



NORM-BASED ENGAGEMENT



2022 Annual Report Summary

February 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 during 2022.

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 2022 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 2022 ISS ESG conducted Norm-Based Engagement on behalf of participating investors with 149 companies, covering 199 individual ESG topics. The companies engaged with are domiciled across 34 different locations. For 110 of the companies, a new engagement cycle was initiated during 2022. Some 70% of the 149 companies provided responses to the investor outreach.

Charts 1-4: Summary charts of engagements conducted between 1 January 2021 and 31 December 2022

Chart 1

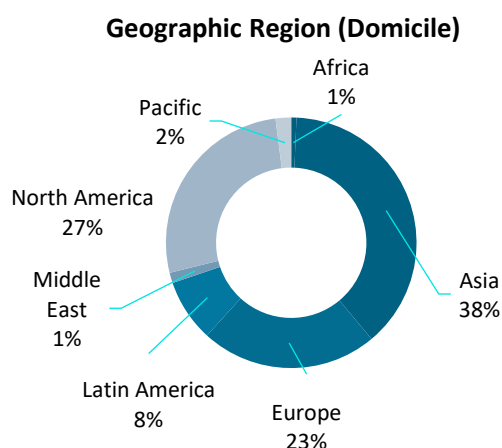


Chart 2

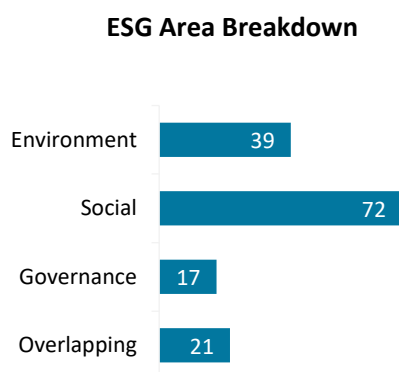


Chart 3

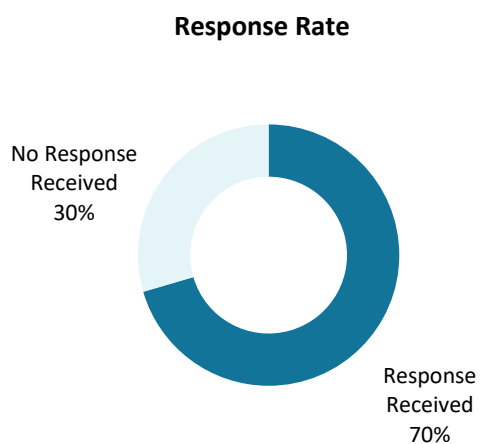
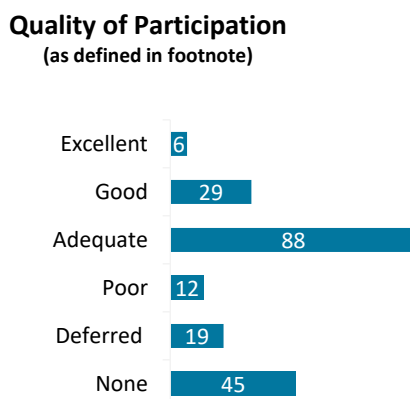


Chart 4



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 2022. In the area of human rights, the key engagement topics were human rights due diligence and concerns regarding indigenous rights, especially related to stakeholder consultation. Workplace health and safety was the dominant labour rights theme, followed by union rights and forced labour/modern slavery. The majority of environment-focused engagement topics were related to corporate management of incidents of pollution (air, water, and soil), loss of biodiversity, and climate change. 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 2022.

Table 1: Major engagement themes in 2022 (individual engagements may cover multiple themes)

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

COMPANIES ENGAGED WITH

This section lists all companies with which ISS ESG conducted engagement activities with on behalf of participating investors during 2022. These engagements began in 2022 or a previous year.

