



NORM-BASED ENGAGEMENT



2023 Annual Report Summary

February 2024



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INTRODUCTION

This report presents the Norm-Based Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors during 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 clients 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 during 2023 by ISS ESG on behalf of the participating clients, this does not mean that each participating client 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.

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.

ENGAGEMENT STATISTICS

During 2023 ISS ESG conducted Norm-Based Engagement on behalf of participating investors with 130 companies, covering 193 individual ESG topics and resulting in a total of 447 interactions. The companies engaged with are domiciled across 28 different locations. For 100 of the companies, a new engagement cycle was initiated during 2023. Some 65% of the 130 companies provided responses to the investor outreach.

Charts 1-4: Summary charts of engagements conducted between 1 January 2023 and 31 December 2023

Chart 1

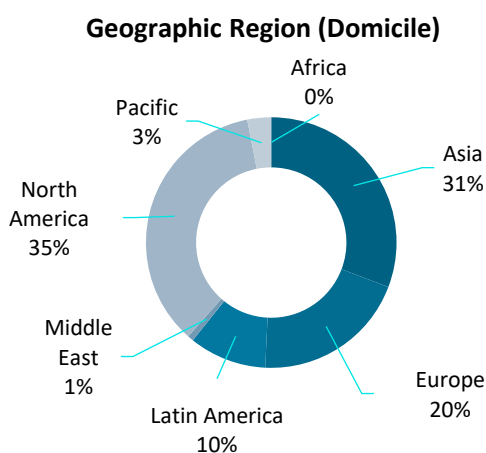


Chart 2

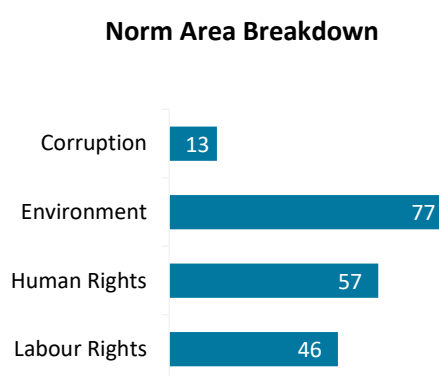


Chart 3

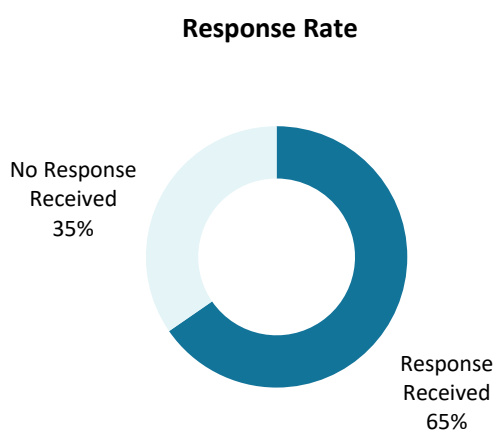
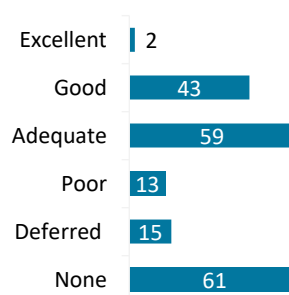


Chart 4

Quality of Participation
(as defined in footnote)



1





¹ **NOTE:** Quality of participation definitions: **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.

ENGAGEMENT THEMES

This section outlines the key themes that Norm-Based Engagement related to during 2023. In the area of human rights, the key engagement topics were indigenous rights and the right to an adequate standard of living. Union rights was the dominant labour rights theme, followed by workplace discrimination (gender and/or racial). The majority of environment-focused engagement topics were related to corporate management of incidents of pollution (air, water, and/or soil) and environmental impact. Within the area of anti-corruption, key engagement themes included bribery and anti-competitive behaviour.

The following table provides an overview of major engagement themes in 2023.

Table 1: Major engagement themes in 2023 (individual engagements may cover multiple themes)

UN GLOBAL COMPACT PRINCIPLES	NORM AREA	TOPIC AREA
1-2	 Human Rights	Indigenous rights
		Adequate standard of living
3-6	 Labour Rights	Union rights
		Workplace discrimination (gender and/or racial)
7-9	 Environment	Pollution (air, water, and/or soil)
		Environmental impact
10	 Anti-Corruption	Bribery
		Anti-competitive behaviour

COMPANIES ENGAGED WITH

This section lists all companies with which ISS ESG conducted engagement activities with on behalf of participating investors during 2023. These engagements began in 2023 or a previous year.

