



NET ZERO



**THEMATIC
ENGAGEMENT**

Q2 2024 Progress Report



July 2024



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TABLE OF CONTENTS

INTRODUCTION.....	3
ISS ESG THEMATIC ENGAGEMENT APPROACH.....	4
ENGAGEMENT PROCESS.....	4
ENGAGEMENT OUTCOMES.....	4
REPORTING.....	4
NET ZERO THEMATIC ENGAGEMENT.....	5
COMPANY SELECTION.....	5
ENGAGEMENT OBJECTIVES.....	7
Q2 2024 ENGAGEMENT STATISTICS.....	8
ENGAGEMENT SUMMARY TABLE.....	9
COMPANY RESPONSES RECEIVED IN Q2 2024.....	14



INTRODUCTION

This report presents the Net Zero Thematic Engagement activities that were carried out by ISS ESG on behalf of participating institutional investors in Q2 2024. **This is the first reporting quarter from the second Net Zero thematic engagement cycle, which is a three-year engagement cycle commencing in Q2 2024.**

The report includes an overview of the ISS ESG Thematic Engagement approach as well as details on the Net Zero Thematic Engagement, including the methodology for target company selection and engagement objectives. It also includes key statistics for Q2 2024, a summary of the engagement stage and number of interactions for all target companies, as well as details of the responses received during the period. The progress against engagement objectives as well as the overall engagement success will be measured and included in the next progress report, as data on the target companies' improvement in their alignment with the requirements for each engagement objective is collected and assessed twice a year.



ISS ESG THEMATIC ENGAGEMENT APPROACH

ISS ESG's Thematic Engagement solution allows investors to participate in a joint outreach and dialogue with companies on material sustainability-related themes. By engaging collaboratively, institutional investors can leverage their scale in discussions on ESG issues and communicate their concerns to corporate management more effectively. ISS ESG facilitates engagement on behalf of participating clients to promote positive change through active ownership and dialogue. This may include ongoing dialogue with companies identified for enhanced disclosure, a push for improved sustainability performance, or the mitigation of ESG risks.

Through ISS ESG's Net Zero Thematic Engagement, participating investors seek to improve companies' commitments to reach Net Zero emissions by 2050 by calling for ambitious targets and decarbonisation strategies.

ENGAGEMENT PROCESS

ISS ESG's Net Zero Thematic Engagement involves a number of steps carried out over a **three-year** lifecycle. The process starts by identifying target companies and setting objectives and key performance indicators in line with investor expectations. Both the company selection and the objective setting leverages ISS ESG proprietary data and research, as well as internal expertise.

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 reminders to respond. Should the company remain unresponsive, enquiries are escalated to the CEO and the Board.

At the end of each engagement cycle, ISS ESG will assess the opportunity to extend or close engagements.

ENGAGEMENT OUTCOMES

ISS ESG's Net Zero Thematic Engagement includes regular measurements of the outcome of the engagement dialogue, both at the level of each objective as well as at an aggregate level of each company engagement. The outcome measurements are based on improvements in each company's alignment with the requirements for each engagement objective, as evidenced by their public disclosures and assessed in the relevant ISS ESG data and research (checked twice a year); as well as ISS ESG's assessment of the quality of each company's participation in the engagement.

REPORTING

Participating investors are informed of the progress of engagements through quarterly and annual progress reports. The reports provide an overview of the engagement stage reached for each company, details of interactions as well as company responses.

In the quarter following the check of the ISS ESG data on the requirements for each objective, the reports also include measurements of progress against each engagement objective as well as the overall engagement success.



NET ZERO THEMATIC ENGAGEMENT

The dramatic potential impacts of climate change, not only on the environment and society, but also on financial assets, are now well recognised. Through the [2015 Paris Agreement](#), participating national governments are committed to limiting global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. In [2018](#) and [2021](#), the Intergovernmental Panel on Climate Change (IPCC) warned that global warming must not exceed 1.5°C to avoid the catastrophic impacts of climate change. To achieve this, the [IPCC determined](#) that greenhouse gas (GHG) emissions must almost halve by 2030 – and drop to Net Zero by 2050. At COP26 in November 2021, nearly 200 countries [agreed](#) on the 1.5°C goal through signing the Glasgow Climate Pact.

