



ISS

ÖGUT
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[ISSGOVERNANCE.COM](https://www.issgovernance.com)



FIVE SYNERGISTIC LINES OF BUSINESS SERVING INVESTORS & CORPORATIONS

ISS GOVERNANCE

Global leader in providing objective governance research and recommendations, and end-to-end proxy voting solutions.

ISS ESG

Innovative and high-quality ESG research, ratings, index, screening, data, analytics & advisory services.

ISS CORPORATE SOLUTIONS

Solutions to help companies design and manage their governance, executive compensation, EVA and sustainability programs.

ISS MI MARKET INTELLIGENCE

Provides critical research, data, insight, and workflow solutions to global asset managers, insurance companies and distributors.

ISS MEDIA PLANSPONSOR • PLANADVISER • CIO

Market-leading digital media brands—PLANSPONSOR, PLANADVISER, and CIO—for the investment management and retirement industries.

ESG & STEWARDSHIP SOLUTIONS (75% of business)

DISTRIBUTION & MEDIA (25% of business)

INTEGRATED DATA & TECHNOLOGY INFRASTRUCTURE DRIVES PRODUCT INNOVATION

Product Set Breadth & Innovation

- Market leader and widest range of ESG and stewardship solutions.
- Continued innovation & product development.
- Offshore development & data collection.

Unique Data Assets

- Continuous expansion of proprietary data sets unrivalled for timeliness, breadth and depth.
- Coverage spans carbon & climate, executive pay, director profiles, ESG ratings, and **tens of thousands** more datapoints underlying portfolio monitoring.

Scalable Technology Infrastructure

- Scalable and integrated technology infrastructure to support diverse product suite.
- Highly secure, reliable and flexible environment gives common architecture across multiple products.





END TO END MANAGEMENT OF INVESTMENT MANDATES THROUGH DECISION + ACTION

Only ISS can provide investors with a comprehensive set of decision-making tools and enable action through voting & engagement.

VOTING POLICY CHOICES

Benchmark, thematic and custom policies to support a wide range of investment philosophies.

RESEARCH

Industry-leading analysis of company specific governance and ESG practices, and for policy-based vote recommendations.

DATA & ANALYTICS

Critical but non-traditional sources for a more complete picture of investment risks and opportunities.

RATINGS, SCREENING & ADVISORY

Factor in ES&G risks and opportunities when analyzing portfolio companies and countries.

DIALOGUE & ENGAGEMENT

Support and information for company-shareholder engagement and dialogue with external stakeholders.

PROXY VOTING

Industry leading platform that scales with your proxy voting requirements.

VOTE DISCLOSURE

Visual interactive reporting to help articulate your stewardship story and ensure SRDII, PRI compliance.

UNPARALLELED RESEARCH EXPERTISE

FOR INFORMED INSIGHT + ACTION

EXPERTISE

ISS BENCHMARK POLICY & RESEARCH

Industry-leading global expertise and research services. Based on annual updates, policy reflects investor and market views, accepted good governance practices, and the inclusion of local regulatory changes.

ISS THEMATIC POLICIES & RESEARCH

Specialty policies that address a range of investor viewpoints from socially-responsible investors, PRI-aligned investors, climate specific, public funds, labor unions, mission and faith-based investors. Vote recommendations are created in line with each policy.

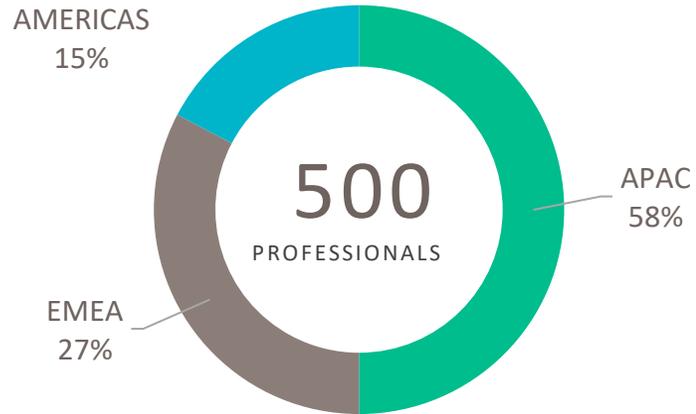
CLIENT CUSTOM RESEARCH BESPOKE IMPLEMENTATION

Client-specific approach to investment stewardship and proxy voting. More than 400 institutions worldwide rely on ISS' expertise to develop and apply voting guidelines that reflect investors' unique corporate governance philosophies.

