



NORM-BASED ENGAGEMENT

Q2 2024 Progress Report Summary version

July 2024

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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 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 Q2 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 AREA
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 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

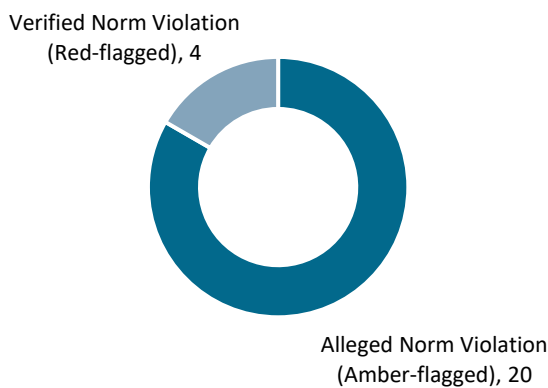
At the outset of each engagement, clear and actionable goals are defined within four key categories: disclosure, implementation, remediation and termination. Information provided by the company through the course of the engagement dialogue is assessed against the goals. ISS ESG also assesses the company's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

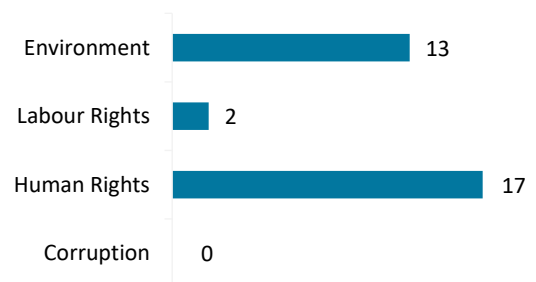
In Q2 2024, ISS ESG initiated Norm-Based Engagement on behalf of signatory investors with 24 companies, covering 32 individual ESG topics. Of these 24 companies, four were Red flagged and the remainder Amber flagged, according to ISS ESG’s Norm-Based Research methodology. By 30 June 2024, ISS ESG had received responses from 13 of the 24 companies to which investor enquiries had been sent on 16 April 2024. This constitutes an overall response rate of 54%. The statistics presented below are based on the companies with which engagement was initiated in Q2 2024.

Summary charts of engagements initiated between 1 April 2024 and 30 June 2024:

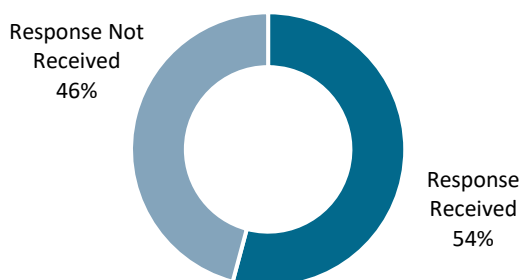
Verified or Alleged Failure to Respect Established Norms



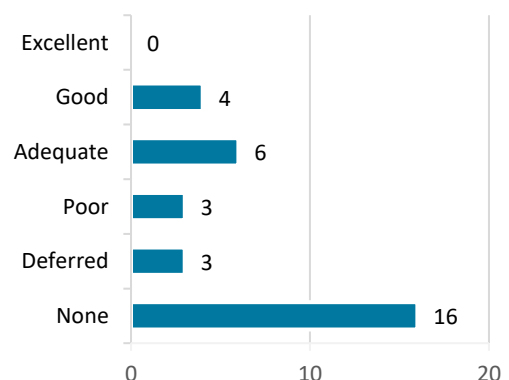
Norm Area Breakdown



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 Q2 2024

The following table provides an overview of the responsiveness to the engagements initiated in Q2 through the letters sent on 16 April 2024, as of 30 June 2024. Companies that had yet to respond to the initial engagement letters were sent reminder notifications on 17 June 2024. Continued non-response to the reminders will lead to escalation of engagement attempts to the CEO and then the Board level as described under the “Engagement Process” section earlier in this document.

ISSUER	ISIN	ESG AREA BREAKDOWN	RESPONSE RECEIVED
Acciona SA	ES0125220311	Environment, Human rights	Yes
ACS Actividades de Construccion y Servicios SA	ES0167050915	Environment, Human rights	No
Aecon Group Inc.	CA00762V1094	Environment, Human rights	Yes
AtkinsRealis Group Inc.	CA04764T1049	Environment, Human rights	No
Bank of America Corporation	US0605051046	Human rights	No
Chubu Electric Power Co., Inc.	JP3526600006	Environment	Yes
CITIC Limited	HK0267001375	Human rights	Yes
Energy Transfer LP	US29273V1008	Environment, Human rights	No
Hochtief AG	DE0006070006	Environment, Human rights	Yes
Kinross Gold Corporation	CA4969024047	Environment	Yes
Marathon Petroleum Corporation	US56585A1025	Human rights	Yes
MMG Limited	HK1208013172	Human rights	Yes
NRG Energy, Inc.	US6293775085	Environment	No
Osaka Gas Co., Ltd.	JP3180400008	Environment	Yes
Phillips 66	US7185461040	Human rights	No
Samsung C&T Corp.	KR7028260008	Environment, Human rights	No
Seatrium Ltd.	SGXE34184239	Environment	Yes
Securitas AB	SE0000163594	Human rights	No
Serco Group Plc	GB0007973794	Human rights	Yes

STRABAG SE	AT000000STR1	Human rights	Yes
TC Energy Corporation	CA87807B1076	Human rights	Yes
The Boeing Company	US0970231058	Labour rights	No
UGI Corporation	US9026811052	Human rights	No
Woodside Energy Group Ltd.	AU0000224040	Environment, Human rights	No

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