Companies have a crucial role to play in decreasing GHG emissions and building the resilient, zero emissions economy we urgently need. For investors, it is critical to understand the financial impacts of climate change on a company, both in terms of the identified risks and opportunities to which the company is exposed, and the company's response to and management of such risks. The financial community is actively supporting the transition to a Net Zero economy. As an example, the Glasgow Financial Alliance for Net Zero already represents over 675 financial institutions, representing 40% of global private financial assets, that are committed to support the world's transition to Net Zero emissions by 2050.

For companies, addressing climate-related risks and risks around the physical impacts of climate change, both related to the transition to a lower-carbon economy, can bring benefits including improved brand reputation, increased investor confidence, preparedness for regulation, opportunities for innovation, an increased competitive edge, and ultimately improved financial performance.

As investors, we recognise that engaging with the companies in which we invest, to secure greater disclosure of climate-related risks and robust emissions reduction strategies, as well as to gain a deeper understanding of companies' perspectives and key challenges, is beneficial, both in creating long-term value and achieving Net Zero emissions by 2050.

COMPANY SELECTION

Relevant companies for engagement were selected on the basis of the following factors:

- High market capitalisation.
- Highest emitters in high impact sectors (absolute GHG emissions data for Scope 1, 2 and 3).
- Excluded Oil & Gas Equipment & Services and Oil & Gas Storage & Transportation.
- Implied temperature rise $\geq 2^{\circ}\text{C}$ using ISS ESG's Scenario Analysis data.
- Excluded Climate Leaders according to ISS ESG's Carbon Risk Rating.
- Excluded 'Aligning' companies according to ISS ESG's Net Zero Alignment data.
- No or only partial fulfilment of the engagement objectives and KPIs, based on ISS ESG's Net Zero Alignment dataset.



NET ZERO TARGET LIST

Aker BP ASA	Exelon Corporation
ArcelorMittal SA	FirstEnergy Corp.
Arkema SA	General Dynamics Corporation
Atlas Copco AB	Honda Motor Co., Ltd.
BAE Systems Plc	Ingersoll Rand Inc.
BASF SE	INPEX Corp.
BKW AG	JSW Steel Limited
Boliden AB	Linde Plc
Bouygues SA	LyondellBasell Industries NV
Caterpillar, Inc.	Mitsubishi Heavy Industries, Ltd.
Chevron Corporation	Nucor Corporation
CNH Industrial NV	OCI NV
ConocoPhillips	PACCAR Inc
Constellation Energy Corporation	Public Service Enterprise Group Incorporated
Coterra Energy Inc.	Rio Tinto plc
Covestro AG	RTX Corp.
Daimler Truck Holding AG	Samsung C&T Corp.
Deere & Company	Shin-Etsu Chemical Co., Ltd.
Dover Corporation	Stellantis NV
Dow Inc.	Suzuki Motor Corp.
Eaton Corporation plc	The Boeing Company
EMS-Chemie Holding AG	The Southern Company
ENGIE SA	Valero Energy Corporation
EOG Resources, Inc.	Valmet Corp.
Evonik Industries AG	Woodside Energy Group Ltd.



ENGAGEMENT OBJECTIVES

Through this engagement, investors will focus on target companies' ambition to reach Net Zero emissions by 2050. Target companies have been asked by participating investors to accelerate their climate action by setting the following Net Zero targets and strategies:

1. 2050 Net Zero GHG emissions target

- The company should make a Net Zero GHG emissions ambition statement that explicitly includes a vast majority of scope 1 and 2 emissions.
- The company's Net Zero GHG emissions ambition should cover material scope 3 GHG emissions categories.

2. Medium-term greenhouse gas reduction target (2025 to 2035)

- The company should set a medium-term (2025 to 2035) target for reducing its GHG emissions on a clearly defined scope of emissions.
- The medium-term (2025 to 2035) GHG reduction target should cover the vast majority of scope 1 and 2 emissions and material scope 3 emissions.
- The target should be aligned with the goal of limiting global warming to 1.5°C.

