For professional investors/qualified investors only

Columbia Threadneedle Investments

Stewardship Report 2023

A review of our stewardship approach and activities in line with global stewardship codes.

COLUMBIA THREADNEEDLE INVESTMENTS®

Contents

Foreword

Welcome to our 2023 Stewardship Report, which seeks to demonstrate Columbia Threadneedle Investments' commitment to the UK, Taiwan, Japan and Korea Stewardship Codes. We are a global, active asset manager and a long-term investor, and as such, investment stewardship is critical to how we seek to deliver the investment outcomes our clients expect, while also meeting our fiduciary duty. Our stewardship approach is complementary to our investment approach as major shareholders and bondholders of companies all over the world – a responsibility we take seriously.

2023 was another testing year for markets and investors. Geopolitical tensions persisted, whilst stubborn inflation and tighter monetary policy exacerbated the global cost-of-living crisis not seen for over a decade. Yet perhaps the largest surprise of all was the resilience demonstrated by global economies in response to these pressures, with many – in contrast to widely held predictions – avoiding recession entirely.

In this context, we believe we are more likely to make investments that generate positive financial outcomes for our clients if we fully understand the risks and opportunities associated with the issuers in which we invest – including those that relate to environmental, social and governance (ESG) factors. We seek to turn information and data into forward-looking insights that can add real value to our investment decisions. Collaboration across teams is a strength of our firm, and we are proud of our efforts during 2023 to further combine our global research capability and extensive corporate access with Responsible Investment (RI) expertise. We believe this leads to better outcomes for our clients by providing deeper insights to support investment decisions. 2023 also saw the publication of our harmonised, global RI engagement and proxy voting policy and approach. We focused on implementing this throughout the year, the outcome of which is evidenced throughout this report – our first as a fully integrated organisation.

As investors, we believe well-governed companies and issuers are better positioned to adapt and manage the risks and challenges inherent in their business and to capture opportunities that foster long-term value creation. Constructive engagement and dialogue with issuers, as well as with other stakeholders such as tenants of the real estate assets we manage, enhances this understanding of risks and opportunities as we make investments on behalf of our clients. As part of this, we seek to understand the management of financially material ESG factors and, where appropriate, encourage improvements in practices that we believe could help drive financial returns for our clients and contribute to a more resilient and sustainable global economy.

It is in this sprit that we share our engagement and voting activity for 2023 within this report, alongside ESG integration and conflict management. We are proud of our commitment to our clients and hope this report provides an insightful demonstration of our role as stewards of their capital.

William Davies
Chief Investment Officer of Columbia Threadneedle Investments

David Logan
Head of EMEA and Global Business Operations

Not all products or services are available in all jurisdictions or through all firms. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies. Not all services, products or strategies are offered by all entities of the group.

CHAPTER 1

About Columbia Threadneedle Investments

Columbia Threadneedle Investments is the global asset management business of Ameriprise Financial, Inc., entrusted with US$637bn / €577bn / £500bn on behalf of individual, institutional and corporate clients around the world[1]. We offer our clients a broad range of actively managed investment strategies and solutions covering global, regional and domestic markets and asset classes.

Our purpose and investment beliefs

We're driven by what matters to our clients and we're focused on delivering their desired investment outcomes. Our investment beliefs centre on the understanding that markets are inefficient and that active management can play a powerful role. We believe that original, independent research makes investment decisions smarter and therefore enables us to offer added value to our clients. We value well-governed companies that demonstrate understanding of the key risks and opportunities they face, including material environmental and social factors.

Four cornerstones underpin our investment beliefs, enabling us to act as responsible stewards of our clients' assets:

Globally connected: Our reach is expansive, with over 2,500 people – including more than 650 investment professionals – spanning 17 countries around the world[2]. But for us, a global perspective is about more than numbers; it is about the smarter advantage we create when we bring our teams' insights together.
We've built our diverse expertise and on-the-ground knowledge into our investment processes and solutions, covering almost every key asset class and market.

Intense research: We have over 200 research analysts around the globe, and proprietary tools harnessing big data and next generation analytics. This allows us to turn information into forward-looking insights that can add real value to our investment decisions, enhancing our ability to help deliver good financial outcomes for our clients.

[1] Ameriprise Financial Q4 2023 earnings release. This AUM includes Pyrford International Limited, who submit a separate UK Stewardship Code report to the Financial Reporting Council. This report does not cover their approach, activity and outcomes in relation to stewardship.

[2] Columbia Threadneedle Investments, as at 31 December 2023.

Responsible ethos: We think our RI capabilities can help our clients achieve their financial goals whilst, for those clients for whom it is a priority, contributing through their investments to shaping the future world they seek. This continually pushes us forward in how we strive to operate as a business in developing our in-depth RI research capability as support for investment analysis and, where applicable, portfolio construction. Although RI research is made available to all Columbia Threadneedle Investments portfolio managers, each portfolio management team makes its own investment decisions and certain teams may place more, less or no emphasis on such research in any given investment decision.

Continuous improvement: Markets don't stand still and neither do we. Every day, we're looking for opportunities to improve how we invest and what our clients experience – be it the separate Investment Consultancy & Oversight team or Investment Risk team that ensure the robustness of our investment processes, the emphasis we place on developing our talent, or the innovative solutions that we offer. The world is continually changing, and with it our clients' needs, which is why we are always evolving.

Our culture and values

We are proud of our culture at Columbia Threadneedle Investments – it is a key driver of our success. Four core values enable us to maintain our culture, and ensure our clients remain at the heart of everything we do. Being a values-driven organisation also enables us to attract, develop and retain our talent whilst ensuring our employees feel safe, included, valued, and respected.

These values help to shape the actions we take as a business, including how we define our investment stewardship to help guide our focus on consistently meeting our clients' investment outcomes.

Client focused: Our company was built on serving and satisfying clients, and meeting our clients' needs is always our number one priority. We make a positive difference in our clients' lives.

Integrity always: We uphold the highest standards of integrity and stand behind what we say and do. We know that trust must be earned continually and are committed to transparency in our financial disclosures.

Excellence in all we do: When we execute with excellence, success naturally follows. We provide world-class service and innovative product solutions and are personally accountable for delivering results and maintaining the highest quality.

Respect for individuals and for the communities in which we live and work: We respect each other, value diversity and work as a team to meet our goals. We value our people, encourage their development and reward their performance. We are good citizens in our communities.

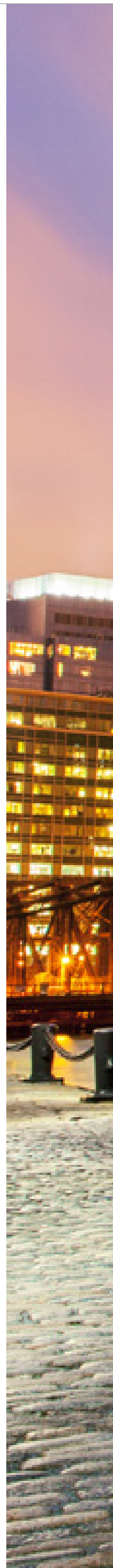
Our responsible investment approach

A responsible ethos is one of the four cornerstones of Columbia Threadneedle Investments. In delivering outcomes that are consistent with client objectives, integrating material ESG considerations[3] into our investment research and stewardship can help inform our investment decision-making. By combining intense research, sophisticated tools, specialist expertise and a collaborative approach, we've continually evolved our RI capabilities so that they can help support the investment decisions we make on behalf of, and the range of solutions we can offer to, our clients.

As stakeholder and client expectations continue to evolve, so must we. That means rigorous oversight of how we invest on behalf of our clients, continuous learning, and the evolution of what we do. As a complement to our research, RI analysts may collaborate with other investors, through industry working groups, to help inform our understanding of emerging ESG issues that may impact our clients and their investments. We contribute thoughtfully and proactively to government and regulatory consultations, helping to improve industry standards and stimulate innovation.

Together our clients entrust us with

US$637bn / €577bn / £500bn



[3] We consider ESG factors that have a significant positive or negative effect on an issuer's value or performance and therefore could be material to our consideration of investment risk and returns in the client portfolios we manage. To help us identify and prioritise such issues for engagement, we consider generally accepted industry frameworks.

RI developments in 2023

Below we highlight examples of how we developed our RI capabilities during 2023, across initiatives; research, data and reporting; and client-focused activities.

RI initiatives

During 2023 we continued to embed ESG factor integration within existing strategies, as appropriate, taking into account the differing investment priorities of our clients. More information on ESG integration and developments in 2023 can be found in Chapter 2. We also established a streamlined RI Approvals Process to review participation in membership organisations, collaborative engagements and letters, corporate commitments, and public statements to governments or government/regulatory agencies, and ensure that such activities help support our focus on delivering clients' desired investment outcomes. This enabled us to participate in the FRC's UK Corporate Governance Code consultation, as well as join the 30% Club Germany, Mining2030 and the Data Convergence Initiative.

We published an internal addendum to our RI Engagement Policy on collaborative engagement, to guide RI analysts in collaborative engagement and ensure our activities do not have a negative effect on competition in the asset management industry and industries in which we invest; do not inadvertently act in concert with other investors in a portfolio company; and do not exert control over a portfolio company in a manner which would contravene applicable regulation.

After launching our global active ownership policies in January 2023, much of the year was focused on implementing these and providing relevant training sessions for RI analysts, research analysts and portfolio managers. Our RI team delivered a range of training sessions to investment teams, including:

- Presenting engagement projects to the Responsible Portfolio Management group and the UK Equities team.
- Onboarding the Dividend Income team on the Workforce Disclosure Initiative, and discussing human rights with the US Large Cap team.
- RI capability training to Investment Grade, EMEA Equities, High Yield and US Equities teams.
- Delivery of over 25 internal investment desk presentations and six internal thematic roundtables on topics such as human capital, energy transition, chemicals and obesity and their relevance when considering financially material risks and opportunities as part of the investment decision making process.

RI analysts also held sessions with each other on engagement themes such as human rights and labour standards and how such themes can impact companies' effective management of risk.

Research, data and reporting

Research and data outputs continued to be made available to support research analysts and portfolio managers' consideration of relevant ESG factors as deemed appropriate by portfolio managers in their management of client assets, including:

[4] We also vote on behalf of ***reo***® clients – a global base of asset owners, including pension funds, insurers, asset managers, fiduciary managers, charities, family offices and discretionary managers. ***reo***® clients can access the full suite of our active ownership expertise including ESG research, screening, engagement, and proxy voting. The number of votes on behalf of ***reo***® clients is not included in these metrics here, nor throughout the rest of the report. ***reo***® clients receive dedicated reporting.

* For these figures, we sought independent limited assurance from KPMG. Please see p92 for more details.

- Seven new ESG tools launched on our global investment platform (Aladdin) to cover ESG risks and opportunities, plus continued development of additional new tools (more information can be found in Chapter 2).
- Screening of over 450 companies for inclusion in our responsible fund range, as well as for our Sustainable Development Goals (SDG) mapping, Principle Adverse Indicator (PAI) and good governance assessments.
- Continued focus on controversy work, with 29 instances where RI analysts reached out to or engaged companies on United Nations Global Compact breaches.
- Frequent publication of internal ESG-focused investment research notes for use by analysts and portfolio managers.

We also focused on reporting outputs dedicated to meeting regulatory requirements such as stewardship codes and the EU's SFDR regulation, as well as sustainability labels such as Febelfin (BeNELux) or FNG (Germany, Austria, Switzerland, and Lichtenstein) for certain funds.

867

companies engaged* and **7,046** company meetings voted* by RI analysts during 2023[4]

Client-focused RI activities

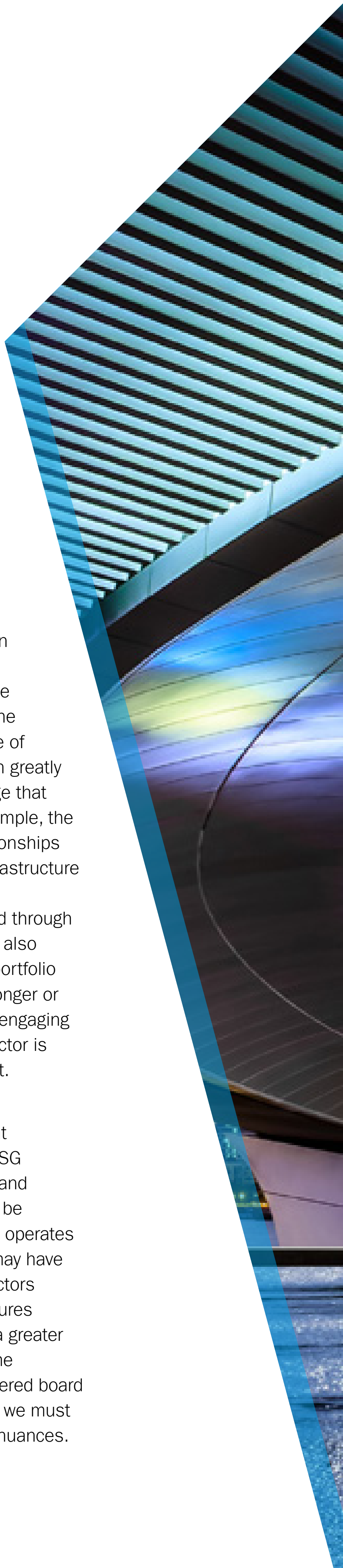
Throughout 2023 we continued to deliver for those of our clients whose investment priorities incorporate specific RI preferences by enhancing our product range, client engagement and education, and expanding our expertise.

- Three product launches in EMEA with an RI focus: our CT Sustainable Global Equity Income Fund, CT Sustainable Global Equity Enhanced Income Fund, and Global Social Bond strategies. We closed our US Social Bond Fund due to lack of asset growth.
- Hosted our Responsible Investment Conference in London, attended by UK and European-based clients. More information on the conference can be found in Chapter 5.
- Expanded our presence in APAC, moving one RI product specialist to Singapore to better meet demand and interact with clients in this market. We also achieved signatory status to the Japan and Taiwan stewardship codes for the first time. In 2024 we are also applying to the Korea stewardship code.
- Sponsored, and presented at, the PRI in Person conference in Tokyo, while also conducting face-to-face client meetings while in the region.
- Delivered 13 ESG Viewpoints and 12 impact reports to highlight to clients our research and engagement on material ESG issues, as well as the ESG performance of certain funds.
- Spoke at over 30 conferences on RI to share our knowledge with clients and expand our presence. This included a presentation on El Nino and weather-related risks with more than 700 US clients and prospects registered.

CHAPTER 2

ESG Integration

As stated in Chapter 1, we believe the consideration of financially material ESG factors can provide an important perspective to our investment research. Consideration of these factors could affect an investment's valuation by helping assess future investment risk, unlocking potential new investment opportunities and fulfilling our clients' long-term financial objectives.



