

# Stewardship reporting process for selected information

Year end 31 December 2024

This document sets out Columbia Threadneedle Investment's approach to the classification, calculation and reporting of stewardship KPIs, as set out by Columbia Threadneedle Investments UK International Limited and Threadneedle Asset Management Ltd, and covering the following entities:

## EMEA

- Threadneedle Asset Management Ltd.
- Columbia Threadneedle Management Ltd.
- Threadneedle Investments Services Ltd.
- Threadneedle International Ltd.
- Columbia Threadneedle (EM) Investments Limited
- Threadneedle Management Luxembourg S.A.
- Columbia Threadneedle Netherlands B.V.

## APAC

- Threadneedle Investments Singapore (PTE.) Ltd.

## North America

- Columbia Management Investment Advisers, LLC
- Columbia Wanger Asset Management, LLC

## The reporting covers

1. Responsible Investment ("RI") engagements (Total engagements; Companies engaged; and countries covered)
2. Total number of Milestones
3. Voting (Company meetings voted; Proposals voted; and votes against management)

This document describes our methodology for the calculation of our stewardship KPIs over which KPMG LLP has issued independent limited assurance, using assurance standard ISAE(UK)3000.

Note: There are other metrics in the Stewardship Report 2024 that are not in scope of this document, or covered by KPMG's assurance.

## 1. RI Engagements

- Quantitative data
- Units of measure: total engagements, companies engaged and countries covered by engagement

### Definition

We define a company as a legal entity that develops, registers and sells securities, such as stocks and bonds. We define engagement as constructive dialogue with issuers on ESG risks that could have a material negative impact on their businesses and, where necessary, encouraging improvement in ESG management practices. We engage at different levels within issuers depending on the nature of our objectives, including with the board, executive management, investor relations, sustainability leadership, and operational specialists. Our approach to conducting engagement is to use constructive, confidential dialogue, typically interacting one-to-one with issuers and building a relationship of trust over time as long-term investors. Where appropriate, we may also form or join coalitions with other investors, non-governmental organisations (NGOs) or industry groups, whilst ensuring that we adhere to applicable anti-trust competition legal and regulatory requirements and any other applicable limitations when doing so. We define country coverage according to where an issuer is financially domiciled.

Consistent with client expectations, our primary driver for engagement is to support long-term value creation by mitigating risk, capitalising on opportunities linked to ESG factors, and reducing any material negative impact that our investment decisions could have on these factors.

Activities classified as outreach, e.g. to communicate votes against management or just to arrange meetings, are excluded from the reporting, as no definitive link to encouraging improvement in ESG management practices can be made.

For engagements to be classified as sustainability or ESG related and counted as an “engagement”, the engagement subject matter must fall within one of the following seven themes or its various underlying sub-themes.

1. Climate change (Environmental)
2. Environmental stewardship (Environmental)
3. Human rights (Social)
4. Labour standards (Social)
5. Public health (Social)
6. Business conduct (Governance)
7. Corporate governance (Governance)

### Scope

The scope of RI engagement in 2024 covered equities and corporate fixed income for our own assets under management, and follow a prioritisation process, which is outlined in our [RI Engagement Policy](#). The Policy is drafted and reviewed in accordance with regulatory requirements, including those set out by Shareholder Directive, Directive (EU) 2017/828, outlining our approach to and implementation of engagement by our RI team.

### Calculation and reporting

All engagements are logged in Salesforce, our engagement logging platform. Data logging and reporting is at parent company level, and not distinguished per asset class. The following engagement data are entered by the ESG analysts who were in 2024 part of the RI team into Salesforce:

### Company holding information

Only our Front Office Technology – Responsible Investment Support team can create a company to prevent duplication. Company name and details are recorded according to Bloomberg hierarchy data, and country coverage is recorded according to where a company is financially domiciled.

### Engagement activity

All engagement activities are recorded close to the actual engagement activity, with analysts logging their activity not longer than 48 hours after they have taken place. This includes information on the engagement type, themes covered, method, participants, detailed notes, a client summary, and – where relevant – links to SDGs.