3. Decarbonisation strategy

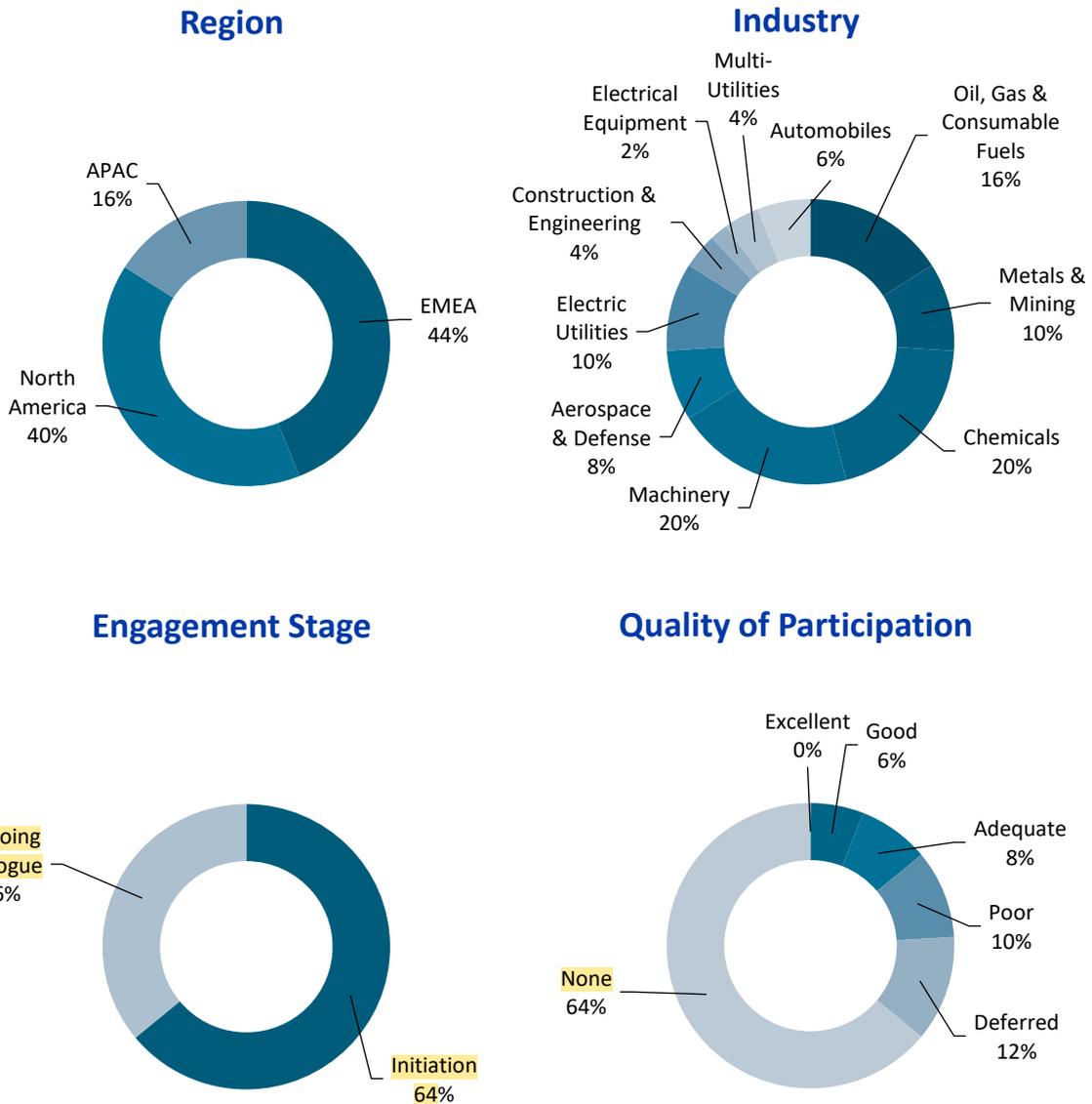
- The company should define a decarbonisation strategy to meet its medium-term GHG reduction targets. This should contain the actions it intends to take and quantify key elements.



Q2 2024 ENGAGEMENT STATISTICS

The following statistics provide an overview of the geographic and industry distribution of the Net Zero Thematic Engagement target companies, as well as engagement stage and quality of participation as of the end of Q2 2024.

Summary charts, as of 30 June 2024.