Material ESG factors are incorporated within investment research and ongoing portfolio monitoring, with portfolio managers retaining discretion in terms of consideration of these factors, as they would with other potentially material factors, when making investment decisions. Separate approaches are taken within our Alternatives business.

Nuances in ESG integration

Strategy and Products

It is important to recognise in how we manage our clients' investment portfolios the difference between strategies that incorporate to differing degrees a level of ESG integration to ensure appropriate consideration of financially material risks and opportunities, and those that have a defined a sustainable investment approach to meet specific financial and non-financial goals desired by certain of our clients. The consideration of ESG issues forms part of our overall investment research process and ongoing portfolio monitoring for risk management purposes. However, we also offer products to meet the preferences of certain clients located in EMEA that have clear, specific and binding ESG objectives in their investment guidelines alongside financial objectives. These include products with an elevated level of ESG factor incorporation and potentially sector/security exclusion, as well as funds that invest entirely in sustainable investments and have both a financial return objective and target environmental and/or social outcomes or impacts.

Asset class

The extent of ESG integration varies based on asset class given risk exposures, liquidity of instruments and the length of time we may be invested. Asset class nuance also impacts the way we conduct active ownership; the degree of ownership or control that an investor has can greatly impact the ability to engage and effect change that supports shareholder value creation. For example, the ownership structure and typically close relationships with management within private equity or infrastructure investment may allow for a larger scope for engagement relative to what may be achieved through engagement with sovereign issuers. We may also choose to prioritise engagement where the portfolio management team's investment horizon is longer or aligns with a specific ESG factor, rather than engaging where a holding period is shorter and that factor is unlikely to impact the value of the investment.

Geography

As part of our approach, we also take account of geographic variations. We recognise that ESG standards, the level of investor engagement, and responsiveness to thematic ESG factors may be influenced by the country or region the issuer operates in. For example, an emerging market issuer may have lower regulatory standards on certain ESG factors versus a European issuer. Governance structures may vary based on the market; for example, a greater prevalence of state-owned enterprises in some markets, or unique approaches like the two-tiered board systems such as in Germany. To be effective, we must consider ESG factors in the context of these nuances.

Sophisticated tools power ESG integration

During 2023, we completed an extensive project to join equity, fixed income and multi-asset investment teams together on Aladdin, a portfolio management platform, which marked a major step forward in our integration of legacy businesses. We also continued to expand the availability of our ESG integration tools, uploading these to Aladdin incrementally.

We process and analyse data from many sources to create powerful analytical tools, designed to enhance and inform the integration of ESG considerations into investment research, portfolio construction and risk monitoring, by giving a clear picture of the ESG considerations that may be financially relevant to different investment opportunities.

Not all metrics are available for or applicable to every portfolio manager and the portfolios they manage, but this list represents the range of tools available to equity, fixed income and multi-asset teams globally. The extent to which these are used will vary according to the client mandate and the strategy objective such as investment time horizon. Data limitations may also mean that there may be incomplete portfolio coverage. Each portfolio management team makes its own investment decisions and certain teams may place more, less or no emphasis on particular ESG factors in any given investment decision.

We process and analyse data from many sources to create powerful analytical tools

Our ESG integration tools

ESG Materiality Ratings
A key input into our research – a real-time view on how issuers are managing industry-specific financially material ESG risks and opportunities.

Net Zero Framework
Assesses an asset's alignment with a net zero future, and for portfolios aligned to our net zero approach, overall portfolio progress towards net zero.

Sustainable Development Goals (SDG)
Maps issuers revenue streams to the SDG targets as positive, negative, and neutral. Allows us to target investments to achieve real-world outcomes.

Carbon Analytics
Provides a snapshot of the carbon efficiency of issuers, as well as enabling portfolio-level emissions comparisons.

Good Governance Model
Highlights issuers with practices which indicate poor governance related to board structure, employee relations, remuneration or tax management.

Exclusions Framework
A scalable exclusions framework that aligns with the differing approach of products available within our range.

ESG Thematic Insights
Investment-led insights on relevant ESG themes provide important context for stock-level analysis, enabling a fuller assessment of ESG risks and opportunities.

Principal Adverse Impact Model (PAIs)
Utilising the PAI framework under the EU's SFDR, the model identifies issuers at risk of causing significant adverse impacts on the environment or society.

Controversy Rating
An internal framework using the UN Global Compact principles to assess issuers against potential breaches of international standards; it can help us prioritise engagement.

Specific tools and frameworks for Alternatives
- EPC and Flood risk ratings
- Evora SIERA energy and carbon analysis
- GRESB data and analytical tools

Sustainable Investments
Bringing together our internal SDG, Net Zero, PAI and Good Governance datasets we determine if an investment is considered sustainable.

Key developments in 2023 for our ESG integration tools:

- Completed work on our net zero tool, based on our net zero **methodology**, which is now available on Aladdin. Work continues to expand coverage of investments under the methodology.
- Developed a bespoke tool to appraise the quality and consistency of deforestation management of issuers involved in soft commodity value chains. We are iterating this tool to expand the remit to cover corporate management of all nature impacts and risks, and plan to conclude the development of this tool in 2024.
- Refined our SDG mapping tool and increased its applicability to portfolios. We also updated our methodology, provided training sessions to investment teams, and updated a client-focused whitepaper about our SDG mapping approach.
- Released an EU SFDR workspace on Aladdin for applicable products to allow investment teams to assess the proportion of sustainable investments held; the split between environmental and social-aligned sustainable investments; and combined views to monitor Good Governance and PAIs.

We plan to conclude development of our deforestation tool in 2024

Engagement is additive to our research

Engaging in two-way dialogue with companies, corporate issuers and real asset occupiers can supplement gaps in our data and help us gain a better understanding of how ESG risks and opportunities are managed. See Chapter 3 for our RI engagement approach and examples.

Close collaboration between our teams

Global collaboration is core to our investment approach. We have over 45 professionals in our Responsible Investment team (RI team), including thematic research analysts who produce research on specific sustainability themes; engagement and voting analysts who specialise across different ESG issues, sectors and markets; ESG integration specialists; and product specialists. Many RI team members work closely with our research analysts, who collaborate across asset classes and sectors, and undertake ESG analysis and engagement as part of their role. RI analysts and research analysts work with portfolio managers to enhance knowledge and highlight risks and opportunities, which ultimately supports portfolio managers in their assessment of which investments to make.

We believe our research-intense approach, as outlined above, ensures we have a deep understanding of the wide range of risks and opportunities across the complex, intertwined global landscape, and drives how we deliver better investment outcomes for our clients.

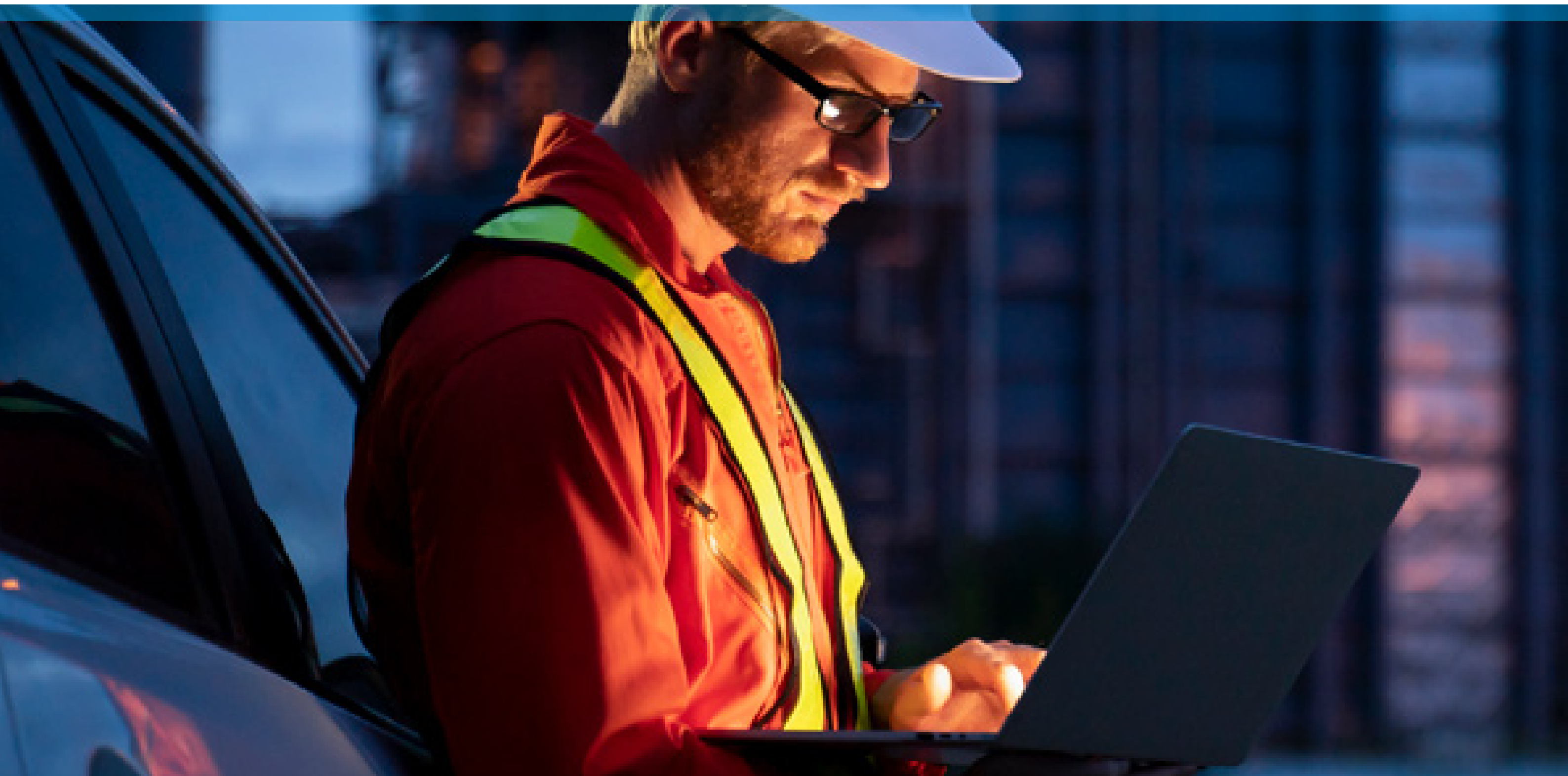
Oversight

Across equities, fixed income and multi-asset, our separate Investment Consultancy & Oversight team ensures the integrity of investment strategies. They engage with our portfolio managers – to review their performance, discuss their decision-making, and analyse their processes, to ensure we remain aligned to our clients' objectives and identify opportunities to continually improve. This oversight process ensures accountability and facilitates continuous improvement, while maintaining manager autonomy. We believe this contributes towards our ability to deliver repeatable investment outcomes and ensure each investment team is adhering to its philosophy and process.

Use of service providers

We also use external data providers to support our in-house research and proprietary tools. Examples include MSCI, Bloomberg and FactSet. We prefer to utilise the raw data provided by these vendors and to structure this into in-house tools that best support our ESG and stewardship insights, as described earlier in this chapter. We keep data providers under review to ensure that we are selecting the highest-quality data source. For more information on our vendors, including selection and monitoring, please refer to Chapter 7.

Global collaboration is core to our investment approach



Examples of ESG integration across asset classes and investment desks

Equities: Industrie De Nora | Chemicals | Italy

De Nora is a market leader in electrode technologies exposed to the growing green hydrogen market. An equity research analyst reviewed the stock and, with a thematic research analyst from the RI team focused on the energy transition, discussed assumptions on green hydrogen projections, which are embedded in the valuation model. The stock review was then presented and discussed in the EU Small Cap team meeting, which included attendance by four portfolio managers. In the meeting, the analysts discussed how, despite the expertise and newly announced hydrogen projects, they view De Nora's green hydrogen market demand forecasts too optimistic based on bullish industry projections versus our more conservative views based on our thematic research on this market. The analysts also discussed increasing competition in the market from EU and Chinese companies, as well as technological risk (specifically, alternative technologies gaining pace).

Outcome: Based on the analysis that was presented by the equity and thematic research analysts, which involved unclear visibility of funding of many projects, as well as an inherent risk of delay/cancellation due to various reasons not controllable by the company and an expensive valuation, the EU Small Cap team decided not to invest.

Fixed income: Various banks

In 2021 credit research analysts and thematic research analysts from the RI team engaged over 50 banks to understand their climate strategy and climate risk management approach. The analysts followed up with a series of meetings which were designed to establish progress on targets, measurement, reporting and underwriting. The RI analyst took the information gathered from the banks' responses and from management/other meetings, and conducted bottom-up analysis on climate disclosure within the sector. As a result of this analysis, the RI analyst ranked names 1-10 based on climate risk. Fundamental rankings by the credit research analyst, meanwhile, related almost exclusively to governance and culture. The analysts compared

We believe our research-intense approach ensures a deep understanding of the risks and opportunities across the complex, intertwined global landscape

these fundamental rankings to the climate scores to evaluate what changes should be considered. As a result, the analysts made changes to 14 issuers' fundamental rankings, moving issuers between three and five ranks. In continuation of this work in 2023, the analysts engaged with 47 banks to gauge how they are embracing the energy transition and managing climate change risks. Thematic research analysts helped to formulate questions aimed at nine areas of assessment to help understand the most financially material issues resulting from a net-zero transition to the banking sector: financed emissions performance, operational preparedness, incorporating climate into the financing decision making, preparedness for regulatory change, governance and opportunities. More information can be found in our thought leadership piece 'A unique lens on banks and net zero'.

Outcome: The analysts assigned scores of 1-10 in each of the nine areas and made an overall assessment in terms of whether the bank is aligned, aligning, committed or not aligned with a forward-looking net zero pathway. This new information and net zero alignment status was incorporated into our overall fundamental investment view and was used to adjust fundamental rankings, ratings and thesis statements.

Multi-asset: Greencoat Renewables Investment Trust

Background: Greencoat Renewables is an investor in euro-denominated renewable energy infrastructure assets with a focus on Irish wind farms. For our sustainable multi-asset strategies that invest in alternatives, focusing primarily on listed investment trusts, we require certain minimum criteria to be met, including the exclusion of weapons and tobacco; a general commitment to ESG integration; and a commitment to positive sustainable investment trends.