SPECIAL SITUATIONS RESEARCH

Comprehensive, independent research on high-profile economic proposals and contentious situations. Leverages ISS' unique vantage at the nexus of issuers, advisors and shareholders.

STAFF



300
ANALYSTS

30
LANGUAGES

25+ YEARS OF CULTIVATING ESG EXPERTISE

Dedicated teams with in-depth thematic and sector-specific ESG expertise, including pioneers of ESG ratings, Norm-Based Research and portfolio climate risk assessments.

SERVING CLIENTS GLOBALLY

ESG

1,300+

Clients Globally

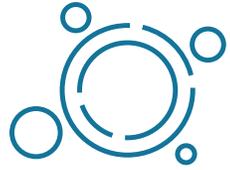
PROXY VOTING

525

ESG-related Voting Policies

*Data as of January 2022.
Figures are approximate.*





COMPREHENSIVE & COMPLEMENTARY DATA SETS TO DELIVER INVESTMENT INSIGHT + ACTION



CLIMATE SOLUTIONS

- Carbon & Climate Data
- Potential Avoided Emissions
- Carbon Risk Rating
- Issuer Level Net Zero Alignment Data



ESG RATINGS & RANKINGS

- ESG Corporate Rating
- ESG Country Rating
- Water Risk Rating
- Environmental & Social Disclosure QualityScore
- Governance QualityScore
- ESG Scorecard



GOVERNANCE DATA

- Director Data
- Executive Compensation Analytics
- Voting Analytics



IMPACT & UN SDGs

- SDG Solutions Assessment
- SDG Impact Rating



SCREENING & CONTROVERSIES

- Norm-Based Research
- Controversial Weapons Research
- Energy & Extractive Screening
- Sector-Based Screening
- Global Sanctions Screening



REGULATORY SOLUTIONS

- EU Taxonomy Alignment Solution
- SFDR Principle Adverse Impacts Solution
- ESG Labels and Standards
- EU Benchmark Regulation Dataset
- Regulatory Sustainable Investment Solution



Collaborative Engagement

- Norm-Based Engagement
- Thematic Engagement Modules



ISS ESG'S COLLABORATIVE ENGAGEMENT OFFERING

COLLABORATIVE ENGAGEMENTS

NORM-BASED ENGAGEMENT*

Helps identify companies that fail to adhere to established standards for responsible business conduct.

HUMAN RIGHTS

LABOUR RIGHTS

ENVIRONMENT

CORRUPTION

ISS ESG 

- Norm-Based Research

**formerly known as Pooled Engagement*

THEMATIC ENGAGEMENT

Helps identify a universe of companies that show a certain underperformance (based on a specific definition per theme).

NET ZERO

WATER

GENDER EQUALITY

BIODIVERSITY

OTHERS (TBD)

ISS ESG 

- Carbon Risk Rating
- Net Zero Alignment Data
- ESG Corporate Rating
- SDG Impact Rating
- Governance QualityScore
- Water Risk Rating
- Biodiversity Impact Assessment Tool



ENGAGEMENT PROCESS

NORM-BASED ENGAGEMENT:
INCIDENT-DRIVEN, QUARTERLY CYCLE INITIATIONS

THEMATIC ENGAGEMENT:
TWO-YEAR ENGAGEMENT LIFE-CYCLE



METRICS & TRACKING

NORM-BASED ENGAGEMENT

GOALS



Disclosure of relevant information



Remedial Action



Implementation of relevant policies



Termination of Problematic Practice

GOAL STATUS

- No Measures Announced
- Commitment Expressed
- Measures Initiated
- Credible Measures Adopted

QUALITY OF PARTICIPATION

- Excellent
- Good
- Adequate
- Poor
- Deferred
- None



POOLED ENGAGEMENT TOOL

Manage engagements:

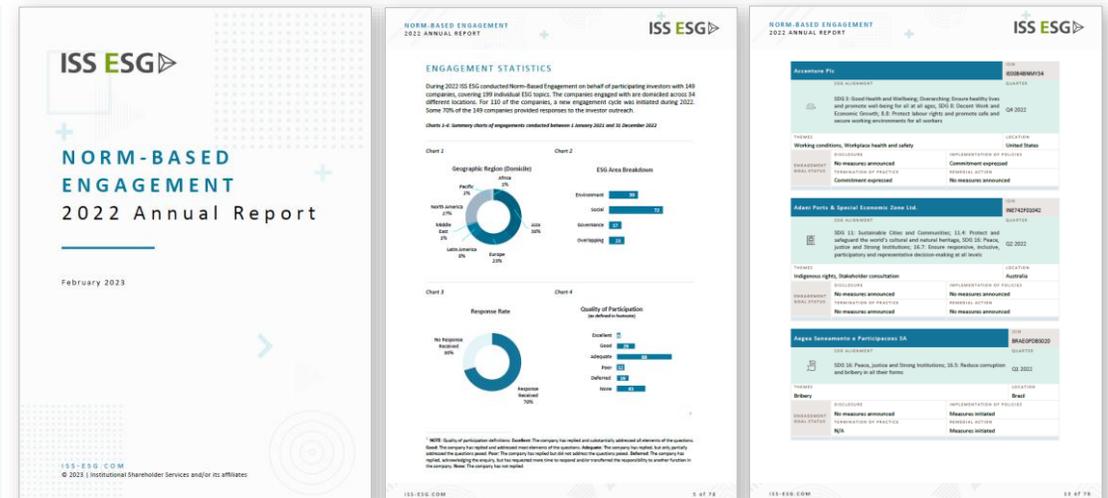
- ✓ Quarterly opt-in or opt-out for specific quarterly engagements

Monitor dialogue:

- ✓ Detailed analysis and timelines of the engagement dialogues, company reports

Perform reporting functions:

- ✓ Data export and reporting functionality



NORM-BASED ENGAGEMENT HIGHLIGHT – SIPEF SA/NV



- UN Global Compact, Principle 1
- OECD Guidelines, chapter V
- ILO MNE Declaration
- SDG 8: Decent Work and Economic Growth, SDG 10: Reduced Inequalities

LABOUR STANDARDS, INDONESIA

SIPEF’s local subsidiary allegedly **subjected workers to precarious working terms and conditions** at its oil palm plantations in Indonesia.

Dialogue focused on **implementation of remediation measures** identified through **mediation process** with Roundtable on Sustainable Palm Oil.

TIMELINE:

- July 2021: **Norm-Based Engagement initiated**
- December 2021: Company response after escalation to CEO
- February 2022: **Constructive engagement meeting**
- August 2022: Controversy assessment upgraded to Green and **engagement closed**



POSITIVE PROGRESS

- Disclosure of relevant information
- Remedial action
- Implementation of relevant policies
- Termination of problematic practice

Source: ISS ESG



NET ZERO THEMATIC ENGAGEMENT



Aims to improve companies' commitments to reaching net zero emissions by 2050, by calling for ambitious targets and decarbonisation strategies.

ENGAGEMENT OBJECTIVES:

1. 2050 Net Zero GHG emissions target
2. Medium-term greenhouse gas reduction target (2025 to 2030)
3. Decarbonisation strategy