NOTE: "Industry" refers to Global Industry Classification Standard (GICS) Industry. **Engagement Stage** definition: **Initiation:** An engagement letter is sent to the relevant company representatives. **Reminder:** Reminder letters are sent to unresponsive companies. **Escalation:** In case of non-response, enquiries are escalated to a higher level of seniority within the company. **Ongoing dialogue:** The company is entering into a dialogue with the investors through ISS ESG and is providing answers to the questions raised or providing further information. **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 not addressed the questions posed. **Deferred:** The company has replied, acknowledging the enquiry, but requested more time to respond, transferred the responsibility to another function in the company, and/or agreed to schedule a meeting in which it will provide more information. **None:** The company has not replied. Due to rounding, totals might not add up to 100%.

ENGAGEMENT SUMMARY TABLE

The initiation letter was sent to the target companies on 6 June 2024, with the exception of the letters for LyondellBasell Industries NV and Samsung C&T Corp., which were sent on 27 June. This table lists the number of interactions that took place during Q2 2024, as well as the engagement stage as per 30 June 2024.

ISSUER NAME	DOMICILE	ISS ESG CORPORATE RATING INDUSTRY	ENGAGEMENT STAGE	NUMBER OF OUTBOUND INTERACTIONS	NUMBER OF INBOUND INTERACTIONS	TOTAL NUMBER OF INTERACTIONS
Aker BP ASA	Norway	Oil & Gas Exploration & Production	Initiation	1	0	1
ArcelorMittal SA	Luxembourg	Mining & Integrated Production	Ongoing dialogue	1	1	2
Arkema SA	France	Chemicals	Initiation	1	0	1
Atlas Copco AB	Sweden	Industrial Machinery & Equipment	Initiation	1	0	1
BAE Systems Plc	United Kingdom	Aerospace & Defence	Initiation	1	0	1
BASF SE	Germany	Chemicals	Ongoing dialogue	1	2	3
BKW AG	Switzerland	Electric Utilities	Ongoing dialogue	1	1	2
Boliden AB	Sweden	Mining & Integrated Production	Initiation	1	0	1
Bouygues SA	France	Construction	Ongoing dialogue	1	1	2



Caterpillar, Inc.	USA	Heavy Trucks & Construction & Farm Machinery	Initiation	1	0	1
Chevron Corporation	USA	Integrated Oil & Gas	Initiation	1	0	1
CNH Industrial NV	Netherlands	Heavy Trucks & Construction & Farm Machinery	Ongoing dialogue	2	2	4
ConocoPhillips	USA	Oil & Gas Exploration & Production	Initiation	1	0	1
Constellation Energy Corporation	USA	Electric Utilities	Initiation	1	0	1
Coterra Energy Inc.	USA	Oil & Gas Exploration & Production	Initiation	1	0	1
Covestro AG	Germany	Chemicals	Ongoing dialogue	1	1	2
Daimler Truck Holding AG	Germany	Heavy Trucks & Construction & Farm Machinery	Ongoing dialogue	1	1	2
Deere & Company	USA	Heavy Trucks & Construction & Farm Machinery	Initiation	1	0	1
Dover Corporation	USA	Industrial Machinery & Equipment	Initiation	1	0	1
Dow Inc.	USA	Chemicals	Ongoing dialogue	1	1	2
Eaton Corporation plc	Ireland	Electrical Equipment	Initiation	1	0	1



EMS-Chemie Holding AG	Switzerland	Chemicals	Initiation	1	0	1
ENGIE SA	France	Multi-Utilities	Ongoing dialogue	1	1	2
EOG Resources, Inc.	USA	Oil & Gas Exploration & Production	Ongoing dialogue	2	1	3
Evonik Industries AG	Germany	Chemicals	Initiation	1	0	1
Exelon Corporation	USA	Gas and Electricity Network Operators	Initiation	1	0	1
FirstEnergy Corp.	USA	Electric Utilities	Ongoing dialogue	1	1	2
General Dynamics Corporation	USA	Aerospace & Defence	Ongoing dialogue	3	2	5
Honda Motor Co., Ltd.	Japan	Automobile Manufacturers	Initiation	1	0	1
Ingersoll Rand Inc.	USA	Industrial Machinery & Supplies & Components	Initiation	1	0	1
INPEX Corp.	Japan	Oil & Gas Exploration & Production	Initiation	1	0	1
JSW Steel Limited	India	Steel	Ongoing dialogue	1	1	2
Linde Plc	Ireland	Industrial Gases	Initiation	1	0	1
LyondellBasell Industries NV	Netherlands	Chemicals	Initiation	1	0	1
Mitsubishi Heavy Industries, Ltd.	Japan	Machinery	Initiation	1	0	1