Accenture Plc	Eni SpA
Ackermans & van Haaren NV	Exelon Corporation
Adani Enterprises Limited	Export-Import Bank of India
Adani Ports & Special Economic Zone Ltd.	Exxon Mobil Corporation
Aegea Saneamento e Participacoes SA	FAST RETAILING CO., LTD.
AES Andes SA	FCA US LLC
Airbus SE	FGV Holdings Bhd.
Alibaba Group Holding Limited	Formosa Petrochemical Corp.
Almirall SA	Freeport-McMoRan, Inc.
Alphabet Inc.	Gazprom Neft PJSC
Amazon.com, Inc.	GCL Technology Holdings Limited
Anheuser-Busch InBev SA/NV	G-III Apparel Group, Ltd.
AntarChile SA	Glencore Plc
ArcelorMittal SA	Google LLC
Aziyo Biologics, Inc.	Grupo Mexico S.A.B. de C.V.
Banglalink Digital Communications Ltd.	Hangzhou Hikvision Digital Technology Co., Ltd.
Barclays PLC	Hankook & Company Co., Ltd.
Barrick Gold Corporation	HANKOOK TIRE & TECHNOLOGY Co., Ltd.
Bayer AG	HD HYUNDAI Co., Ltd.
Beowulf Mining Plc	HUGO BOSS AG
Bharat Heavy Electricals Limited	HYUNDAI ENGINEERING & CONSTRUCTION CO., LTD.
BHP Group Limited	Hyundai Heavy Industries Co., Ltd.
Biora Therapeutics, Inc.	Iflytek Co., Ltd.
BLD Plantation Bhd.	Imperial Oil Limited
Carnival Corporation	ING Bank NV
Carnival Plc	ING Groep NV
Carrefour SA	JBS SA
China National Petroleum Corp.	JinkoSolar Holding Co., Ltd.
China Three Gorges Corp.	Kangmei Pharmaceutical Co., Ltd.
CMOC Group Ltd.	Kobe Steel, Ltd.
CNOOC Limited	Kohls Corporation
Coal India Ltd.	Korea Shipbuilding & Offshore Engineering Co., Ltd.
Coca-Cola Europacific Partners Plc	Korian SE
COFCO Sugar Holding Co. Ltd.	KT Corp.
Companhia de Saneamento do Parana	Lands' End, Inc.
Companhia Energetica de Minas Gerais SA	Lens Technology Co., Ltd.
CoreCivic, Inc.	Levi Strauss & Co.
Daqo New Energy Corp.	LG Chem Ltd.
Delta Air Lines, Inc.	LG Electronics, Inc.
Ecopetrol SA	
Elsewedy Electric Co.	
Empresas Copec SA	

Loomis AB
Luckin Coffee, Inc.
Lyft, Inc.
Macy's, Inc.
Meituan
Meta Platforms, Inc.
Mitsubishi Electric Corp.
NLC India Ltd.
NTPC Limited
Paramount Global
Petroleos Del Peru - Petroperu SA
Petroleos Mexicanos EPE
PG&E Corporation
Porsche Automobil Holding SE
Power Construction Corporation of China, Ltd.
PT Pertamina (Persero)
PT Sampoerna Agro Tbk
PVH Corp.
Renault SA
Repsol SA
Rio Tinto Limited
Rio Tinto Plc
Samarco Mineracao SA
Samsung Electronics Co., Ltd.
Samvardhana Motherson International Limited
Shandong Gold Mining Co., Ltd.
Shell Plc
Shikun & Binui Ltd.
Sibanye Stillwater Ltd.
SIPEF SA/NV
SK Inc.
SLC Agricola SA
Sony Group Corp.
Starbucks Corporation
Stellantis NV
STRABAG SE
Sumitomo Chemical Co., Ltd.
Sumitomo Corp.
Suncor Energy Inc.
Target Corporation
Telefonaktiebolaget LM Ericsson
TENMA Corp.
Teollisen yhteistyön rahasto Oy
Texhong Textile Group Limited
The AES Corporation
The Brinks Company
The Coca-Cola Company
The GEO Group, Inc.
The Kansai Electric Power Co., Inc.
Titas Gas Transmission & Distribution Co. Ltd.
Tokyo Electric Power Co. Holdings, Inc.
Tongling Nonferrous Metals Group Co., Ltd.
Top Glove Corp. Bhd.
TotalEnergies SE
Transneft PJSC
Tyson Foods, Inc.
Uber Technologies, Inc.
Universal Electronics Inc.
Urban Outfitters, Inc.
VEON Holdings BV
VEON Ltd.
Verizon Communications Inc.
Volcan Compania Minera S.A.A.
Volkswagen AG
Walmart Inc.
Woodside Energy Group Ltd.
Xiamen Meiya Pico Information Co., Ltd.
Zhejiang Dahua Technology Co. Ltd.

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