Carbon Risk Rating
Net Zero Alignment Data

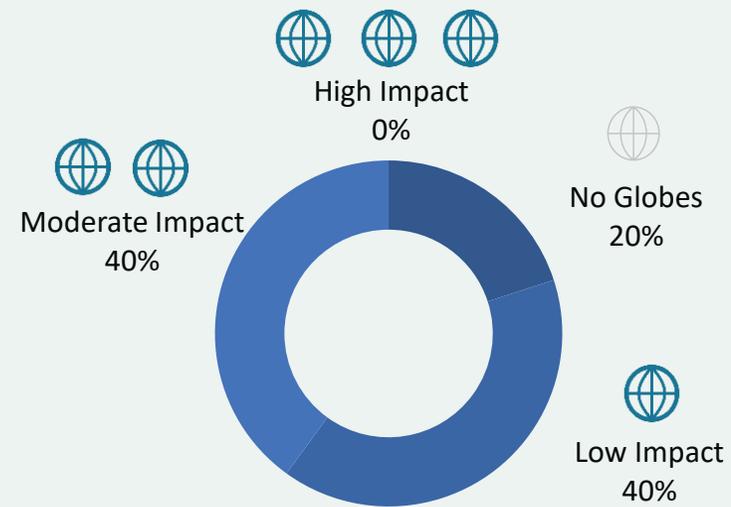
ENGAGEMENT STATUS

30 companies in first engagement cycle initiated in **Q1 2022**

Overall response rate **67%**

- ✓ **20** responding companies
- ✓ **9** virtual meetings, remainder of dialogue in writing
- ✓ **223** interactions
- ✓ **4** of **6** reminder/escalation steps completed

ENGAGEMENT SUCCESS



Source: ISS ESG



THANK YOU!

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NORM-BASED ENGAGEMENT OVERVIEW

GLOBAL IN SCOPE

- Engagements are carried out for approximately 100 public companies per year.
- Focuses on companies identified under Norm-Based Research as failing to prevent or address social and environmental controversies in line with established standards for Responsible Business Conduct (Red/Amber flagged).

ALIGNMENT WITH RECOGNISED STANDARDS

- Stewardship codes' requirements
- PRI requirements
- Recognized international standards, including UN Global Compact, OECD Guidelines, UN Guiding Principles, SDGs

NORM AREA

THEMATIC AREAS



ENVIRONMENT

Environmental protection

Climate change



HUMAN RIGHTS

Fundamental human rights

Taxes

Consumer protection



LABOR RIGHTS

Child labor

Forced labor

Union rights

Workplace discrimination

Labor standards



CORRUPTION

Bribery

Accounting/Disclosure Standards

Anti-competitive behavior

Money laundering

COVERAGE OF THEMES



NET ZERO

Aims to improve companies' commitments to reaching net zero emissions by 2050, by calling for ambitious targets and decarbonisation strategies.



Carbon Risk Rating
Net Zero Alignment Data

30 companies targeted in the first engagement cycle initiated in **Q1 2022**



WATER

Intends to improve corporate disclosure of water-related risk and impact focusing on two high impact industries: chemicals and textiles & apparel.



Water Risk Rating
Corporate Rating

30 companies targeted in the first engagement cycle initiated in **Q3 2022**



BIODIVERSITY

Seeks to improve transparency around biodiversity impact and strategies to manage nature-related risks in key high impact industries of mining & integrated production and food products.



Biodiversity Impact Assessment Tool
Corporate Rating

30 companies targeted in the first engagement cycle initiated in **Q3 2022**



GENDER EQUALITY

Aims to increase female representation at board and executive management level and disclosure of measures taken to promote equal opportunities and gender diversity.



Corporate Rating
ISS Governance Quality Score

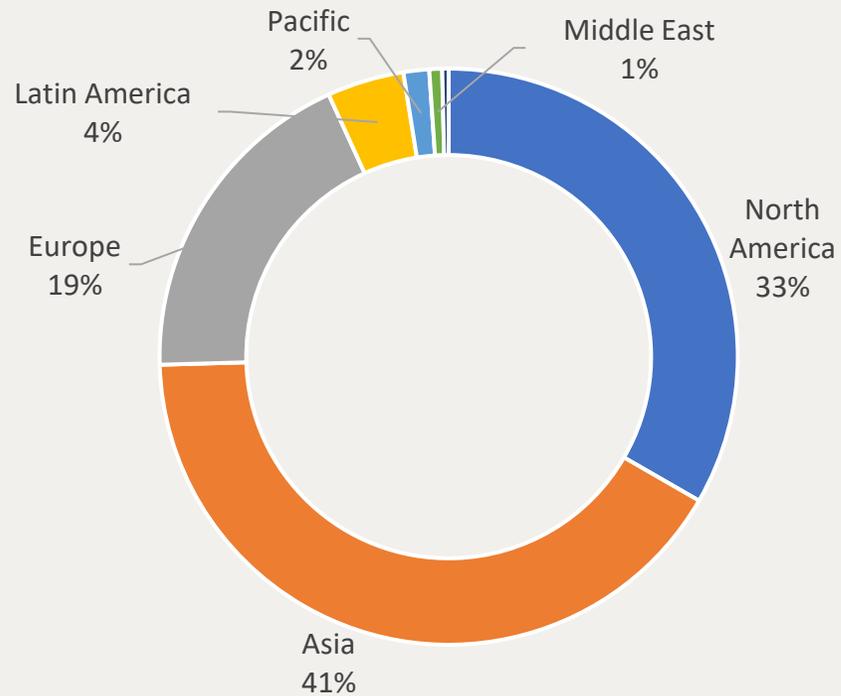
40 companies targeted in the first engagement cycle initiated in **Q3 2022**



