Progress Report Summary version

October 2024

TABLE OF CONTENTS

INTRODUCTION.....	3
ISS ESG NORM-BASED ENGAGEMENT APPROACH	4
ENGAGEMENT SCOPE	4
ENGAGEMENT PROCESS	4
ENGAGEMENT OUTCOMES.....	5
STATISTICS FOR ENGAGEMENT INITIATED IN Q3 2024	6
ENGAGEMENTS INITIATED IN Q3 2024.....	7

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 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 Q3 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.

UN GLOBAL COMPACT PRINCIPLES	NORM AREA	TOPIC EXAMPLES
1-2	 Human Rights	Human rights due diligence Indigenous rights / Stakeholder consultation
3-6	 Labour Rights	Workplace health and safety Union rights
7-9	 Environment	Pollution (Air, Water, and Soil) Environmental impacts
10	 Anti-Corruption	Bribery Anti-competitive behaviour

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 efforts have 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.

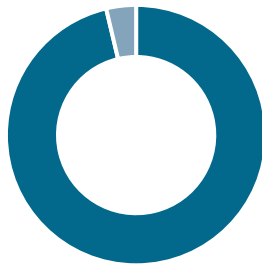
STATISTICS FOR ENGAGEMENT INITIATED IN Q3 2024

In Q3 2024, ISS ESG initiated Norm-Based Engagement on behalf of signatory investors with 27 companies, covering 39 individual ESG topics. Of these 27 companies, one was Red flagged and the remainder Amber flagged, according to ISS ESG’s Norm-Based Research methodology. By 30 September 2024, ISS ESG had received responses from 10 of the 27 companies to which investor enquiries had been sent on 16 July 2024. This constitutes an overall response rate of 37%. The statistics presented below are based on the companies with which engagement was initiated in Q3 2024.

Summary charts of engagements initiated between 1 July 2024 and 30 September 2024:

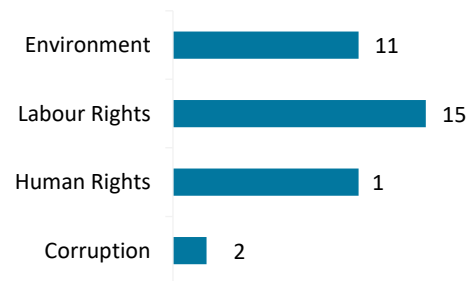
Verified or Alleged Failure to Respect Established Norms

Verified Norm Violation
(Red-flagged), 1



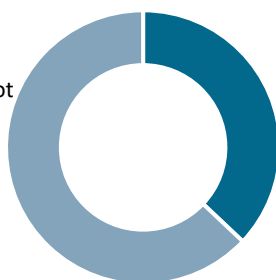
Alleged Norm Violation
(Amber-flagged), 26

Norm Area Breakdown



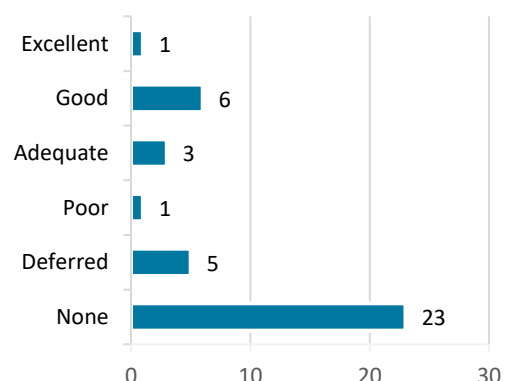
Response Rate

Response Not
Received
63%



Response
Received
37%

Quality of Participation



NOTE: 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 did not address the questions posed. **Deferred:** The company has replied, acknowledging the enquiry, but has requested more time to respond and/or transferred the responsibility to another function in the company. **None:** The company has not replied.

ENGAGEMENTS INITIATED IN Q3 2024

The following table provides an overview of companies with which ISS ESG initiated engagement dialogue in Q3 2024.

ISSUER	ISIN	NORM AREA BREAKDOWN
Aker Solutions ASA	NO0010716582	Environment
AntarChile SA	CLP0362E1386	Human rights
Barrick Gold Corporation	CA0679011084	Environment, Human rights
Blackrock Finance, Inc.	US09290D1019	Human rights
China Yangtze Power Co., Ltd.	CNE000001G87	Environment
Empresas Copec SA	CLP7847L1080	Human rights
ENEOS Holdings, Inc.	JP3386450005	Environment
EXOR NV	NL0012059018	Corruption
Grupo Mexico S.A.B. de C.V.	MXP370841019	Environment, Human rights
Hankook & Company Co., Ltd.	KR7000240002	Labour rights
HANKOOK TIRE & TECHNOLOGY Co., Ltd.	KR7161390000	Labour rights
HD HYUNDAI Co., Ltd.	KR7267250009	Labour rights
HD Hyundai Heavy Industries Co., Ltd.	KR7329180004	Labour rights
HD Korea Shipbuilding & Offshore Engineering Co., Ltd.	KR7009540006	Labour rights
Hugo Boss AG	DE000A1PHFF7	Labour rights
Iflytek Co., Ltd.	CNE100000B81	Human rights
JBS SA	BRJBSSACNOR8	Environment, Labour rights
Juventus Football Club SpA	IT0005572778	Corruption
Levi Strauss & Co.	US52736R1023	Labour rights
LG Electronics, Inc.	KR7066570003	Labour rights
Microsoft Corporation	US5949181045	Labour rights
PVH Corp.	US6936561009	Labour rights
Robinhood Markets, Inc.	US7707001027	Human rights
Stellantis NV	NL00150001Q9	Environment
The AES Corporation	US00130H1059	Environment, Human rights

Uber Technologies, Inc.	US90353T1007	Human rights, Labour rights
Wilmar International Limited	SG1T56930848	Environment

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