ABB Ltd.
Activision Blizzard, Inc.
Alamos Gold, Inc.
Albemarle Corporation
Alibaba Group Holding Limited
Alphabet Inc.
AltaGas Ltd.
Amgen Inc.
Anglogold Ashanti Plc
Apple Inc.
ArcelorMittal SA
Baidu, Inc.
Baker Hughes Company
Barrick Gold Corporation
Bayer AG
Beowulf Mining Plc
Berkshire Hathaway Inc.
BHP Group Limited
Bunge Global SA
Centrais Eletricas Brasileiras SA
Chevron Corporation
China Gas Holdings Limited
China Railway Construction Corporation Limited
CK Power Public Company Limited
CNOOC Limited
COFCO Sugar Holding Co. Ltd.
Companhia de Saneamento do Parana
Companhia Energetica de Minas Gerais SA
Companhia Siderurgica Nacional
Compass Group Plc
Consolidated Edison, Inc.
Delta Air Lines, Inc.
Deutsche Telekom AG
Ecopetrol SA
Edison SpA
Electricite de France SA
Elsewedy Electric Co.
Empresas Copec SA
Enel Americas SA
Enel SpA
Eni SpA
Equitrans Midstream Corporation
Experian Plc
Exxon Mobil Corporation
First Quantum Minerals Ltd.
Formosa Petrochemical Corp.
Fortescue Ltd.
GCL Technology Holdings Limited
G-III Apparel Group, Ltd.
Glencore Plc
Global Power Synergy Public Company Limited
Grupo Mexico S.A.B. de C.V.
Hangzhou Hikvision Digital Technology Co., Ltd.
Hino Motors, Ltd.
Hoshine Silicon Industry Co., Ltd.
Iberdrola SA
Iflytek Co., Ltd.
Imperial Oil Limited
Indofood Agri Resources Ltd.
JBS SA
Jindal Steel & Power Ltd.
Kohls Corporation
Koninklijke Philips NV
Korea Electric Power Corp.
Lands' End, Inc.
Levi Strauss & Co.
LG Chem Ltd.
Loomis AB
Lundin Mining Corporation
Marriott International, Inc.
Mattel, Inc.
McDonald's Corporation
Mercedes-Benz Group AG
Metallurgical Corporation of China Ltd.
Mitsui O.S.K. Lines, Ltd.
Neoenergia SA
Norfolk Southern Corporation
Oil & Natural Gas Corp. Ltd.
Pan American Silver Corp.
Paramount Global
Petroleo Brasileiro SA

PG&E Corporation
Philip Morris International Inc.
Porsche Automobil Holding SE
POSCO Holdings Inc.
POSCO INTERNATIONAL Corp.
Power Construction Corporation of China, Ltd.
PT Indofood Sukses Makmur Tbk
PT Perusahaan Perkebunan London Sumatra
Indonesia Tbk
PT Salim Ivomas Pratama Tbk
RATCH Group Public Company Limited
Rede D'Or Sao Luiz SA
RGC Resources, Inc.
Rio Tinto Limited
Rio Tinto Plc
Saipem SpA
Samsung Electronics Co., Ltd.
Schlumberger N.V.
Shandong Gold Mining Co., Ltd.
Sociedad Quimica y Minera de Chile SA
Southern Copper Corporation
Starbucks Corporation
Stellantis NV
Subsea 7 SA
TC Energy Corporation
Teck Resources Limited
Telefonaktiebolaget LM Ericsson
Tesla, Inc.
The Chemours Company
The Coca-Cola Company
The Kansai Electric Power Co., Inc.
The Star Entertainment Group Limited
T-Mobile US, Inc.
Tokyo Electric Power Co. Holdings, Inc.
Tokyo Gas Co., Ltd.
Toyota Motor Corp.
Tyson Foods, Inc.
Ubisoft Entertainment SA
UBS Group AG
United States Steel Corporation
Universal Health Services, Inc.
Vedanta Limited
Verizon Communications Inc.
Volcan Compania Minera S.A.A.
Walmart Inc.
Xiamen CD Inc.
Xiamen Meiya Pico Information Co., Ltd.
Xinjiang Zhongtai Chemical Co., Ltd.
Zhejiang Dahua Technology Co., Ltd.
Zijin Mining Group Co., Ltd.

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