Action: The Multi-Asset team initially had a call with the analyst covering Greencoat Renewables at broker Davy. This provided more knowledge of Greencoat Renewables and how it has performed since IPO, as well as the steps the company has taken to diversify its business in terms of both technologies and geographies invested in. The team were encouraged by this call and subsequently sent Greencoat Renewables its ESG and Net Zero questionnaires and organised a call with management to gain further insight, from both and investment and an ESG perspective. The company answered these questionnaires satisfactorily, and confirmed adherence to the applicable multi-asset fund investment policy and that it is an Article 9 product under SFDR. During the subsequent call, management provided a good overview of the company addressing aspects such as the philosophy of the trust and team expertise. An RI analyst with climate and environment expertise joined this initial call; they had no major concerns with Greencoat Renewables, although they did raise additional questions which were addressed during a second ESG-focused call.

Outcome: The information gained through these pre-investment engagements, and particularly the second meeting on ESG issues, gave good insight into Greencoat Renewables and its ESG approach. Following the RI analyst's review of

We use external data providers to support our in-house research and proprietary ESG integration tools

Greencoat Renewables's responses, both on calls and to the questionnaires, the Multi-Asset team initiated a holding in the company and are looking to potentially engage in the future on certain points raised.

Alternatives: Real Estate – Milliners Yard | United Kingdom

Background: The supply-demand imbalance of the UK rental market is such that the flow of capital and its deployment and ongoing management can deliver core market investment returns, underpinned by defensive and sustainable income streams, while creating positive impact by increasing housing supply and improving the quality and environmental credentials of available residents' homes.

Action: Through a development partnership with UK housing association Home Group, our UK Real Estate team have forward funded the development of Milliners Yard – an apartment block in Liverpool located on the site of a former department store, within walking distance of some of the largest key worker organisations in the city, such as a hospital and two universities. During 2023, members of the team visited the site to celebrate the 'topping out' ceremony, signifying the successful completion of the structural phase of the construction.

Outcome: Once complete, the site will host 258 low-carbon, quality apartments with a targeted affordability of 25% of median local household incomes, while 10% of the units will be offered at a 20% rental discount. As well as providing locally affordable rental housing, the scheme will also contribute to the larger regeneration of the area, providing community space and amenities, while enhancing biodiversity.

Managing climate risks and implementing our net zero commitment

Our **2023 climate change report** details how we manage climate-related risks and opportunities, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). During 2023 we also published product-level TCFD reports for a broad range of our products, covering our UK-domiciled funds and many of our EU-domiciled funds.

As a signatory to the NZAMI, achieving the goal of net zero emissions by 2050 or sooner with respect to our assets under management is subject to direction by our clients on a portfolio-by-portfolio basis.[5] Our **net zero methodology** currently only covers equities and corporate bonds, as well as direct real estate investments in the UK and continental Europe. We are implementing our net zero commitment in stages, analysing portfolios individually to ensure we are using an effective and robust approach. We are also developing methodologies for other asset classes.

We currently have no products aligned to our approach to implementing NZAMI that are available for sale to US investors and no clients in the US who have directed that their portfolios be managed in line with our NZAMI approach.

Critical to our role as an active manager, we engage with the companies we invest in to engage in a constructive dialogue about their transition towards net zero and deliver for their stakeholders – further details of our RI engagement can be found in Chapter 3. We offer a broad choice in investment strategies for individual and institutional clients with differing priorities, including solutions that meet the growing client demand for more climate-aware investment opportunities, and we are further evolving our offering in this regard.

[5] 7.36% of our AUM aligned with our net zero commitment as at November 2022. Pyrford International has been excluded from this AUM count.

CHAPTER 3

Engagement

As active owners, engagement dialogue, including around ESG factors (RI engagement) with the issuers we invest in on behalf of our clients is an integral part of our approach to research and investment, and as stewards of client capital.

How we engage with issuers

During 2023, we focused on implementing our harmonised, global approach to RI engagement which we developed during 2022, bringing together different approaches from Columbia Threadneedle's businesses.

We define RI engagement as having constructive dialogue with issuers on a range of risks including those linked to ESG factors that could have a material impact on their businesses and, where necessary, encouraging improvement in management practices that we believe could help drive financial returns for our clients. Consistent with client expectations, our primary driver for RI engagement is to support long-term value creation by mitigating risk, capitalising on opportunities linked to range of factors including those relating to ESG, and for certain clients (including all clients serviced by our EMEA business) reducing any material negative impact that our investment decisions could have on these factors. We believe that, by engaging in this way, we can play a part in building a more sustainable and resilient global economy, which is ultimately beneficial for our clients. This can also help drive positive impacts that are in line with the achievement of the SDGs, which some of our clients look to achieve as part of their investment priorities.

Underlying each theme is a range of sub-themes to help focus our engagement. We monitor the outcomes of our engagement and report on our progress to our clients and through public reporting.

RI engagement is issuer-focused and predominantly executed for equities and corporate fixed income. Within our Alternatives business, engagement with real estate tenants and other stakeholders within private equity and infrastructure is also extensive and covered later in this chapter. Engagement in Alternatives is covered in the 'Stewardship and active ownership case studies across

[6] Our *reo*® service is used by a global client base of asset owners, including pension funds, insurers, asset managers, fiduciary managers, charities, family offices and discretionary managers. Clients can access the full suite of our active ownership expertise including ESG research, screening, engagement, and proxy voting.

Our engagement is structured around seven high-level themes:

1 Climate change

2 Environmental stewardship, including biodiversity

3 Labour standards

4 Human rights

5 Public health

6 Business conduct

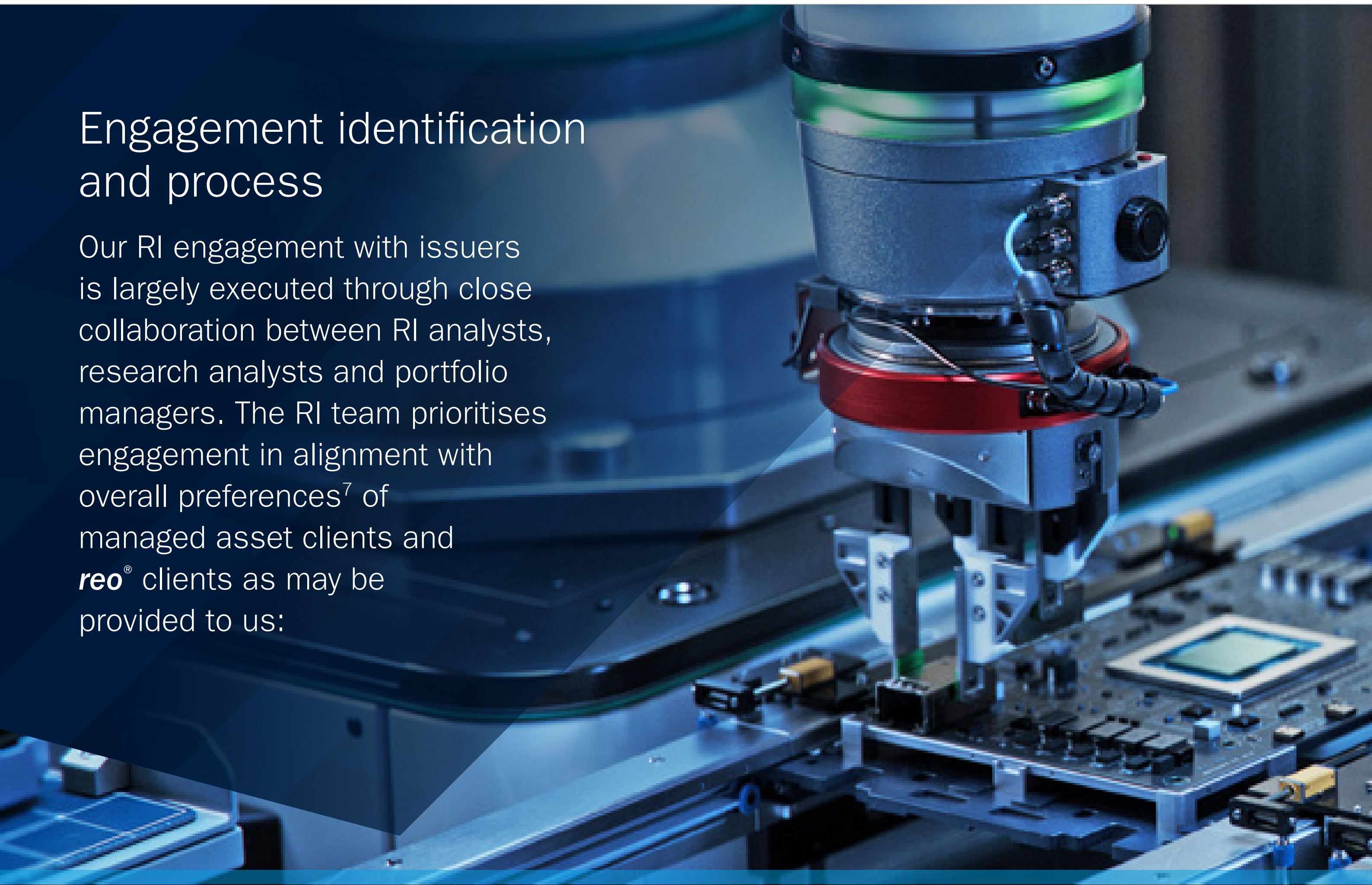
7 Corporate governance

various asset classes' section below. We can also cover the following asset classes when requested by investment teams: Infrastructure; Collateralised Loan Obligations; Asset Backed Securities; Municipal Bonds; and Commodities. During 2023, we have been designing and testing a dedicated sovereign engagement programme.

For our responsible engagement overlay (***reo***®) clients[6], engagement covers listed equities, and corporate (financial and non-financial) credit.

Our RI engagement with companies is reinforced by the broader RI-linked public policy engagement.

Collaboration across asset classes and thematic and sectorial disciplines ensures an informed approach. Our consultative, research-driven process for engaging corporate leadership and management contributes to our investment insights (see Chapter 2), collaboration (see the 'Collaboration' section of this chapter), appropriate escalation (see the 'Escalation' section of this chapter) and our exercise of client voting rights (see Chapter 4).



Engagement identification and process

Our RI engagement with issuers is largely executed through close collaboration between RI analysts, research analysts and portfolio managers. The RI team prioritises engagement in alignment with overall preferences[7] of managed asset clients and ***reo***® clients as may be provided to us:

1 Priority issuers

We identify and prioritise issuers for RI engagement based on the following:

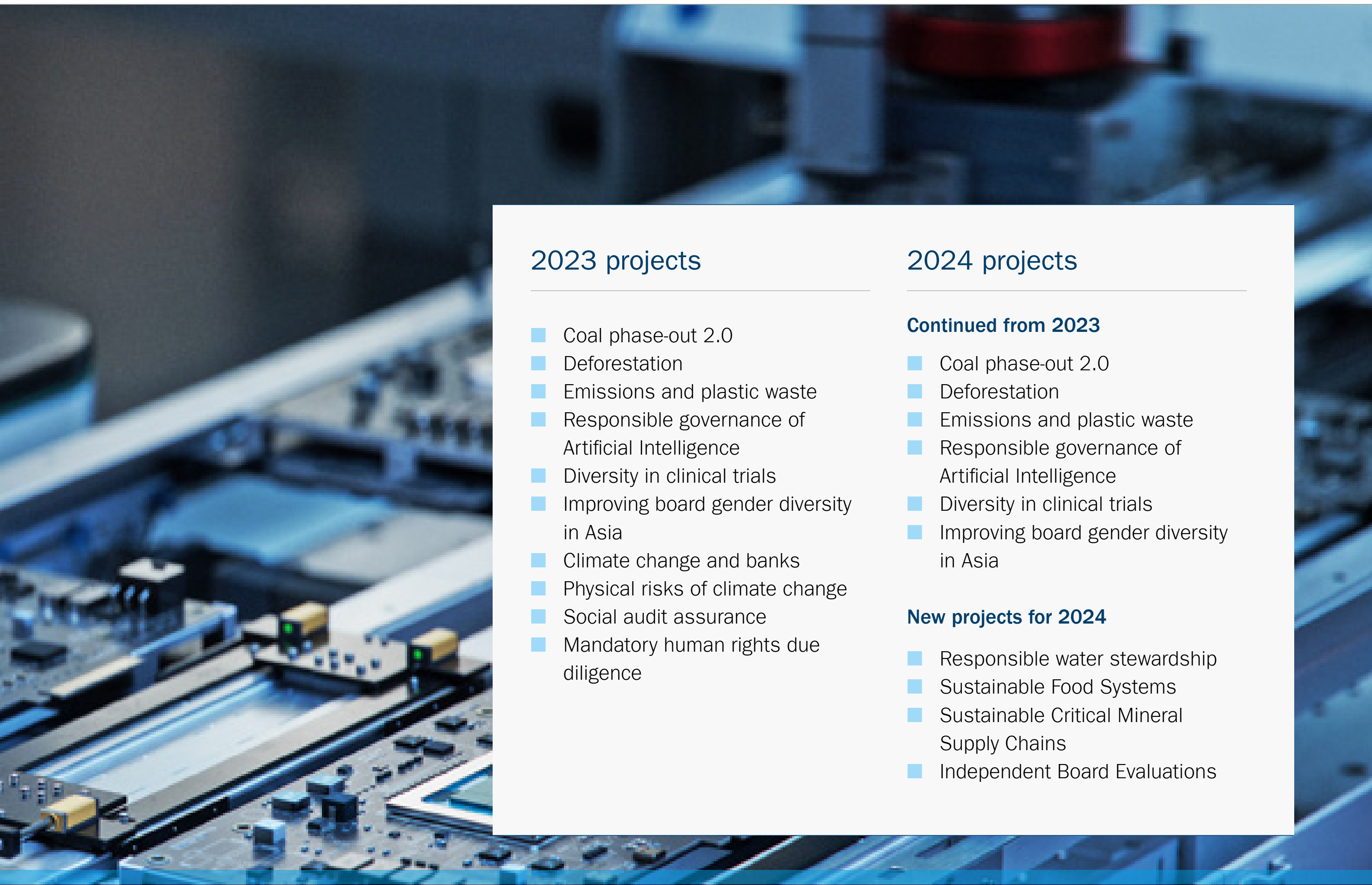
- Assessment of potential impact of ESG risk and opportunity factors now and in the future, using financial materiality of risk issues in accordance with SASB Standards[8]
- Investment teams' and research analysts' judgement and expertise
- Issuers' previous engagement track record
- The significance, probability of occurrence, and severity of adverse impacts on ESG factors, including their potentially irremediable character, scale (gravity), scope and character (noting whether remedial action is possible)
- Assessment of likelihood of success for engagement
- Level of exposure, typically based on size of holding across both managed client assets and ***reo***® client assets

Additional considerations may be brought in depending on the issue under engagement, such as specialist data sources to identify issuers subject to a specific risk we are focusing on. This includes engagement projects (see below), and our net zero engagement, which is prioritised according to a set of factors including financed emissions intensity and the quality of climate strategy.