2022 COLLABORATIVE ENGAGEMENT SCOPE

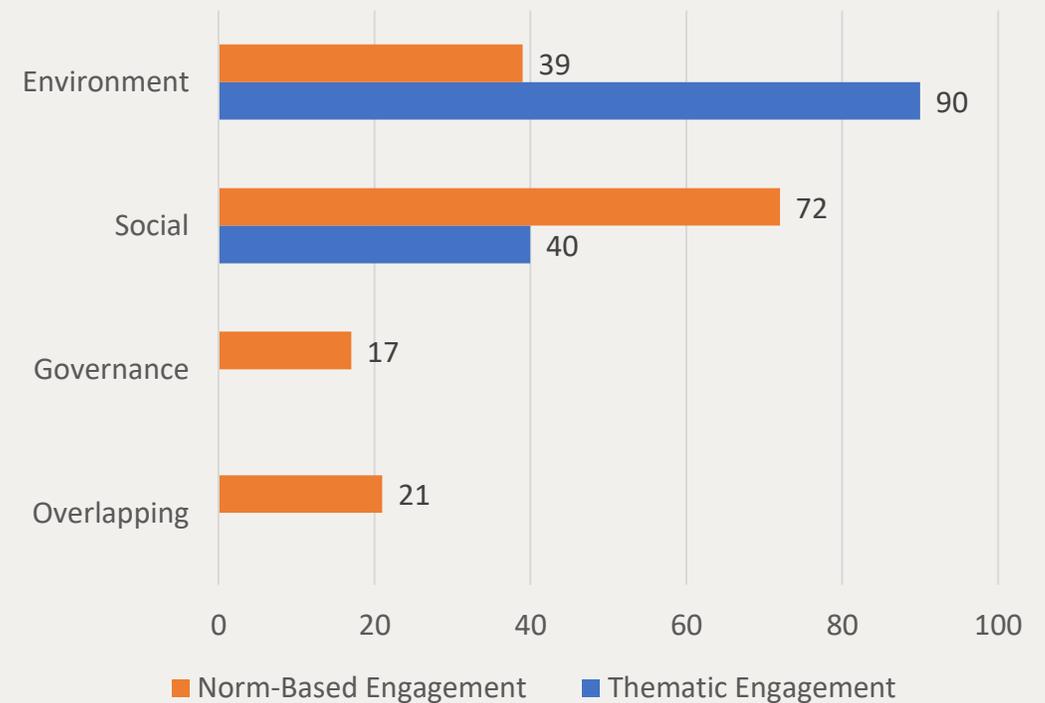
ISS ESG facilitated Norm-Based Engagement and Thematic Engagement dialogue on behalf of clients with **279 companies**, on **329 topics**.

GEOGRAPHICAL BREAKDOWN (DOMICILE)