Nucor Corporation	USA	Steel	Initiation	1	0	1
OCI NV	Netherlands	Fertilizers & Agricultural Chemicals	Initiation	1	0	1
PACCAR Inc	USA	Construction Machinery & Heavy Transportation Equipment	Initiation	1	0	1
Public Service Enterprise Group Incorporated	USA	Multi-Utilities	Initiation	1	0	1
Rio Tinto plc	United Kingdom	Diversified Metals & Mining	Ongoing dialogue	2	2	4
RTX Corp.	USA	Aerospace & Defense	Initiation	1	0	1
Samsung C&T Corp.	South Korea	Trading Companies & Distributors	Initiation	1	0	1
Shin-Etsu Chemical Co., Ltd.	Japan	Specialty Chemicals	Initiation	1	0	1
Stellantis NV	Netherlands	Automobile	Initiation	1	0	1
Suzuki Motor Corp.	Japan	Automobile	Ongoing dialogue	1	1	2
The Boeing Company	USA	Aerospace & Defence	Ongoing dialogue	2	1	3
The Southern Company	USA	Electric Utilities	Ongoing dialogue	1	2	3
Valero Energy Corporation	USA	Oil & Gas Refining & Marketing	Initiation	1	0	1



Valmet Corp.	Finland	Industrial Machinery & Equipment	Initiation	1	0	1
Woodside Energy Group Ltd.	Australia	Oil & Gas Exploration & Production	Ongoing dialogue	1	1	2

NOTE: For definitions, see p.8.



COMPANY RESPONSES RECEIVED IN Q2 2024

During Q2 2024 ISS ESG received responses from 18 of the 50 companies. The tables below provide further information on each dialogue.

ArcelorMittal SA		ISIN LU1598757687	DOMICILE Luxembourg
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		06 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on the same day, providing a written response to the questions posed. An engagement meeting is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 6 June response, the company affirmed that its 2050 Net Zero pledge encompasses Scope 1, 2 and 3 emissions. It acknowledged a possible lack of clarity on this matter and committed to improving future communications to better inform its investor base. Regarding setting a Scope 3 medium-term reduction target, the company reported substantial progress in understanding its Scope 3 emissions in 2023. The company highlighted that it has been working towards setting realistic medium-term Scope 3 targets and has been actively engaging with suppliers and customers to jointly reduce Scope 3 impacts, aligning with its 2030 and 2050 carbon emissions targets. It also shared a link to its Integrated Annual Review 2023, noting that further details on this work can be found on page 39. Regarding setting a science-based target, the company concluded that it is not feasible to set a science-based 2030 target for the entire group. It emphasised that the steel industry's transition to Net Zero requires significant advancements in renewable energy, green hydrogen, and carbon capture and storage (CCS). The company said that it will continue to explore the possibility of setting targets for individual segments.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on 2050 Net Zero and medium-term targets that cover the most material scope 3 emissions; and a target validated by the Science Based Targets initiative.</p>			



BASF SE		ISIN DE000BASF111	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		06 June 2024	
Company response		25 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on the same day, agreeing to provide a response to the questions posed. The company provided a written response on 25 June, and a clarification enquiry is scheduled for Q3.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 25 June response, the company stated that it supports the objective of the Paris Agreement to limit global warming to below 1.5°C. The company also provided a link to the sustainability section of its website.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a target validated by the Science Based Targets initiative.</p>			



BKW AG		ISIN CH0130293662	DOMICILE Switzerland
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		28 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 28 June, agreeing to provide a response to the questions posed.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