We set specific engagement objectives (Objectives) and track progress against these to assess achievements (Milestones) and determine next steps. When we open discussions with individual issuers, we aim to clearly communicate our Objectives, expectations and desired outcomes.

[7] Including our annual ***reo***® client consultation on issuer and thematic priorities. More information can be found in Chapter 5.

[8] Sustainability Accounting Standards Board



2023 projects

- Coal phase-out 2.0
- Deforestation
- Emissions and plastic waste
- Responsible governance of Artificial Intelligence
- Diversity in clinical trials
- Improving board gender diversity in Asia
- Climate change and banks
- Physical risks of climate change
- Social audit assurance
- Mandatory human rights due diligence

2024 projects

Continued from 2023

- Coal phase-out 2.0
- Deforestation
- Emissions and plastic waste
- Responsible governance of Artificial Intelligence
- Diversity in clinical trials
- Improving board gender diversity in Asia

New projects for 2024

- Responsible water stewardship
- Sustainable Food Systems
- Sustainable Critical Mineral Supply Chains
- Independent Board Evaluations

2 Engagement projects

On an annual basis, RI analysts conduct a high-level assessment of a wide range of current and emerging ESG issues and their potential impacts on long-term investment returns, and on the economy, environment, and society. The results of this assessment help determine the specific ESG issues on which we will focus our RI engagement activities going forward. Project-based engagements on specific issues normally run for two to three years and are concluded by a final assessment of progress. During 2023, this assessment included review by our research analyst and portfolio management teams, a web-based survey and multiple emails addressing all investment professionals requesting feedback. We are working to evolve this further for future years.

3 Event-driven engagement

Part of our RI engagement happens in reaction to scheduled events such as AGMs, where we would outline shareholder expectations, and encourage changes to an issuer's operations, governance structure or strategic approaches with the aim of helping to deliver long-term value for shareholders. RI engagement activity may also occur in response to unscheduled and controversial events, such as scandals or major environmental disasters linked to corporate operations. Our event-driven engagement also happens in reaction to potential issuer breaches of global standards, such as the OECD (Organisation for Economic Co-operation and Development) guidelines for multinational enterprises or the UN Global Compact. Collaborative engagement would also fall under this prioritisation category.

4 Engagement for specific mandates, fund strategies, or regulatory requirements

Individual client mandates, fund strategies or jurisdictional regulatory requirements may require a dedicated approach to engagement that is different to the approach outlined above. This will be outlined in client mandate documentation and/or fund/ strategy-specific investment policies.

Conducting RI engagement

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 RI 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. Please see chapter 6 for more information.

Escalation

If issuers do not demonstrate progress on matters that we believe deliver shareholder value for our clients, we may consider collaborative engagement[9], public statements, filing shareholder resolutions, intervening at an AGM, or partially or fully divesting.

Tracking engagement progress

Objectives, Engagement Activity and Milestones are tracked and monitored for ESG-focused engagements. RI team engagement is tracked in a database, and content shared with all research analysts and portfolio managers via a dedicated email distribution list. The database allows us to produce engagement activity reports for internal use and, as appropriate, clients, or the general public.

We measure and report on the success of RI engagement through the assignment of Milestones, which recognise improvements in issuers' ESG policy, management systems or practices against the Objectives that were set. Milestones are ascribed using a three-star rating system, with three stars indicating the most significant impact of change and one star reflecting smaller, incremental change along a pathway for the issuer, or across a broader context, for the relevant industry as a whole.

RI engagement statistics for 2023

1,424* total engagements

45* countries covered by engagement

867* companies engaged

217* total number of Milestones

Source: Columbia Threadneedle Investments, as at 31 December 2023.

*For these figures, we sought independent limited assurance from KPMG LLP. Please see p92 for more details. Please refer to our Reporting Criteria document for our approach to the classification, calculation and reporting of stewardship data.

Environmental: Climate change remained a key component of our environmental engagement during 2023. Specific areas of focus included energy transition, companies' net zero strategies, and emissions management. A sizeable portion of our environmental stewardship engagement focused on natural resources. Product sustainability and pollution impact were other areas of engagement.

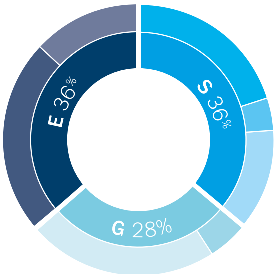
Social: During 2023, our engagement on social issues was largely focused on labour standards and human rights. Topics of engagement included forced and child labour, gender diversity in the workplace, and human rights due diligence. We also engaged companies on public health, on issues such as access to healthcare and nutrition.

Governance: Board diversity was an important aspect of our corporate governance engagement during 2023, with a particular focus on gender diversity. We also engaged on board effectiveness and ESG oversight.

[9] Collaborative engagement is not exclusively used for escalation purposes but can also be used, where appropriate, as standard engagement with other stakeholders.

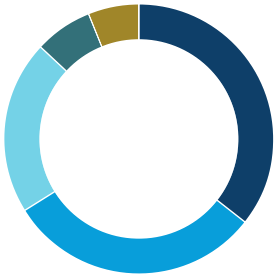
RI engagement breakdowns

Engagements by theme



Climate change	23%
Environmental stewardship	13%
Labour standards	20%
Public health	4%
Human rights	12%
Business conduct	5%
Corporate governance	23%

Issuers engaged by area

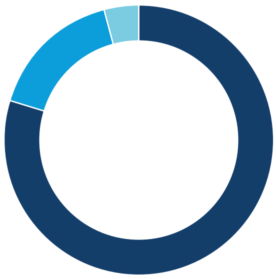


Europe	36%
North America	31%
Asia (ex Japan)	21%
Japan	7%
Other	6%

Engagements by Sector

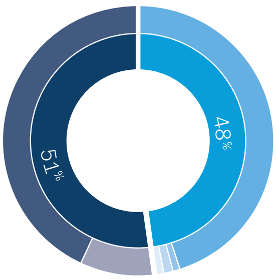
Industrials	13%
Health Care	9%
Financials	11%
Information Technology	11%
Consumer Discretionary	16%
Real Estate	7%
Consumer Staples	8%
Materials	13%
Utilities	7%
Energy	5%
Communication Services	1%

Engagement Intensity



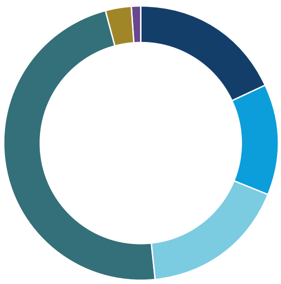
One-to-one	79%
Collaborative	16%
Project	4%

Engagement by method



Meeting	**48%**
Meeting (in person or teleconference)	45%
Company consultation	1%
Conference / Seminar	1%
Field trip and on-site visit	1%
Correspondence	**51%**
Letter	8%
Email	43%

Engagement by leadership level



Board director(s), non-executive(s)	18%
Senior Executives	13%
Operational Specialist	17%
Investor Relations	47%
Corporate Secretary	3%
Company Consultant	1%

Source for all charts: Columbia Threadneedle Investments, as at 31 December 2023. Rounding may result in chart figures not equaling 100%.

Engagement **examples**

The following examples reflect engagement conducted by RI analysts. The insights gained from these engagements are made available to investment desks to support their research and investment decision-making.

RWE AG

Utilities

Germany

Theme: Climate Change

Subtheme(s): Emissions Management, Energy Transition, Just Transition, Net zero strategy

SDG:

13 CLIMATE ACTION

SDG Target(s): 13.2

Background

RWE submitted a new set of 1.5°C targets to the Science-based Targets initiative in May 2023 and are awaiting validation. The focus of our RI engagement has been on the company's decarbonisation strategy to meet these targets.

Action

RI analysts discussed RWE's coal phase-out timelines and strategy for the end-of-life for these assets, their natural gas strategy, and their approach to hydrogen and Carbon Capture, Usage and Storage (CCUS). They also discussed in various meetings with the Head of Sustainability, CFO, and representatives of IR the climate component of their executive remuneration and the progress towards their renewables targets. RWE stated that the coal foundation model (i.e. establishing a foundation to organise the dismantling of coal-fired power generation) which had been discussed within the German government is unlikely to materialise. However, they confirmed that they have agreed with the government to a 2030 coal phase-out, bringing this forward from 2038. RWE has previously highlighted developing 'green conversion roadmaps' for these assets, and we encouraged additional disclosure on the end-of-life plans for these. RWE noted policy uncertainty, particularly regarding support for the conversion of some of these assets to hydrogen-ready gas-fired plants, as a reason for limited disclosure. Regarding their renewables strategy, RWE highlighted the recent EU emergency permitting measures and revisions to the EU Renewables Directive, in part now incorporated into German law, will speed up the permitting process for renewables. They believe this should help them meet their renewables capacity targets for onshore, offshore and solar energy.

Outcome

RWE have been very open to engagement and have taken onboard many of the RI analysts' requests for additional disclosure regarding their climate risk management. They are currently in the process of revising their 'Growing Green' strategy, following several government policy updates, and highlighted that they will look to provide more public disclosure on the topics above. RI analysts will review the strategy and additional disclosures before further engagement.

Adobe Inc

Information technology

United States

Theme: Human Rights

Subtheme(s): Human Rights Other

SDG:

SDG Target(s): 10.3

Background

Artificial Intelligence (AI) is embedded in many of Adobe's offerings and has the power to drive greater innovation and monetization opportunities. Their approach to Responsible AI was high on our RI engagement agenda.

Action

RI and research analysts held a dialogue with Adobe's Investor Relations and General Counsel to learn more about the company's approach to Responsible AI. They asked about the governance approach and requested further details on its impact assessment. They also discussed areas of biggest potential risks and how Adobe approaches mitigating them. The company formed an AI ethics governance committee several years ago which is responsible for conducting an AI ethics review every time an AI feature is proposed. It involves identifying potential harm and bias and multiple tests to minimise and eliminate these risks where possible. To measure the success of its efforts to mitigate AI bias or harm, Adobe tracks the percentage of outputs that are categorised as harmful. Adobe provided context about its Firefly tool (its generative machine learning model used in the field of design), which is trained solely on its licensed assets in order to reduce copyright related risks. It also mentioned that a wide variety of teams are involved in the oversight of testing, to ensure diversity of perspectives are considered. Beyond social issues, the risks on the environment front in relation to AI are believed to be more nascent. Nonetheless, the topic is addressed at the Board level when considering the potential impact on its net zero commitment.

Outcome

Adobe has been ahead of the curve on Responsible AI, which presents a revenue opportunity, competitive advantage, and the opportunity for proactive risk mitigation. The RI and research analysts were encouraged by the constructive dialogue, using the opportunity to better understand Adobe's leading approach. They will take some of these findings and outcomes into our internal Responsible AI assessment framework as Responsible AI remains a key topic for 2024. Engagements such as these are key for us to continuously evolve our understanding of how companies are thinking about Responsible AI and to learn and share good practices as we encourage industry-wide improvement.

General Mills

Consumer staples

United States

Theme: Corporate Governance

Subtheme(s): Capital Structure and Shareholder Rights

SDG: N/A

Background

Recent RI engagements with General Mills, including their Assistant General Counsel, Assistant Corporate Secretary, and the Corporate Secretary, have focused on governance topics: at its 2023 AGM, General Mills tabled a management proposal to allow shareholders holding 25% of common stock to request a special meeting. This was shortly followed by a shareholder proposal of a 10% threshold.

Action

RI analysts engaged to discuss the management proposal and implications for shareholder rights. They highlighted that given General Mills's by-laws currently do not allow shareholders the right to call a meeting, we view this proposal as a positive step. However, they inquired about the considerations the company took in determining the 25% threshold and underscored that it would be unlikely for shareholders to reach such a high percentage, given the more passive investment strategies of their largest institutional investor shareholders.

Outcome

We view special meetings as a positive shareholder right, allowing shareholders displeased with the company or the board to request a meeting to enact change. While our view is that 10% is a more suitable threshold than 25%, we believe that General Mills opening this avenue to shareholders is nonetheless a positive development. As such, we chose to support both the management and shareholder proposals, thereby underscoring the suitability of the 10% threshold. Both proposals passed, with management receiving c71% support and the proponent receiving c60%. In these circumstances, we anticipate the Board adopting the 10% threshold, leading to a significant step forward in shareholders rights at General Mills.

Engagement case studies across various asset classes

The below examples highlight examples of engagement led by different investment desks (sometimes together with RI analysts), and we include what impact the engagement had on the investment case.

The engagement style can vary by asset class, as reflected in the examples: some engagement is more focused on obtaining information to help monitor companies' business practices and inform investment decisions, while some engagement is conducted specifically to encourage improvement in companies' management of ESG issues, to the extent deemed financially material.

Equities

Unilever

Consumer goods

United Kingdom

Background

RI analysts joined members of the UK Equities team for five ESG-focused engagements with Unilever during 2023, and several meetings with management during results periods, to determine the quality of board oversight and encourage alignment between strategy and sustainability.

Action

They met the new board chair and head of the remuneration committee chair, and encouraged a focus on the ESG factors most material for the business to support a turnaround: human capital, climate change and plastic. Human capital and climate change meetings focused on culture, the importance of target-setting and improving accountability to drive performance. They were pleased to see more focused climate targets and granular disclosure of the capital expenditure to meet them. On plastics, they were pleased to see the increase in resource dedicated to plastic risk management across the group and the efforts taken in cross-industry collaboration. Expectations now are for a robust strategy around flexible packaging and sachets.

Outcome

The RI analysts and UK Equities team were encouraged by the engagements, concluding that a sharper focus on financially material ESG factors – supported by strong governance structures and pay incentives – can drive business from customers and consumers who increasing prefer sustainable, traceable products. Unilever's efforts position itself well for increasing global sustainable regulation, and its position as a leading consumer goods company means that while it is frequently scrutinised by NGOs, the press, and investors, it has potential to effect positive change. This can be beneficial for sales, profit and its license to operate. Comfort was gained from the meetings that Unilever's approach to sustainability aligns with its strategy and is industry-leading, and the UK Equities team increased their exposure to Unilever during the year.

Mettler-Toledo International

Healthcare

United States

Background

A portfolio manager from the Global Equities team, along with an RI analyst focused on healthcare, spoke with Mettler-Toledo's Head of Sustainability and Investor Relations on several environmental and social topics.