Source: ISS ESG

ESG AREA BREAKDOWN



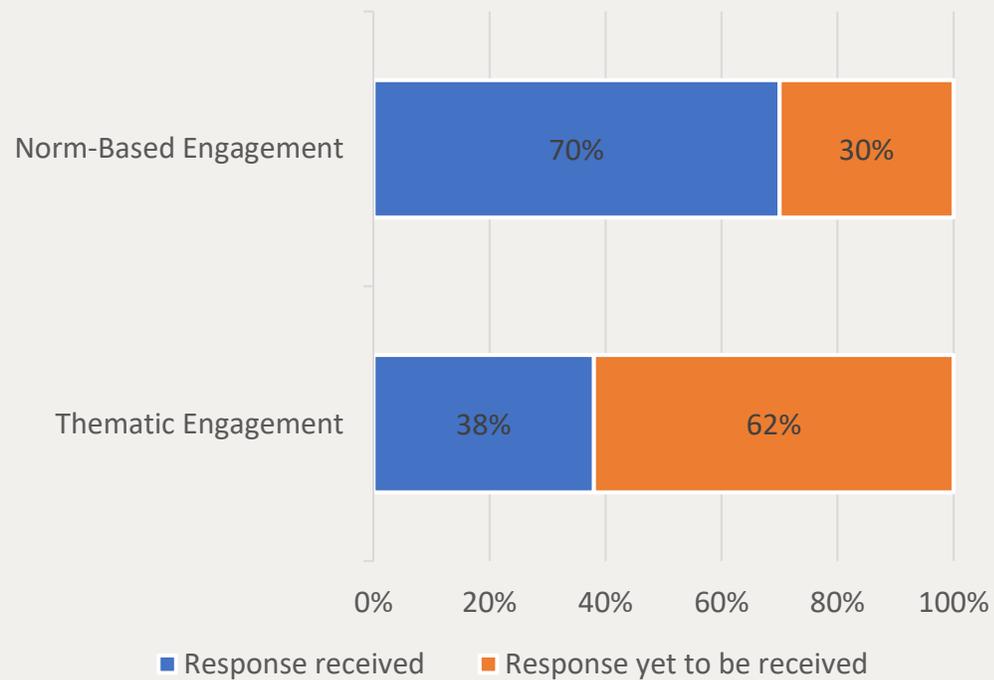
Source: ISS ESG



2022 COLLABORATIVE ENGAGEMENT RESULTS

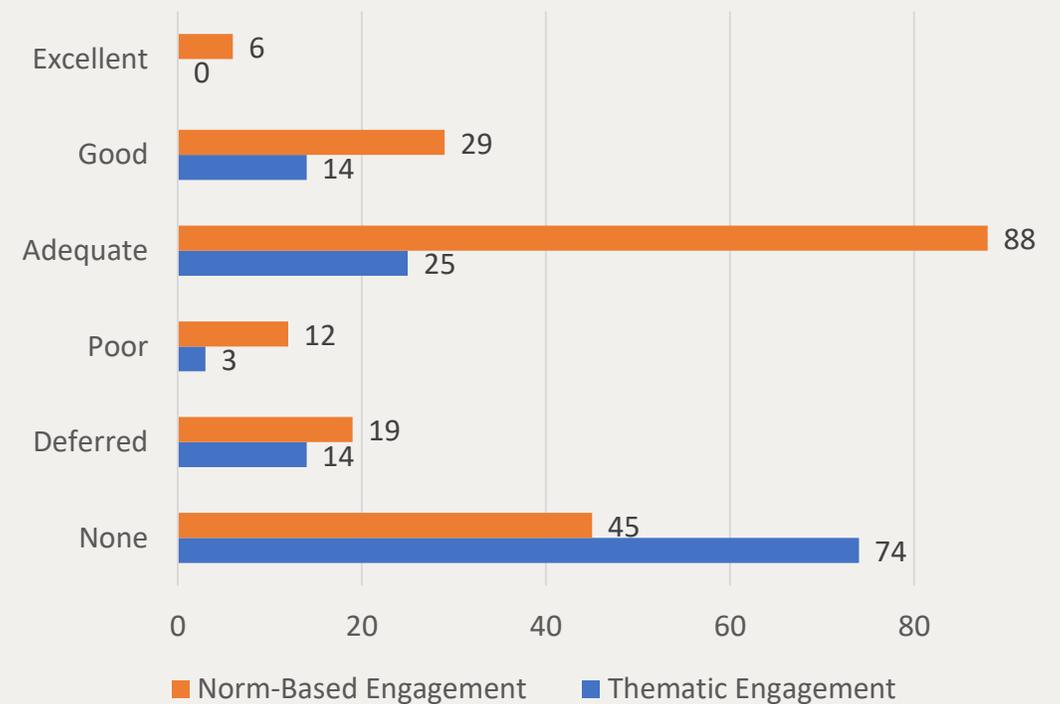
Significantly **improved response rate** compared to previous years for Norm-Based Engagement.
Generally **positive quality of participation** by responsive companies.

RESPONSE RATE



Source: ISS ESG

QUALITY OF PARTICIPATION



Source: ISS ESG