### Engagement objectives

Engagement objectives are set by ESG analysts – in close collaboration with fundamental research analysts and portfolio managers – at the beginning of an engagement cycle. Objectives have a title, a summary text, and options to link to engagement activity, and/or milestones. All engagement objectives must be updated by quarter's end, to be accurately presented in quarterly stats and reporting. The following Objective details are recorded where relevant: Objective, Objective summary, Theme, Progress on objective, Engagement date, Engagement progress, Engager name, Milestone, Date created.

The output format are Excel files, directly downloaded from the Salesforce system, for processing and reporting. For calculating the final metrics:

- for Engagement activity, each individual line is counted,
- for Companies engaged, all engagement activities are copied, multiple entries of company names removed, and entries reviewed for correct logging (e.g., issuer names with PLC, Ltd, Group or AG suffixes combined).

## 2. Milestones

- Quantitative data
- Unit of measure: total number of Milestones

### Definition

Milestones are recorded where companies make tangible improvement in their policies and practices in alignment with Columbia Threadneedle Investments' engagement objectives. The date of any Milestone is recorded as the relevant analyst became aware of the company's progress, for example via a press release or the publication of the company's sustainability report. Milestones must be linked to at least one specific case of engagement (one-to-one or collaborative) or voting on the same objective, within the last three years. Voting-linked milestones can be registered without an Objective. The evidence for a voting-linked milestone is our voting record, given we consider voting an engagement activity.

### Calculation and reporting

Milestones are entered on Salesforce through adding a new milestone to a selected company or via the 'Engagement Milestone' page. Engagers are instructed to only log a milestone if Columbia Threadneedle Investments have asked the company to do this or has highlighted the underlying issue as a specific concern, and there is independently verifiable evidence of the action being taken by the company. An engager must be able to point to a record of at least one specific case of engagement or voting where this has happened.

### Extracting milestone details for reporting

All data entries for milestones follow the same format and data can be extracted accordingly along these categories: Category, Rating, SDG link, Date, and linking to Engagement Activity, Voting Activity, Engagement Objective. Standard reporting is along total milestones achieved, breakdown per category (environmental, social, governance), and milestone rating (1, 2, 3 stars indicating changes recorded at company level).

Data reported:

- Quantitative
- Total number of milestones

The output format are Excel files, directly downloaded from the Salesforce system, for processing and reporting. For calculating the final metrics, each individual line is counted.

## 3. Voting

- Quantitative data
- Units of measure: Company meetings voted, total proposals voted; and votes against management

### Definition

The global voting universe is made up of holdings in all the company's legal entities, as outlined at the beginning of this document and as referenced in our [Proxy Voting Policy](#).

Most votes are exercised in the same way under the [Proxy Voting Policy](#), with some votes cast under client-specific external policies. Country-specific voting guidelines are also maintained that are applied within the voting process. For the purposes of the Stewardship Reporting the following core voting KPIs are defined as follows:

- Total proposals voted: The absolute total number of items voted in line with our Proxy Voting Policy, and excluding votes cast under client-specific external policies.
- Company meetings voted: The number of company meetings in which we cast at least one vote.
- Votes against management: A proposal where our vote was in opposition to a management proposed item (therefore also a vote against a proposal), or where a vote was in opposition to management's vote on a shareholder proposed item (which may be a vote for or against a resolution). An abstain is also considered a vote against management, if the proposal was proposed by management. Represented as the percentage of total proposals voted as defined above.

The portfolios of Responsible Engagement Overlay (reo®) clients<sup>1</sup> who have delegated to Columbia Threadneedle Investments the responsibility to exercise voting rights on their behalf is following the same process of reporting and controls, is not covered as part of this assurance or the data reported in our annual Stewardship Report.

### Calculation and reporting

All voting records are maintained within the ISS ProxyExchange system/database. ISS is a third party service provider, with the system maintained by the service provider. We have access to the system and can download reports related to our proxy voting efforts. The output is an Excel report that includes Ballot Level results, Meeting level results, and Statistical Report results (meeting level) along the categories highlighted above.

<sup>1</sup> Our reo® service is used by a global client base of investors, including pension funds, insurers, asset managers, fiduciary managers, charities, family offices and discretionary managers.

To find out more visit [columbiathreadneedle.com](https://columbiathreadneedle.com)



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CTEA6561580.1-RUSH | WF2759418 (04/25)