Bouygues SA		ISIN FR0000120503	DOMICILE France
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		26 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company provided a written response to the questions posed on 26 June, and a clarification enquiry is scheduled for Q3.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 26 June response, the company stated that it has not yet formally announced a carbon neutrality objective for 2050, explaining that the credibility of the company’s climate efforts depends on concrete actions, such as the green credentials of the products and services it offers. The company stated that it is focused on tangible evidence of its decarbonisation trajectories by 2030 before considering a formal carbon neutrality objective. The company also emphasised the diversity of its activities across six business segments, stating that it would not be possible to have a single target for the entire group. It stated that each segment has developed specific reduction targets aligned with the Science Based Targets Initiative (SBTi). The company stated that currently, five of the six business segments—Colas, Bouygues Telecom, Bouygues Immobilier, TF1, and Bouygues Construction—have had their decarbonisation objectives validated by the SBTi. The company noted that Equans, which joined the company in the fourth quarter of 2022, has finalised its global carbon footprint audit and submitted its decarbonisation targets to the SBTi, aiming for endorsement by the end of 2024. The company shared that its decarbonisation targets focus on the year 2030, except for Bouygues Telecom, which targets 2027. It stated that Bouygues Immobilier has also committed to a longer-term goal of reducing CO2 emissions by 90% by 2050 compared to 2021 levels. The company provided detailed actions for each business segment that could be implemented to achieve these goals. In the construction segments, it focuses on using alternative materials, promoting the reversibility and multi-use of constructions, and deploying solutions to reduce the carbon footprint of building users. In energy and services, it promotes energy transition by offering services to enable customers to consume less, consume better, and consume with more flexibility. In media, it aims to reduce the impact of audiovisual productions and increase public awareness of ecological transition issues. In telecoms, it works on offering more efficient installations, sustainable products, and encouraging responsible usage. The company also mentioned the recent launch of Rejeneo, a business specialising in natural carbon restoration, to finance natural carbon sinks for residual emissions. Additionally, the company stated that further information is available on the Group’s website, including the 2023 Universal Registration document and the 2023 Integrated Report.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a 2050 Net Zero target that covers the vast majority of scope</p>			



1 and 2 emissions as well as the most material scope 3 emissions; and a target validated by the Science Based Targets initiative.



CNH Industrial NV		ISIN NL0010545661	DOMICILE Netherlands
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		10 June 2024	
Clarification enquiry		24 June 2024	
Company response		25 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company provided a written response to the questions posed on 10 June, and ISS ESG sent a clarification enquiry on 24 June. The company responded on 25 June, and a clarification enquiry is scheduled for Q3.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 10 June response, the company stated that it is still exploring the viability of setting and achieving both SBTi-aligned medium term targets and Net Zero by 2050. In addition, the company provided a link to its 2023 Sustainability Report.</p> <p>In its 25 June response, the company stated that its commitment to the SBTi officially lapsed in April, and that it is planning to recommit once it feels confident that validation can be achieved, pursuant to an analysis of market conditions. In addition, the company restated that it is continuing to explore the viability of scope 3 emission reduction targets, and that it will continue to report on its annual scope 3 emissions, specifically category 11 (use of sold products) and category 1 (purchased goods and services). The company also shared that it continues to monitor the current and future market adoption of its decarbonising innovations, including alternative propulsion solutions, methane power and biofuels, and that it continues to develop new technologies to improve customer productivity while increasing fuel and emissions savings for machines and equipment.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a Net Zero target that covers the most material scope 3 emissions; and a target validated by the Science Based Targets initiative.</p>			



Covestro AG		ISIN DE0006062144	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		26 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company provided a written response to the questions posed on 26 June, and a clarification enquiry is scheduled for Q3.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 26 June response, the company stated that it published its scope 1 and scope 2 emission targets in Q1 2022 with the aim of a 60% reduction of GHG emissions by 2030 and Net Zero by 2035. The company further announced that it will reduce scope 3 emissions by 10 million tonnes by 2035 and Net Zero by 2050. The company stated that it has committed to long-term targets aligned to a 1.5°C pathway to reach Net Zero Scope 3 emissions by 2050. However, the company stated that an SBTi assessment would not be possible as the SBTi is still working on reduction pathways for the chemicals sector. The company also provided a link to the sustainability (climate neutrality) section of its website.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a target validated by the Science Based Targets initiative.</p>			



Daimler Truck Holding AG		ISIN DE000DTROCK8	DOMICILE Germany
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		12 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 12 June, agreeing to participate in an engagement meeting which is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



Dow Inc.		ISIN US2605571031	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		07 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 7 June, agreeing to participate in an engagement meeting which is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