Action

The focus of the call was on human capital management, DEI (diversity, equity, inclusion) efforts, and supplier/human rights due diligence. The portfolio manager and RI analyst were pleased to see information on the company's employee engagement results, which they had previously engaged on. A Milestone was logged for this. On DEI efforts, Mettler-Toledo is not considering publishing ethnicity data; they will most likely only do this when regulation requires. They have also dropped their DEI targets on female representation in management and board positions. The company wants to move away from quotas and will now focus on DEI training and diverse candidate pools in recruitments processes. While appreciating the internal and external pressures the company faces on (publicly) committing to DEI targets, the portfolio manager and RI analyst stressed that initial quotas historically have proven to be a catalyst for more diversity and representation throughout the workforce. With regards to human rights and supplier due diligence, they stressed the relevance of having more insight into Mettler-Toledo's supplier due diligence, especially because the company has a large and diverse supplier base with a large proportion in high-risk countries such as China.

Outcome

Overall, the call was considered very insightful, and the Global Equities team remain invested in Mettler Toledo. Along with the RI analyst, they will carefully monitor and further engage Mettler-Toledo on its DEI practices and supplier due diligence.

Our engagement style can vary by asset class

Fixed income

Grünenthal

Pharmaceuticals

Germany

Background

Members of the High Yield Credit team engaged the Grünenthal management team with the aim of informing them about the impact of SFDR on issuers, and to assess the robustness of their governance structure.

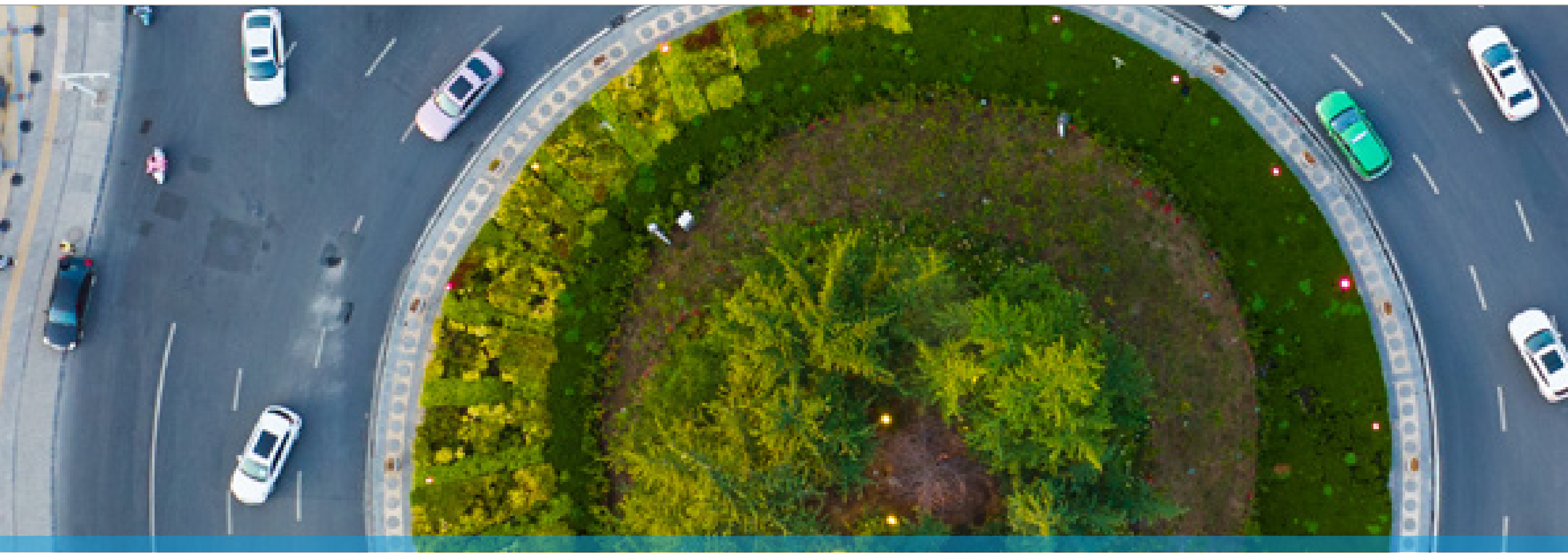
Action

During the engagement, it was clear that while the CEO and CFO have limited knowledge about ESG/RI, the CRO was very knowledgeable. However, they did need to stress impact of the regulatory changes, which were initially dismissed by the CRO.

Grünenthal disclosures currently are strong in comparison to other private healthcare companies (data includes e.g. scope 1,2 and 3 emissions; water and waste management). The High Yield Credit team highlighted the benefits of further improving disclosures via discussion of Principle Adverse Indicator data points. Some of the required information is already available (e.g. gender pay gap assessment). Grünenthal stated they are setting up an ESG dashboard to track KPIs, research progress, and ambitions, among other points.

Outcome

The High Yield Credit team look forward to Grünenthal's updated report, which will elaborate on their existing coverage. The information provided during the engagement demonstrated structure in place on conflict of interest awareness, with regards to both the board as well as within the business (suppliers/partners). Work is being done to increase women on the board as well as to provide disclosure of gender participation and a gender pay gap report. The team maintained their overweight position.



Private Equity

Private equity can encourage ESG best practice within companies given we typically hold material stakes in companies on behalf of our clients and have close relationships with management. Stewardship is therefore a large part of our RI strategy within private equity. The entire Private Equity team engages with investee companies on ESG issues throughout the year during meetings, site visits, AGMs and catch-up calls. Their Annual ESG Survey acts as their formal engagement tool and is sent to every current company that they hold. The survey collects over 70 ESG datapoints based on four core elements: ESG culture and commitments; investment process; active ownership; and oversight and reporting. Respondents' answers are scored and tracked annually and published in our annual Private Equity ESG Report. This exercise allows the team to track and monitor our investments and facilitates areas for engagement.

Cyberhawk

Energy services

United Kingdom

Background

In 2019 the Private Equity team invested into Cyberhawk, a Scottish provider of energy infrastructure asset inspections using Unmanned Aerial Vehicles (drones) and proprietary asset management software. Cyberhawk's technology replaces high CO2-emitting helicopters, while its software allows assets to be monitored remotely thereby reducing staff travel and GHG emissions. Its inspection techniques also increase health & safety by removing people from hazardous working environments such as rope access or scaffolding. As such, Cyberhawk's economic and ESG performance are intrinsically linked.

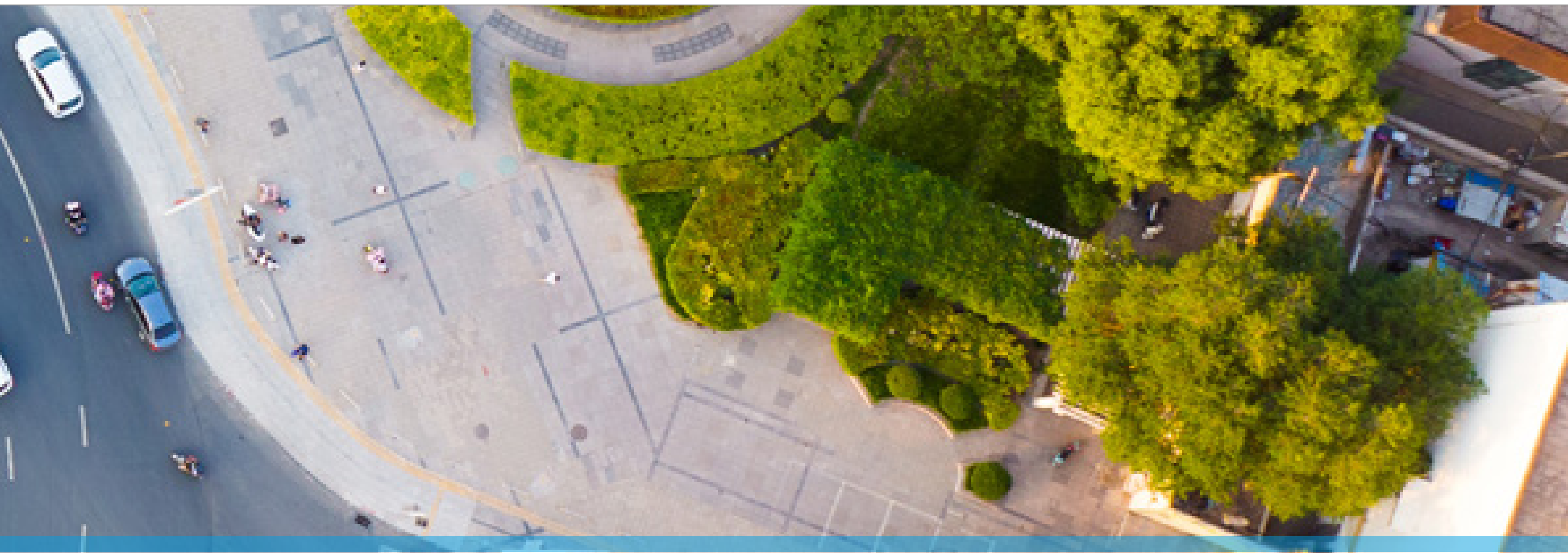
Action

Under the Private Equity team's ownership, climate change and health & safety have become a strategic priority for Cyberhawk. The Private Equity team's Board seat affords them the ability to drive and articulate progress. They have worked closely with management to embed Board-level metrics that align revenue generation to key ESG topics e.g., the number of staff-hours saved from hazardous working environments and GHG-emission reduction.

Outcome

The Private Equity team continue to hold Cyberhawk. Cyberhawk committed to the United Nations Race to Zero campaign where its objectives are to halve GHG-emissions before 2030, develop a roadmap to net zero by 2050, and publish its progress annually. In its 2023 ESG Report, Cyberhawk disclosed that it reduced its GHG emissions by 16% to 506 tonnes (ahead of SBTi's 5% target), of which 41% was Scope 1, 5% was Scope 2 and 54% was Scope 3. Cyberhawk also reported that its technology saved customers 11,327 days of surveying time in hazardous areas, almost 50% increase from the prior year.

The entire Private Equity team engages with investee companies on ESG issues



Liability Driven Investment (LDI)

For LDI, ESG factors are considered for selecting and monitoring of counterparties. When building our list of approved counterparties, we include ESG scores, building on MSCI ESG data and weighted for thematic relevance per sector as determined by RI analysts, who also engage with counterparties on ESG risks and opportunities identified. During 2023, RI analysts conducted over 50 engagements with over 30 banks on their management of climate-related financial risks. Through the course of this engagement, we have seen enhancements in banks' governance and management of climate-related financial risks, with many banks now incorporating climate risks into their risk appetite statements and continuing to strengthen their climate scenario analysis. We have also seen an expansion of the sectors and portion of banks' loan books covered by financed emissions targets, and greater detail on their strategy to achieve these. We are also members of the Institutional Investors Group on Climate Change (IIGCC) Net Zero Bank working group, engaging collaboratively alongside other institutional investors to better understand how banks in Europe, Canada and Asia are managing climate-related financial risks.

Real Estate

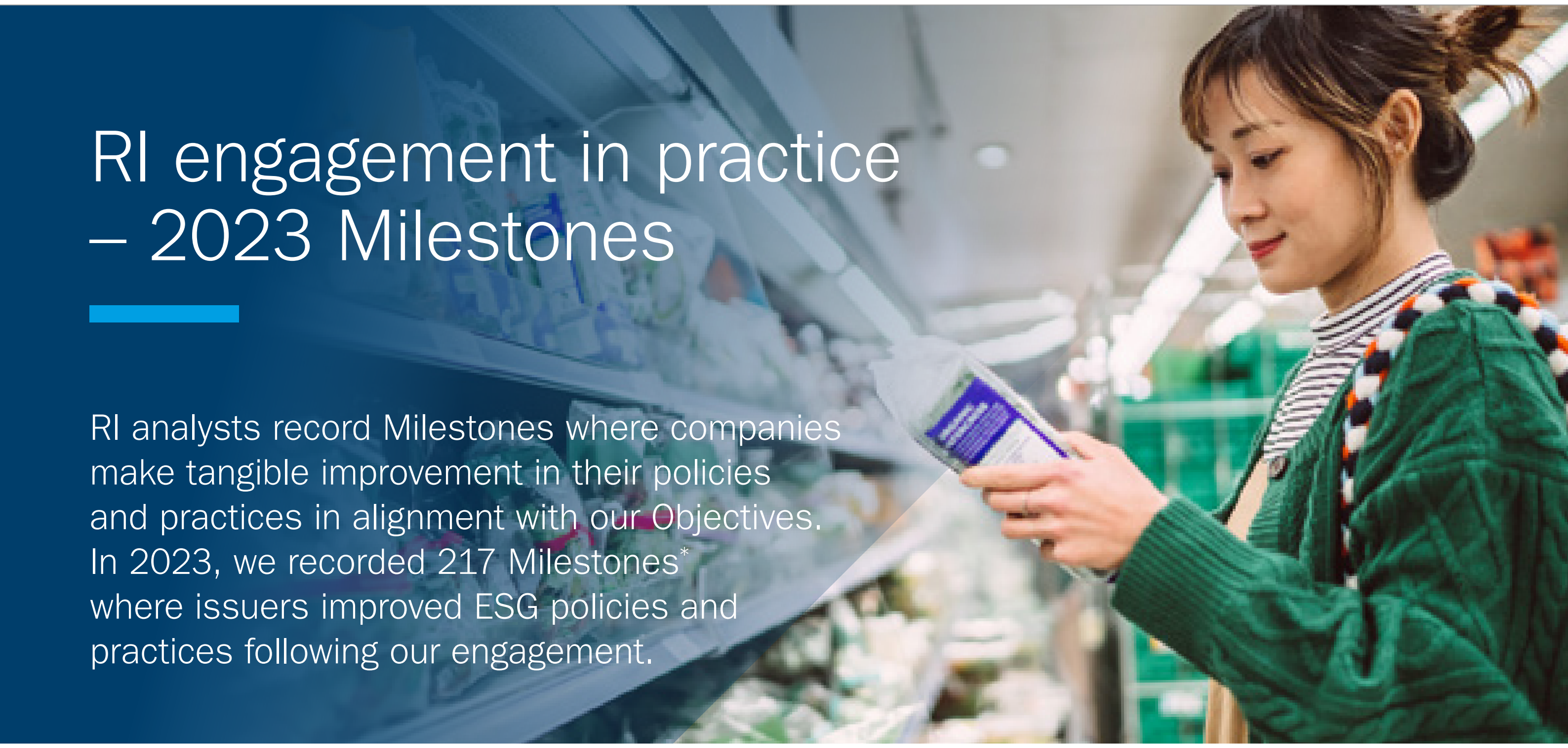
Within our Real Estate business across the UK and Europe, we have a framework under which we engage with our investors, occupiers, property managers, environmental advisors and our supply chain. Our Real Estate teams can attend to physical buildings to control ESG characteristics, and they can talk to tenants to seek aligned interests or try to encourage sustainable behaviour, which can be formalised through green leases. For example, our Real Estate business committed to achieving net zero carbon emissions across our managed direct commercial real estate investment business by 2050 or sooner working in partnership with our clients. To help achieve this commitment, the Real Estate team are encouraging the use of green lease clauses; pursuing robust tenant engagement strategies through methodical outreach and targeted dialogue to seek landlord and tenant aligned interests around renewable energy sources; and increasing the use of research and technology to help drive data capture and decision-making. Each of these functions requires us to develop effective partnerships. During 2023, the Real Estate team participated in the IIGCC real estate working group focused on the sector's contribution to the updated guidance on the Net Zero Investment Framework.

