

To Whom It May Concern:

As an ISS client and as an organization that supports many of your clients with their stewardship and corporate engagement activities on financially material climate and sustainability related issues, we appreciate ISS' continued commitment to its stakeholder-driven annual policy development process and would like to provide the following feedback on the proposed Benchmark policy updates for the 2025 proxy season.

This year, we strongly support the ISS Benchmark policy's proposed update to the '**General Environmental Proposals and Community Impact Assessments**' recommendation language. The investors that we work with have been increasingly engaging relevant portfolio companies on their financially material biodiversity conservation, water management, and deforestation mitigation policies and practices among other connected environmental topics. Corporate engagements have been strengthened by widely accepted global frameworks such as the Taskforce on Nature-related Financial Disclosure (TNFD) and the Kunming-Montreal Global Biodiversity Framework (GBF). Thus, our expectation aligns with ISS' in that there will likely be an increase in the number of shareholder proposals filed by investors that focus on these increasingly financially material topics. In the application of your proposed policy, we recommend you consult the [Valuing Water Finance Initiative Benchmark](#) and [Corporate Expectations for Valuing Water](#) when evaluating material water-related risks. Of note, the next iteration of the Valuing Water Finance Initiative Benchmark is set to be released in Fall of 2025. We welcome a call with ISS to further discuss these resources.

Regarding the case-by-case application of the proposed '**Natural Capital- Related and/or Community Impact Assessment Proposals**' policy, Ceres recommends that the ISS Benchmark policy consider a nuanced approach in the application of this policy at the 100 companies identified by the Nature Action 100 initiative in 8 key sectors deemed to be [systemically important in reversing nature loss](#). Specifically, we suggest that in its assessment of natural capital related shareholder proposals at such companies, which have a high potential impact on nature, ISS prioritize the alignment of a company's current disclosures with the [Nature Action 100 Company Benchmark indicators](#) as well as the TNFD recommendations for corporate disclosure on nature. This approach would more firmly acknowledge the Nature Action 100 Company Benchmark measures as a broadly accepted reporting framework and recognize that investors are seeking financially material data from these companies while relying less on the consistency of a company's disclosures with its current industry norms.

Finally, we would like to share our concern that in recent years **the ISS Benchmark policy does not appear to be fully reflecting investor sentiment on certain climate-related disclosure expectations**. For example, in the 2024 ISS Global Benchmark Policy Survey, close to half of all investor respondents indicated that companies should be setting targets for their Scope 3

emissions while an additional 21% indicated that companies with a significant Scope 3 emission carbon footprint should disclose their Scope 3 GHG emission reduction targets. Of the investors that responded to one of the available “yes” options (71.5%), 88.15% indicated that their organization’s belief is that such targets should be both mid-term and net-zero. However, ISS’ Board Climate Accountability policy continues to consider “appropriate GHG emissions reduction targets” for significant GHG emitters as having mid-term targets OR net-zero targets for Scope 1 and Scope 2 GHG emissions. In addition, the ISS Benchmark’s policy for recommending votes on shareholder proposals that request a company adopt GHG reduction goals for products and operations has remained case-by-case since the policy’s introduction.

Recommendations:

- When evaluating natural capital related shareholder proposals at Nature Action 100 companies, prioritize the alignment of the company’s current disclosures with the Nature Action 100 Company Benchmark Indicators as well as the TNFD’s recommendations for corporate disclosure on nature;
- Revise the Board Climate Accountability policy to require both mid-term and net-zero targets for significant GHG emitters;
- In continued alignment with the ISS Benchmark policy’s overall principle to enhance or protect shareholder value, strengthen the assessment criteria to be more generally supportive of shareholder proposals focused on GHG reduction goals;
- Align policy recommendations more closely with the demonstrated investor sentiment revealed in ISS’ survey data.

We thank you again for the transparency behind the ISS Benchmark policy’s annual updates and hope that our comments are useful in ISS’ consideration of stakeholder concerns and how to apply its Benchmark policy this upcoming proxy season.

Attentively,

Ceres