ENGIE SA		ISIN FR0010208488	DOMICILE France
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		17 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 17 June, agreeing to participate in an engagement meeting which is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



EOG Resources, Inc.		ISIN US26875P1012	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		19 June 2024	
Clarification enquiry		28 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 19 June, and ISS ESG sent a clarification enquiry on 28 June.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 19 June response, the company stated that it prefers investors to contact it directly in order to streamline communication and ensure that a relevant and timely response can be provided. The company shared the email address of its VP, Investor Relations.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a Net Zero 2050 target that covers the most material scope 3 emissions; a medium-term target that covers the vast majority of scope 1 and 2 emissions as well as the most material scope 3 emissions; and the public disclosure of a quantitative decarbonisation strategy in relation to ambitious targets.</p>			



FirstEnergy Corp.		ISIN US3379321075	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		07 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 7 June, agreeing to participate in an engagement meeting which is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



General Dynamics Corporation		ISIN US3695501086	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		13 June 2024	
Clarification enquiry		20 June 2024	
Company response		20 June 2024	
Engagement outlook communication		27 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 13 June, and ISS ESG sent a clarification enquiry on 20 June. The company replied on the same day, and ISS ESG sent an engagement outlook communication on 27 June. A follow-up enquiry is scheduled for Q3 2025.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 13 June response, the company provided a link to its website and attached a copy of its 2023 Sustainability Report.</p> <p>In its 20 June response, the company stated that it could not provide any further information and that it intends to publish a new report in early autumn with more updated information including its position on the questions posed in the investor enquiry.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a 2050 Net Zero target that covers the vast majority of scope 1 and 2 emissions as well as the most material scope 3 emissions; a medium-term target that covers the most material scope 3 emissions; a target validated by the Science Based Targets initiative; and a quantitative decarbonisation strategy in relation to ambitious targets.</p>			



JSW Steel Limited		ISIN INE019A01038	DOMICILE India
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		18 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 18 June.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 18 June response, the company provided a link to its Climate Action Report, and offered to discuss any clarifications on a call if needed.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on a 2050 Net Zero target that covers the vast majority of scope 1 and 2 emissions as well as the most material scope 3 emissions; a medium-term target that covers the most material scope 3 emissions; and a target validated by the Science Based Targets initiative.</p>			



Rio Tinto plc		ISIN	DOMICILE
		GB0007188757	United Kingdom
SDG ALIGNMENT		SFDR PAI ALIGNMENT	
SDG 13: Climate Action		PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS		ENGAGEMENT STAGE	
Active		Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		07 June 2024	
Clarification enquiry		18 June 2024	
Company response		25 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company provided a written response to the questions posed on 7 June, and ISS ESG sent a clarification enquiry on 18 June. The company responded on 25 June, and an engagement outlook communication is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 7 June response, the company stated its 2030 targets across its scope 1 and 2 reduction targets are equivalent to a 53% reduction from its 2010 equity emissions (excluding divestments). The company stated that these exceed the resolution made by governments at COP26 to reduce emissions by 45% by that date, and are aligned with the SBTi requirements of -4.2% in annual linear terms as well as the frameworks against which they are assessed such as the Paris Agreement. The company declared that its Net Zero and interim targets are aligned with the science-based pathways outlined in the IPCC's Special Report. The company concluded that its Scope 1 and 2 targets are aligned with a 1.5°C scenario and that its assessment is validated independently by KPMG.</p> <p>In its 25 June response, the company stated that it does not have control over its scope 3 emissions, given that most of them come from their iron ore and bauxite customers in China. The company stated that it does not believe that SBTi alignment of scope 3 targets is possible for their operations. It is stated however that the company has set scope 3 targets and is engaging with customers on low carbon steel technology development.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on a target validated by the Science Based Targets initiative.</p>			