Our US Real Estate business engages with stakeholders on material ESG topics. This includes engaging property managers to encourage the implementation of sustainability approaches; and distributing educational materials, hosting events and conducting satisfaction surveys to encourage sustainable practices by tenants.

Infrastructure

In most cases in this asset class our clients are the outright or substantial majority holders in the assets and companies in our portfolios, thus our Infrastructure team views are conveyed directly through our clients' ownership. Our European Sustainable Infrastructure Strategy follows a custom-built investment framework 'OMS' (Operational, Macroeconomic, Sustainable), where a progressive approach to assessing and integrating sustainability risks and opportunities is undertaken through the above-mentioned ownership structures of the assets and companies. A sustainability lifecycle monitoring framework, which is built around and based on various international standards and frameworks (e.g., FMO, SASB, and SDGs) covering 58 measures across 18 ESG themes, allows us to engage with companies and assets actively and regularly on ESG topics.

We continue to work on extending our active ownership efforts to all asset classes we invest in on behalf of our clients. For example, during the latter half of 2023, we began discussions with our Sovereign Debt team about building out our engagement capabilities within this asset class.

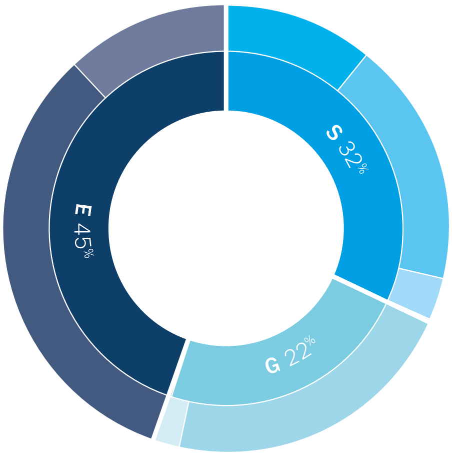


RI engagement in practice – 2023 Milestones

RI analysts record Milestones where companies make tangible improvement in their policies and practices in alignment with our Objectives. In 2023, we recorded 217 Milestones* where issuers improved ESG policies and practices following our engagement.

To record Milestones we use a three-star rating system. One star is awarded for a smaller change to ESG practices; two stars are awarded for meaningful updates/changes to ESG practices; and three stars are awarded for material changes of significant ESG importance. Below provides examples of different Milestone ratings.

Milestones achieved by engagement theme



Climate change	33%
Environmental stewardship	12%
Human Rights	11%
Labour Standards	18%
Public Health	3%
Corporate governance	21%
Business conduct	2%

Daiseki

Japan

Industrials

SDG:

13 CLIMATE ACTION

Milestone: ★★★

Target: 13.2 – Integrate climate change plans into policies and strategies

Issue: Climate change

Set SBTi certified emissions reduction target

Daiseki set science-based emissions reduction targets that have been certified by the Science Based Targets Initiative. The commitment targets a 34% reduction in Scope 1+2 and 20% reduction in Scope 3 emissions by FY2028 compared to FY2022. RI analysts have been engaging Daiseki on its emissions management programme since 2021.

Source: Columbia Threadneedle Investments, as at 31 December 2023

*For this figure, we sought independent limited assurance from KPMG LLP. Please see p92 for more details. Please refer to our Reporting Criteria document for our approach to the classification, calculation and reporting of stewardship data.

Hewlett Packard Enterprise

United States

Information technology

SDG: 8 DECENT WORK AND ECONOMIC GROWTH

Milestone:

Target(s): 8.7 – Eradicate forced labour, modern slavery & human trafficking

Issue: Human rights

Enhanced human rights due diligence

Strengthened and formalised human rights due diligence for sales in high-risk areas. The company also partnered with BSR (Business for Social Responsibility) and published best practices for human rights due diligence in technology sales channels. RI analysts had previously spoken to the company about improving its approach to customer due diligence regarding technology sales in high-risk areas.

MediaTek

Taiwan

Information technology

SDG: 5 GENDER EQUALITY

Milestone:

Target: 5.5 – Ensure full equality of opportunity for women, including at leadership levels

Issue: Corporate governance

Added first female director to board

MediaTek is part of our "improve board gender diversity in Asia" RI engagement project. We are glad that the company added its first female director at the AGM in May 2023. RI analysts will continue to engage on its board diversity policy and diversity at the senior executive level.

Commerzbank

Germany

Financials

SDG: 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Milestone:

Target: 12.2 – Sustainably manage and make efficient use of natural resources

Issue: Environmental stewardship

Consideration of biodiversity in its risk management

The bank has – for the first time – published a factsheet where it outlines how biodiversity affects the bank and how related risks are being considered in lending. As the approach is still rather descriptive than strategically fundamental, we still see room for improvement.

Nestlé

Switzerland

Consumer staples

SDG: 2 ZERO HUNGER

Milestone:

Target: 2.1 – End hunger and ensure access to safe and nutritious food

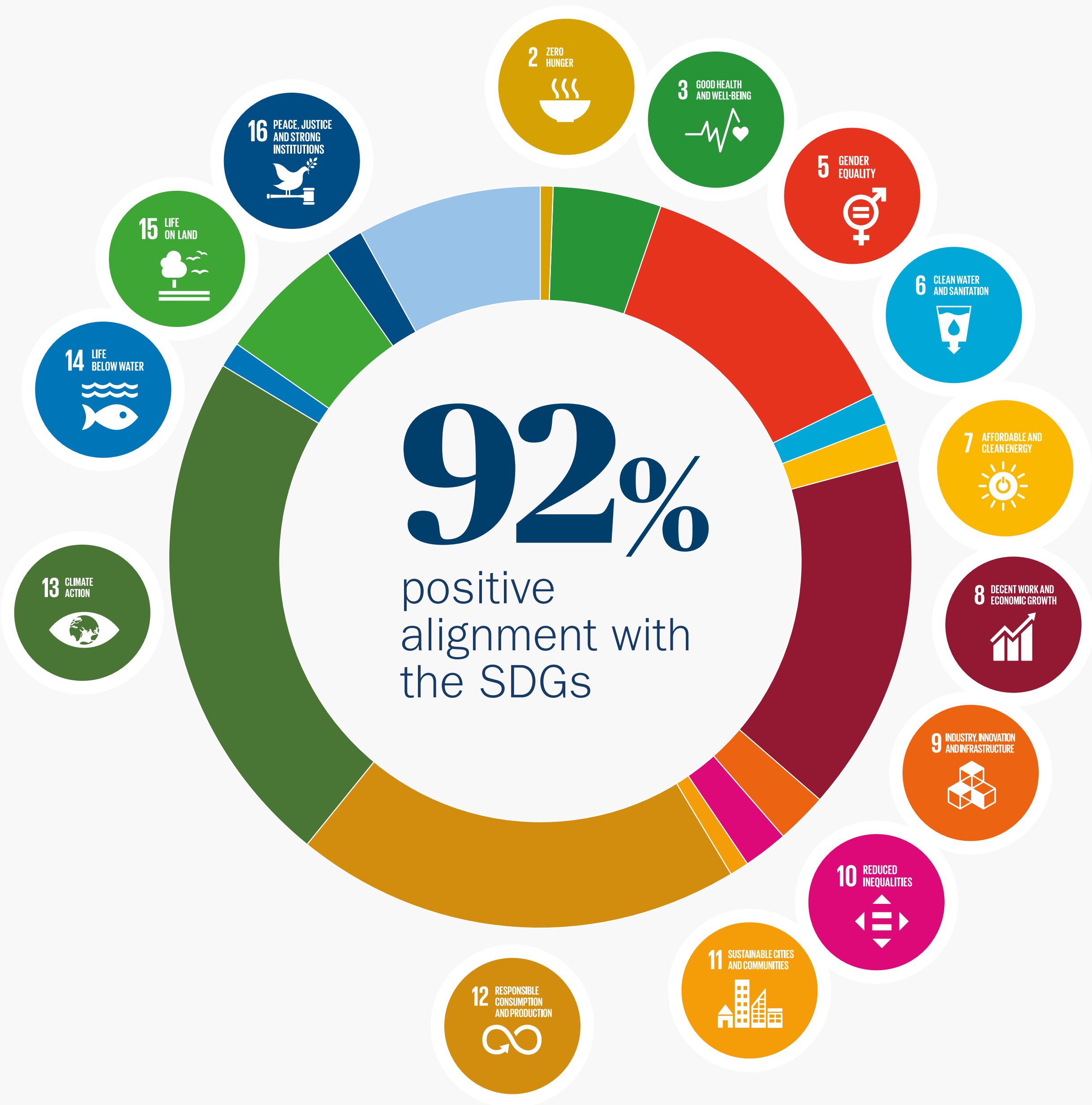
Issue: Public health

Target to increase sales of healthier products

In September 2023, Nestlé announced a target to grow sales of its more nutritious foods by CHF 20-25 billion by 2030. This represents approximately 50% growth over their 2022 sales. The target applies to Nestlé products with a Health Star Rating (HSR) of 3.5 stars or more, together with its specialised nutrition products. We had engaged on nutrition and specifically setting a sales target, together with other investors part of ShareAction's Healthy Markets Initiative. While we believe that a proportional sales target (increasing sales of healthier products while decreasing sales of unhealthier products) has the most long-term impact on public health, we acknowledge the significant step that Nestlé has taken with this target.

Engagement and Sustainable Development Goals (SDGs)

In 2015, United Nations Member States set a target date of 2030 to achieve the 17 Sustainable Development Goals (SDGs), which are a blueprint to achieve a better and more sustainable future for all by addressing global challenges such as poverty, climate change and peace.



2023 marked the half-way point to 2030. While many companies now have sustainability strategies aligned with the SDG framework, robust implementation and meaningful and lasting change is imperative as we move into a new a new phase of accelerated progress towards the goals.

We believe the 17 SDGs and underlying targets provide a useful tool for companies and investors to be able to contribute to achieving the ambitious blueprint referenced above. The framework has created a common language between stakeholders, and we are seeing that having a positive impact within our engagement. Our engagement database includes the 169 SDG targets, all related to the 17 SDGs, which allows us to log interactions, progress and results to this granular level where relevant. The main exception to this is our corporate governance engagement, which we do not map to the SDGs (with exception of board diversity, which is mapped to SDG 5 and relevant targets).

> Robust implementation of sustainability strategies and meaningful and lasting change is imperative

Alignment breakdown

SDG 2: Zero Hunger		**0.7%**
	No targets were >0.5% aligned	
SDG 3: Good Health and Well-Being		**4.6%**
3.8	No targets were more than 0.5% aligned	4.0%
SDG 5: Gender Equality		**12.5%**
5.1	End all forms of discrimination against women and girls	10.0%
5.5	Ensure full equality of opportunity for women, including at leadership levels	2.5%
SDG 6: Clean Water & Sanitation		**1.5%**
6.3	Improve water quality by reducing pollution	0.7%
SDG 7: Affordable and Clean Energy		**1.5%**
7.3	Double the global rate of improvement in energy efficiency	1.1%
SDG 8: Decent Work and Economic Growth		**15.7%**
8.2	Achieve greater productivity through innovation	0.9%
8.5	Achieve full and productive employment for all	3.7%
8.7	Eradicate forced labour, modern slavery & human trafficking	8.1%
8.8	Protect and promote safe working environments for all workers	2.8%
SDG 9: Industry, Innovation and Infrastructure		**2.0%**
9.1	Develop resilient and sustainable infrastructure	0.6%
9.4	Upgrade and retrofit industries to increase sustainability	1.4%
SDG 10: Reduced Inequalities		**2.0%**
10.2	Empower and promote inclusivity for all	1.1%
SDG 11: Sustainable Cities and Communities		**0.9%**
	No targets were >0.5% aligned	
SDG 12: Responsible Consumption and Production		**19.3%**
12.2	Sustainably manage and make efficient use of natural resources	1.4%
12.4	Manage chemical usage and waste throughout their life cycle	1.2%
12.5	Reduce waste through prevention, reduction, recycling and reuse	1.7%
12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting	14.9%
SDG 13: Climate Action		**22.8%**
13.1	Strengthen adaptive capacity to climate-related events	2.5%
13.2	Integrate climate change plans into policies and strategies	19.9%
SDG 14: Life Below Water		**1.1%**
14.1	Prevent and reduce marine pollution of all kinds	0.9%
SDG 15: Life on Land		**5.5%**
15.1	Ensure sustainable usage of terrestrial freshwater ecosystems	0.8%
15.2	Promote the implementation of sustainable management of forests	1.8%
15.5	Take urgent action to reduce degradation of natural habitats	2.9%
SDG 16: Peace, Justice and Strong Institutions		**1.7%**
16.6	Develop effective, accountable and transparent institutions	1.0%

Source: Columbia Threadneedle Investments, as at 31 December 2023. Only targets >0.5% aligned are shown on the table.

Collaborative engagement

23%
of our engagement linked to SDG 13: Climate action

The majority of this linked to target 13.2: Integrate climate change plans into policies and strategies. We continued to encourage companies to adopt or strengthen their net zero strategies and manage their emissions accordingly.

19%
of our engagement linked to SDG 12: Responsible consumption and production

Similar to last year, most of this engagement was linked to target 12.6: Encourage companies to adopt sustainable practices and enhance ESG reporting. Examples include encouraging stronger climate disclosures, such as the inclusion of Scope 3 emissions (recognising ongoing data challenges for many asset classes/issuers), as well as enhancing employee diversity and employee engagement disclosures.

16%
of our engagement linked to SDG 8: Decent work and economic growth

Reflecting our focus on labour standards and human rights, a lot of this engagement was aligned with target 8.7: eradicate forced labour, modern slavery & human trafficking. Particular examples include engaging boards on forced labour and human rights in high-risk regions, as well as dialogue on approaches to supply chain risk mitigation and human rights due diligence.

No SDG link

8% of our engagement did not directly link to a SDG. Most of this relates to corporate governance, on topics such as board independence and effectiveness, as well as executive remuneration. Some of these engagements were held in advance of or after AGMs, to either seek further information to better inform our vote or to discuss our voting rationale.

How we participate in collaborative engagement

As stated previously, our preferred approach to conducting engagement is to interact one-to-one with issuers and maintain a relationship of trust over time as long-term investors. However, in certain instances RI analysts participate in collaborative engagement with other investors and other stakeholders, either directly or through industry working groups. This can can enhance our stewardship of client capital by allowing investors to communicate their concerns more effectively with corporate management. Furthermore, working together with industry bodies to promote a well-functioning financial system benefits our clients, society as a whole and is a fundamental responsibility of financial institutions. We consider any offers to collaborate on a case-by-case basis, assessing the relevance for our holdings and how involvement could be additive to our investment analysis, as well as if it is in the best interests of our clients. We will not collaborate with third parties if their approach or agenda for engagement is not aligned with ours. A list of our key RI memberships and affiliations is shown in Chapter 6[10].

During 2023, only engagement conducted by the RI team can be broken down to report how much was done collaboratively. In 2023, this was 16%.

[10] When undertaking any collaborative engagement activity, we ensure that we act at all times in accordance with the requirements of competition law, including but without limitation, prohibitions on concerted practices between firms as set out in an addendum to our engagement policy.

Examples of collaborative engagement conducted by RI analysts in 2023

Climate Action 100+

Volkswagen AG

Consumer discretionary

Germany

Background

Volkswagen (VW) is the largest automotive company globally, with significant influence on automotive climate policy, especially in Europe. However, VW has been reluctant to provide investors with more transparency on its positioning on public policies, and its lobbying on climate related policies directly and through industry associations compared with peers. This lack of transparency is especially concerning given the role that the Porsche CEO and Volkswagen Chairman played in successfully advocating for an e-fuel exemption in the EU's 2035 combustion engine ban.

We consider any offers to collaborate on a case-by-case basis

Action

RI analysts have engaged VW bilaterally and collaboratively through CA100+ on this topic since 2019. More recently, they reviewed early drafts of VW's lobbying disclosures and engaged to clearly articulate our expectations and encourage them to publish the report well in advance of the AGM. As VW could not commit to publishing the report before the AGM, and we have experienced them over-promising in the past, we escalated our engagement by voting against several items on the company's ballot, including the Actions of the Board of Management, Actions of the members of the Supervisory Board and Re-election of members of the Supervisory Board.

Verdict

Although VW did in fact publish its Association Climate Review 2023 immediately prior to the AGM, it was past the deadline set and given the timing we did not alter our voting decision. This report is the joint-highest rated automotive company lobbying report assessed by InfluenceMap (the climate-lobbying focused NGO). We welcomed this report and believe that our close work with VW's external affairs team delivered a marked improvement in its quality. Although VW has a particularly advanced method to assess industry association alignment vs its peers, we have still identified several areas for improvement, and appraising more industry associations and rating associations on their activities (rather than stated positions). We will continue engaging with the company to secure these improvements.

FAIRR Working Conditions Initiative

Cranswick

Consumer staples

United Kingdom

Background

Cranswick is a UK-based producer of food products that has made positive strides in improving working conditions and human capital management through strengthening workforce engagement.

Action

As part of the FAIRR Working Conditions Initiative, during 2023, RI analysts led a collaborative engagement focusing on Cranswick's grievance mechanisms and workforce survey; its approach to automation; and the implementation of sick pay across the business. They requested information on the type of assessments of sick leave policies to understand if it was of sufficient depth to assess the efficacy of the policies. On automation, they were encouraged to learn that the process of semi-automation of heavier work on the production line has enabled an expansion of the work pool, with the proportion of women increasing given the less physically demanding nature of the work. RI analysts also encouraged increased employee support during the cost-of-living crisis and were pleased to note the increased frequency of salary reviews and benefits. The proportion of permanent workers has increased to 80%, providing more financial security to staff.

Outcome

We believe that the oversight of human capital management and implementation of policies is strong and labour market attractiveness is carefully considered at Cranswick. The company was receptive to our engagement and as a result is looking to increase disclosure on workforce statistics such as unionisation rates and grievance issues. Convincing the company to harmonise sick leave pay policies across the sites remains a challenge, but there is some reassurance in that additional support is provided to workers when sick. They have recently instated a new independent board director who has begun a site tour, conducting townhalls as well as group and individual workers interviews to deepen workforce dialogue. We look forward to a discussion on the analysis and implementation of any findings.

Asia Research and Engagement

Mitsubishi UFJ Financial Group

Financials

Japan

Background

MUFG announced their Carbon Neutrality Declaration in 2021, and became the first Japanese bank to join the Net Zero Banking Alliance. In 2022, the company published a progress report which included an updated fossil fuel lending policy prohibiting financing to new thermal coal mining projects, a coal power corporate financing phase out by 2040, and 2030 financed emissions targets for the power and oil and gas sectors. These are positive steps, but we believe there are further areas for improvement as they start to implement these commitments.

Action

RI analysts engaged MUFG several times in 2023 both individually and collaboratively through our involvement in the Asian Corporate Governance Association and Asia Research & Engagement (ARE). In April 2023, the company expanded its financed emissions targets to cover commercial and residential real estate, shipping and steel, and expect 70% of their loan book to be covered by targets by June 2024. They also noted that they will enhance their climate risk management and disclose more information on their client engagement. We engaged to seek information on their approach to setting financed emissions targets and their fossil fuel lending policies, as well as the implementation of these targets.

Outcome

MUFG have responded well to both our private and collaborative engagements, improving their disclosure and climate risk management policies. However, they do not currently have thermal coal mining phase-out or financed emissions targets, which we will continue to engage with them on. They assess their exposure to high transition risk sectors, as part of their climate risk management framework, and we will encourage them to include an assessment of their clients' management of transition risk within this. RI analysts will also continue to engage with them on their environmental & social policy and risk management framework.

A list of our key RI memberships and affiliations is shown in Chapter 6

Escalation

How we escalate active ownership activities

Our equity and corporate credit escalation process leverages the unique rights available to holders of equity or corporate credit.

Voting rights generally apply to equities; therefore in instances where we hold equity and credit of an issuer, we look to escalate for the benefit of all our investments, including through consideration of votes cast. See Chapter 4 for more information on the exercise of voting rights.

The following illustrates our approach to escalation for equities and corporate credit (with voting action where applicable).

We seek to consistently apply our engagement and escalation approach to corporate issuers regardless of their geographic location or domicile market.

Escalation in other core public asset classes, aside from equities and corporate credit, is more limited due to fewer options being available to security holders. In those asset classes we would apply our ownership rights, for example, through legal channels, and/or divestment.

Escalation activity by the RI team takes place in collaboration with research analysts and portfolio managers

In considering engagement escalation strategies, each quarter end, RI analysts make a case-by-case assessment of progress against the Objectives we have set for each issuer. We also annually review the responsiveness of companies to our engagement. Both data points feed into the escalation decision, and we escalate accordingly if we deem it appropriate to do so.

In selecting an escalation strategy, we consider aspects such as:

- Our clients' goals and preferences (which will determine whether their holdings participate in any escalation strategy)
- The level of responsiveness of the issuer
- The materiality of the topic
- Whether the issue is best managed in a private or public forum
- The period in which we would pragmatically expect change
- Any inherent limitations or strategies for affecting change within certain sectors, company structures or geographies, such as the ability to file shareholder resolutions

Escalation activity by the RI team takes place in collaboration with research analysts and portfolio managers within our firm.

Where we do think it necessary to escalate our engagement in the best interests of our clients, we carefully consider which route to take on a case-by-case basis. See examples below.

Collaborative Engagement[11]**:** We generally prefer to

[11] Collaborative engagement is not exclusively used for escalation purposes but can also be used as standard engagement with other investors. Any collaborative engagement undertaken for escalation purposes will always be taken in full compliance with the requirements of applicable law and/or regulation including, but without limitation, prohibitions on acting in concert with other parties.

engage issuers in private to enable honest, open, and frank discussions to take place. However, we will support collaboration with other investors if we deem it to be an impactful engagement or escalation strategy to ultimately help create and protect shareholder value. Given ownership of an issuer is often dispersed, collaborative engagement may be required to give a shareholder's voice weight to address issues effectively at the issuer or industry level.

Example: RI analysts engaged with Huaneng Power International on how they are managing the potential risk of stranded assets in the context of the Chinese government's carbon reduction commitments, as well as their broader decarbonisation journey. In 2023 we initially struggled to gain access to this majority state-owned enterprise but through our active involvement in local NGO Asia Research & Engagement's Energy Transition Platform, we held a collaborative call in Q4 2023. After initial difficulties scheduling engagement, the collaborative call was very constructive in understanding the company's broader goals and commitment to decarbonisation. It was clear that they appear to be doing more than they publicly disclose, with their highlighting their ambition to become a clean energy provider. As a state-owned company, their decarbonisation efforts will be highly dictated by government policy. While they took on some suggestions to enhance the disclosure of their existing efforts and their management of climate-related risks, they highlighted that additional disclosure would likely be dependent on further regulatory requirements and guidance. We will consider further collaborative engagements with the company on this issue.

Public statements: For both equity and corporate credit, escalation issuing a public statement outlining disagreement with management's approach and setting out ESG best practices that we would encourage management to implement is an additional escalation option.

We do not have 2023 examples of issuing or signing a public statement as a direct means of engagement escalation. However, during the year, we signed public statements without them being an escalation. One of the signed statements was the Investor Statement for the 10th Anniversary of Rana Plaza from the Interfaith Centre on Corporate Responsibility (ICCR) – a coalition of 300+ global investors using shareholder advocacy to encourage companies to improve their management of ESG issues. The investor statement called for the expansion of the International Accord model to Pakistan to improve worker safety protections following the signing of the International Accord for Health and Safety in the Textile and Garment Industry by 194 brands in 2021. The statement called on apparel companies sourcing from Bangladesh and Pakistan to strengthen their implementation of human rights due diligence to effectively embed their corporate responsibility to respect human rights.

Filing shareholder resolutions: Filing an equity or bondholder resolution can be a key rallying point of an engagement campaign to change issuers' behaviour with the aim of helping to drive creation of shareholder value. Examples might include improving board accountability, executive pay practices, ESG-related disclosure, climate change action or employee welfare.

While we did not independently file any shareholder resolutions as a means of engagement escalation in 2023, we did support a shareholder resolution at Starbucks's 2023 AGM, asking the company to commission an independent review of its policies and practices relating to freedom of association and collective bargaining. In our view we had exhausted our options of engagement with Starbucks on the issue, and therefore chose to support the shareholder resolution as a means of escalation. A majority of shareholders supported the resolution, and in response, Starbucks engaged an independent assessor to investigate their practices and deliver an impartial report. The report concluded that while Starbucks had no intention to breach the principles of freedom of association and the right to collective bargaining, there are things the company can and should do to improve its stated commitments and its adherence to these important principles.

Annual General Meetings (AGMs): Requesting a shareholder meeting or intervening at an AGM offer the opportunity for direct, public dialogue with boards and top executives. Interventions at AGMs can also trigger further dialogue with an issuer, paving the way to more in-depth engagement on an issue. We do not have any examples of this for 2023.

Proxy voting: Voting against management on key resolutions sends a clear signal to issuers and can help with further engagement efforts. Examples of votes against management can be found in Chapter 4, as well as in links to our public voting disclosure.

Partial or complete divestment: Where appropriate for client portfolios taking into account they will have differing investment goals, re-weighting a position to reflect the investment risk of poor ESG practices or selling outright a holding can be a powerful signal of dissatisfaction in response to inadequate progress against Objectives set in collaboration of RI analysts, research analysts, and portfolio managers.

Example: As part of our RI engagement with Dali Foods Group together with Asia Research & Engagement on sustainable proteins, an RI analysts and member of the Global Equities team spoke to the investor relations director to present that initiative and to seek more information on traceability of raw materials, climate change strategy, and disclosure. We commended the company on its first reporting to CDP (formerly: Carbon Disclosure Project) on climate and water, recognising the data-gathering and reporting efforts. However, they did not receive clarity on the roadmap for environmental and climate work. A recurring theme was the reference to lack of resources, echoing previous calls. In addition, board oversight appears to be lacking, raising questions about overall direction. Disappointing progress here was a contributing factor in the Global Equities' team decision to divest.

CHAPTER 4

Voting and corporate governance

Good corporate governance is at the heart of any successful business, instrumental in supporting the delivery of strategic objectives and in driving sustainable performance, as well as maintaining legal requirements and ethical standing.

Over the past decade or more, we have supported the development of corporate governance codes by international investor associations and local market bodies, with best practice guidance for companies on key governance topics, from board composition to shareholder rights.

The Columbia Threadneedle Investments **Corporate Governance Guidelines** cover these topics for portfolios managed by Columbia Threadneedle Investments for its clients, help crystallise our global stewardship philosophy and underpin our approach to voting at the shareholder meetings of our investee companies. We implemented these guidelines along a newly harmonised process – which is outlined in our **Proxy Voting Policy**, which was published in January 2023 and updated in January 2024.

We expect companies to have:

- Empowered and effective board and management structures
- Effective systems of internal control and risk management
- Commitment towards creating a culture of transparency and accountability and sound business ethics
- Remuneration policies that reward the creation of long-term shareholder value
- Systems to identify, assess and manage risks, including those associated with social and environmental factors

We seek to exercise voting rights on our clients' behalf at all shareholder meetings associated with the holdings of the investment mandates we manage. This provides the opportunity to promote good practice at issuers, or express our concerns identified through research and engagement, including when escalation becomes necessary (see Chapter 3).

We believe that voting is an impactful tool for driving improvement in company practices and market standards, as well as for re-enforcing Objectives set in RI engagement. We explain our understanding of

In January 2023 we published our global, harmonised Proxy Voting Policy

good governance and our approach to voting to our key investee companies. We believe our approach increases the potential to generate better long-term, risk adjusted returns for our clients.

While we aim to exercise voting rights on all securities we manage for clients, that may not always be practical due to market-specific reasons such as share blocking or power of attorney requirements.

Disclosure

We are committed to transparency in our voting activity. We publish our full voting record with rationales for proposals where we did not support management, among others. Our disclosures list the issuer name, meeting date, proposal name and how we cast the vote. All votes cast against management are accompanied by a short-form rationale for the dissent.

Different legal entities currently disclose voting activity separately at different intervals:

- Columbia Management Investment Advisers (CMIA)
- Columbia Threadneedle Management Limited (CTML) and Threadneedle Asset Management Limited (TAML)

Custom policy

Our Corporate Governance Guidelines form the basis of our custom voting policy. The principles describe our views on key ESG issues used to inform our monitoring and assessment of issuers and support the approach we use to make our voting decisions consistently across the firm. We follow internal regional voting policy benchmarks to adhere to local norms and regulations.

Together with our internal research insights, this provides the framework within which custom voting policy recommendations are applied, and to flag issues and inform discussions between our RI analysts, research analysts, and portfolio managers making the voting decisions.