Suzuki Motor Corp.		ISIN JP3397200001	DOMICILE Japan
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		27 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company provided a written response to the questions posed on 27 June, and a clarification enquiry is scheduled for Q3.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 27 June response, the company stated that it has set a target to reduce CO2 emissions from new automobiles by 90% (well-to-wheel basis) by 2050. The company also stated its aim to achieve carbon neutrality in Japan and Europe by 2050 and in India by 2070, as announced in its "Growth Strategy for FY2030, and shared that it aims to achieve carbon neutrality at all domestic plants by FY2035. In addition, the company stated that there is no explicit commitment to making over 95% of Scope 1 and 2 emissions net zero, but this would be considered in future medium-term targets based on social needs. Regarding science-based targets and alignment with 1.5°C, the company stated that it evaluates scenarios based on the "4°C scenario" and the "1.5°C/2°C scenario" using scientific knowledge from the IEA and IPCC. The company also acknowledged the release of specific guidelines for the automotive sector in March 2024 and stated it would be verifying these guidelines. Additionally, the company emphasised refraining from commenting on obtaining SBTi validation until further review of the guidelines.</p> <p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on a 2050 Net Zero target that covers the vast majority of scope 1 and 2 emissions; and a target validated by the Science Based Targets initiative.</p>			



The Boeing Company		ISIN US0970231058	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		17 June 2024	
Clarification enquiry		28 June 2024	
<p>QUARTERLY SUMMARY OF INTERACTIONS</p> <p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 17 June, and ISS ESG sent a clarification enquiry on 28 June.</p> <p>QUARTERLY SUMMARY OF OBSERVATIONS</p> <p>In its 17 June response, the company shared a link to its sustainability webpage and stated that its updated sustainability report is due to be published on this page on 25 June.</p> <p>ISS ESG will continue to monitor the company’s progress against the objectives. The engagement dialogue going forward will focus on medium-term targets that cover the most material scope 3 emissions; and a target validated by the Science Based Targets initiative.</p>			



The Southern Company		ISIN US8425871071	DOMICILE USA
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		06 June 2024	
Company response		27 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on the same day, committing to provide a written response to the questions posed. The company responded again on 27 June, and a clarification enquiry is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
<p>In its 27 June response, the company stated that it believes its existing disclosures already address the information requested by ISS ESG. Regarding the engagement objectives to expand the 2030 and 2050 GHG goals to include Scope 3, the company shared a link to its Emissions Reduction Reporting Fact Sheet, which describes the company's reporting of GHG emissions and its commitment to reducing emissions across the value chain, as well as the company's perspective on setting a Scope 3 goal. Additionally, the company shared a link to its 2023 Proxy Statement, which, it explained, includes a shareholder proposal requesting a Scope 3 goal and explains why the company believes that setting reduction targets for Scope 3 emissions at this time would be premature. The company stated that the proposal received less than 20% support from shareholders. The company also highlighted its Sustainability Data Table, which provides information about its energy use and emissions. The company stated that it has already disclosed data for 2023 for Scopes 1 and 2, and that it anticipates updating the table in July to provide 2023 data for Scope 3. Regarding science-based targets, the company referred to its Net Zero Q&A Supplement, which includes information on how the company's goals are consistent with the ambitions of the Paris Agreement, as well as research undertaken by the Electric Power Research Institute to assess alignment with the global emissions reduction pathways. The company also shared a link to its 2024 Proxy Statement, which includes a shareholder proposal requesting new Scope 1 and 2 GHG targets. The company noted that this proposal received 9% support from shareholders. Additionally, the company shared links to its sustainability webpage and its latest Shareholder Update (May 2024).</p>			
<p>ISS ESG will continue to monitor the company's progress against the objectives. The engagement dialogue going forward will focus on 2050 Net Zero and medium term targets that cover the most material scope 3 emissions; and a target validated by the Science Based Targets initiative.</p>			



Woodside Energy Group Ltd.		ISIN AU0000224040	DOMICILE Australia
SDG ALIGNMENT SDG 13: Climate Action		SFDR PAI ALIGNMENT PAI 1-6: Greenhouse Gas Emissions	
ENGAGEMENT STATUS Active		ENGAGEMENT STAGE Ongoing dialogue	
ENGAGEMENT TIMELINE			
ACTION		DATE	
Initial engagement letter		06 June 2024	
Company response		18 June 2024	
QUARTERLY SUMMARY OF INTERACTIONS			
<p>The Net Zero engagement was initiated by sending the investor enquiry to the company on 6 June. The company responded on 18 June, agreeing to participate in an engagement meeting which is scheduled for Q3.</p>			
QUARTERLY SUMMARY OF OBSERVATIONS			
N/A			



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for long-term and sustainable growth by providing
high-quality data, analytics, and insight.**

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