Amendments to custom policy

Each year our proxy voting and corporate governance analysts lead a review of our custom voting policy, with a view to updating, where necessary, the principles that form the basis of our custom policy.

> We believe that voting is an impactful tool for driving improvement in company practices and market standards

The custom policy review is informed by multiple inputs, including:

(i) regulatory changes, (ii) voting trends or voting results, (iii) observations from our experience researching issues and implementing votes, (iv) commentary from portfolio managers and analysts, and (v) feedback from clients.

Subject to any escalations as discussed below, final voting decisions are made under a process informed by: (i) our custom voting policy, (ii) prior research and engagements, (iii) our voting watchlists, and (iv) our proxy voting and corporate governance analysts working in collaboration with portfolio managers and research analysts. Our proxy voting and corporate governance analysts, who are part of the wider RI team, serve as the central point of oversight of all votes cast and have responsibility for the implementation of our custom voting policy, including any matters requiring escalation as detailed below.

We use a risk-based approach to execute voting rights on behalf of our clients while delivering comprehensive coverage of a wide portfolio of stocks.

Portfolio managers hold final vote authority regardless of issues to be voted on, holdings size, or the market in which votes will be cast (as outlined below acting through engagement with our proxy voting and corporate governance analysts and, if necessary, through their representatives on the Proxy Voting Working Group (PWG)).

Our proxy voting and corporate governance analysts review more complex and sensitive cases, and partner with ISS to deliver voting on the more simple, routine votes through the application of detailed in-house voting policies based on the Corporate Governance Guidelines.

The subset of votes we review manually is typically around 20% of total votes cast. Given the introduction of our new harmonised, integrated proxy voting policy and corporate governance guidelines in 2023, we reviewed – out of caution – approximately 30% of the votes cast manually.

The corporate governance and proxy voting analysts liaise with portfolio managers and analysts to determine an appropriate vote and coordinate voting decisions where an issuer is held across various investment teams. Split votes where determined necessary to align with differences in client demands and investment policies are possible, but were very rare in 2023.

For matters of escalation and where no consensus can be reached between portfolio managers and the corporate governance and proxy voting analyst for a specific vote, cases can be escalated to the PWG which includes portfolio manager and RI team representation.

In 2023, there were 18 escalations to the PWG on a proposal level, covering 14 different companies.

The proxy voting and corporate governance analysts cast votes on a proxy voting platform hosted by ISS. In addition,

we have retained proxy advisory firms Glass, Lewis & Co., Institutional Voting Information Service (IVIS) (in the UK) and ISS to provide proxy research services and context, data and differing perspectives on voting matters. Our firm undertakes due diligence and regular monitoring of our third-party service providers, as detailed in Chapter 7.

To supplement our internal research and proxy advisor research, we may also use additional research from non-governmental organisations, industry associations, academic institutions, or brokers.

The proxy voting system is used to identify forthcoming company meetings, based on the receipt of ballots from custodians. From this an automated log is compiled of upcoming outstanding votes which is used to verify that all requested voting decisions are inputted to the proxy voting system in time for them to be communicated to the custodian/ investee company and registered at company meetings.

To assist in accommodating variances in our approach to a specific issuer, region, sector or bespoke list of companies (often as a result of engagement), we are able to use watchlists loaded onto the voting platform to flag a meeting of importance. These allow us to systematically flag various issues for different funds, regions or geographies as considered necessary. Issuers flagged on a watchlist undergo additional analysis by our RI analysts, who make voting recommendations to portfolio managers and research analysts.

We also include issuers forming part of our RI engagement projects within our priority watchlists.

The above voting guidelines are applied to all shareholder meetings outside of our Conflicts of Interest Policy. ISS voting policy and recommendations are applied to meetings where we are deemed to be conflicted. Please see Chapter 8 for further details.

How we voted in 2023

7,046*
Company meetings voted

76,173*
Total proposals voted

16%*
Votes against management

Source: Columbia Threadneedle Investments, as at 31 December 2023.

*For these figures we sought independent limited assurance from KPMG LLP. See p92 for more details. Please refer to our Reporting Criteria document for our approach to the classification, calculation and reporting of stewardship data.

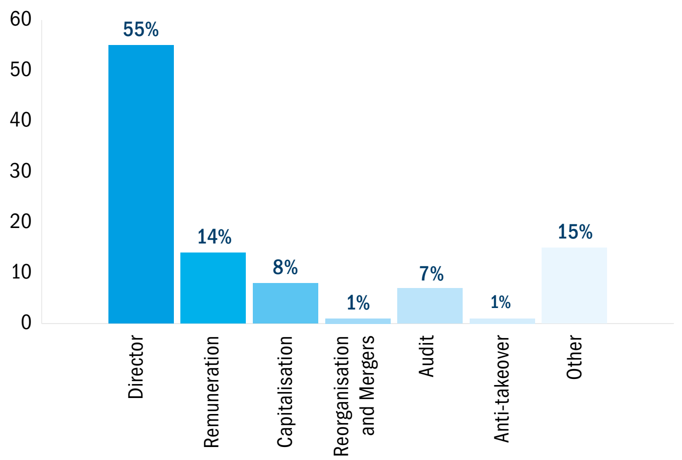
Management and shareholder proposals voted:

Management-sponsored proposals	Shareholder-sponsored proposals
74,646 **81% For**	1,572 **52% For**

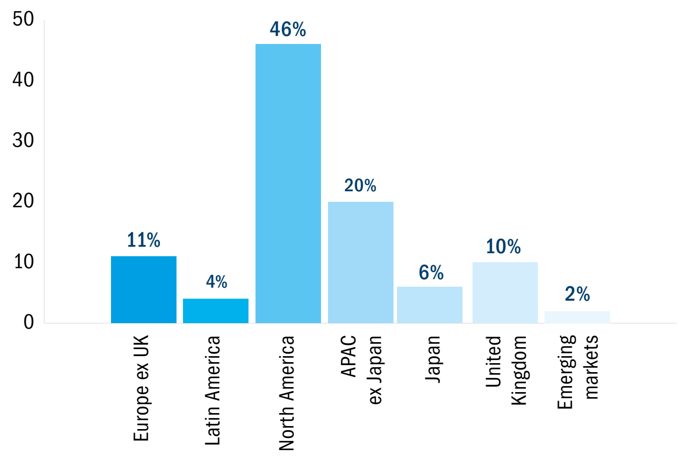
E proposals	S proposal	G proposals
219 **44%**	523 **72%**	75,301 **84%**

We also counted 130 votes that were a mix of ESG issues, that cannot be categorised into the E, S or G groups. Of these, we voted 42% in favour of the proposal.

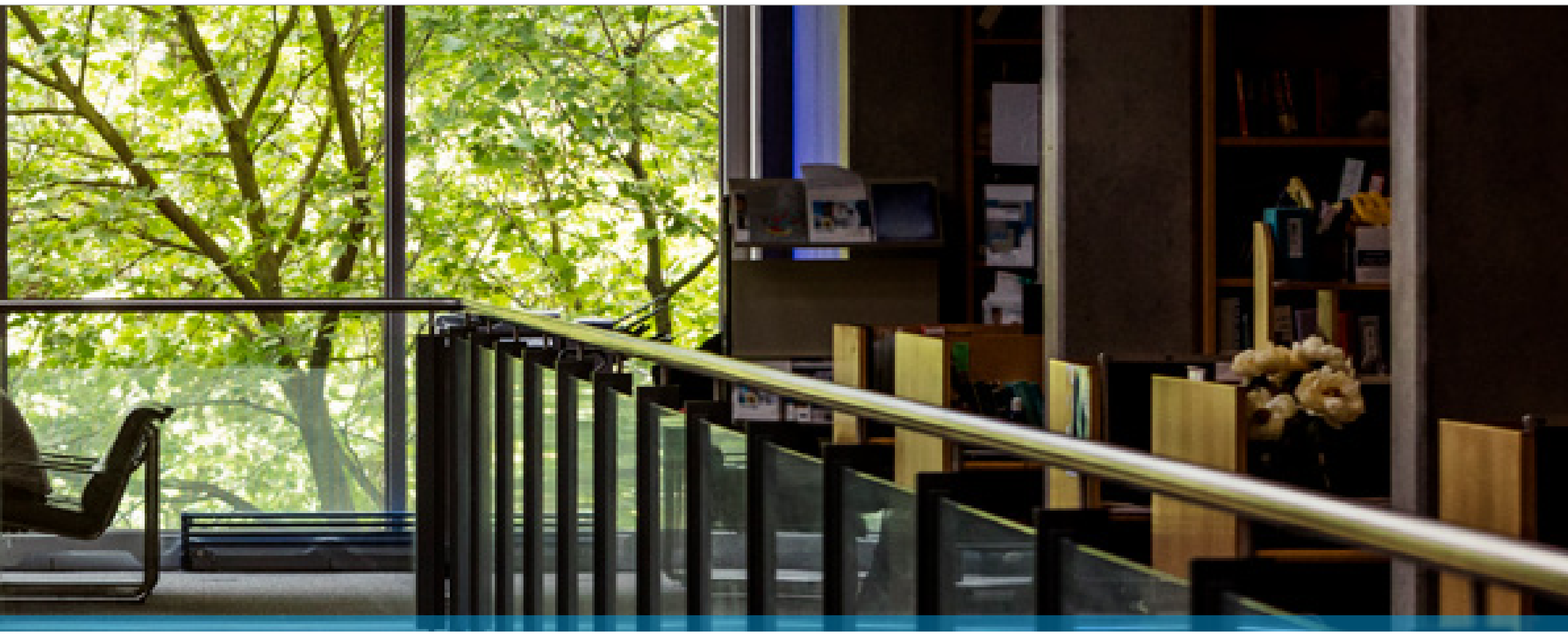
Voting activity by topic



Voting activity by region



Source for all data: Columbia Threadneedle Investments, as at 31 December 2023. Rounding may result in chart figures not equaling 100%.



Voting in fixed income

Bondholder meetings are less frequent in comparison to shareholder meetings but are often the result of a significant corporate event, such as restructurings and reorganisations of issuers' capital structures.

We believe that active consideration of creditors' interests in engagement helps investors to address the issue of short-termism. Namely, by taking a "universal investor" approach to an issuer that encompasses both debt and equity perspectives, unduly risky behaviour that promotes short term gains for shareholders – at the expense of creditors – might be discouraged. At the same time, investors should encourage a more balanced, sustainable corporate strategy and financial policy that is better positioned to stand the test of time.

Therefore, in our engagement as a bondholder, we foremost encourage companies to manage these risks actively to protect their underlying credit quality and financial strength.

We will vote bondholder meetings if the portfolio manager considers it to be appropriate to do so. The opportunity for investors to meet issuers around new issuance also gives some leverage for engagement. During 2023 there were 107 voting proposals for 18 corporate credit issuers on which we either provided consent or exercised voting rights as bondholders of securities held in our corporate investment grade or high yield portfolios, and we were supportive of the proposed actions on all proposals.

Voting in multi-asset

Our multi-asset business largely invests in underlying Columbia Threadneedle Investments equity and fixed income products, as well as equity and fixed income securities, and alternatives, all of which reflect to differing degrees our approach to integrating active ownership. For investments in externally managed funds, we exercise ownership rights through our operational due diligence activities during the selection phase, which includes a questionnaire on ESG governance, strategy, implementation and reporting. Where applicable, we apply our Columbia Threadneedle proxy voting policy.

Voting in other asset classes

In 2023 we did not cast any votes in respect of assets held in non-corporate asset classes.

Client-directed voting

Voting in segregated accounts is governed by the terms of clients' investment management agreements. In nearly all instances, clients vest voting authority with us, although some may reserve the right to withdraw delegation of proxy voting authority and instead direct a vote in limited circumstances (including an override of our custom policy). In certain instances, clients may wish to retain voting authority on all matters.

We vote all shares in pooled funds and do not presently have a mechanism to gather input and efficiently vote in accordance with individual shareholder's wishes. We believe clarity on industry standards of practice applicable to a shareholder 'expression of wish' is necessary to facilitate the evolution of market practice. We will, therefore, continue to engage with vendors and the investor community to seek to develop standards, guidelines, and best practices to facilitate progress across the industry.

Managing stock lending/recalls for voting

During 2023, we undertook stock lending activities on one particular group of funds we manage, but this is not widely practiced across our business. Clients may also participate in stock lending programmes in segregated mandates. Where clients provide for it, and upon their request, we may engage with them to seek the recall of stock loaned out for proxy voting purposes. There were no client-directed stock recalls during 2023.

Significant votes and outcomes and the Shareholder Rights Directive II

Below are some examples of our votes and their outcomes during 2023. We have sought to provide votes with a representative balance of outcomes, recognising that many do not result in optimal outcomes despite our best efforts.

Our methodology for selection is based on characteristics of our global voting universe, including aggregate size of holdings in the company, number of clients holding the stock, significance of the voting issue for a company or in the relevant market, impact on shareholder value and materiality of the vote to engagement outcomes.

We have also tracked the outcomes of these votes (where possible, detailed below) and have found that in most instances, the issues we had identified also represented a concern for many other investors. Across these meetings and other high votes against management in our portfolio (for example, over 20%), we expect companies to engage with investors and disclose how they are addressing the concerns raised.

Broadcom Inc

Technology

United States

AGM date: 3 April 2023

Vote matter: Advisory vote to ratify named executive officers' compensation.

How we voted: We voted against the say-on-pay as we had concerns regarding the timing and quantum of the equity grants to the CEO, which was further exacerbated by continued concerns regarding the lack of concrete succession planning and key person risk.

Outcome: The say-on-pay vote did not pass and we have had continued engagement with the chair of the compensation committee at Broadcom to discuss the pay result, our votes and expectations, and hear more about how the company plans to respond to shareholder engagement ahead of the 2024 annual meeting.

Wizz Air Holdings Plc

Consumer discretionary

United Kingdom

AGM date: 2 August 2023

Vote matter: Remuneration Report & Remuneration Policy.

How we voted: We voted against the remuneration report as we had concerns regarding the excessive quantum, among others, despite a material decrease in the share price.

Outcome: The remuneration report and policy received 31% and 28% dissent respectively which signals notable disapproval from shareholders. We will further focus on the company as 2024 progresses.

Brenntag SE

Materials

Germany

AGM date: 15 June 2023

Vote matter: Election of Richard Ridinger and Sujatha Chandrasekaran to the Supervisory Board.

How we voted: An activist had proposed counter proposals to the two directors in place. We abstained from voting for the current directors. This was due to engagements with both the company and the activist investor. We were happy with both levels of experience of the directors and the counter directors but wanted to support an increase in corporate governance standards.

Outcome: The directors Richard Ridinger and Sujatha Chandrasekaran received a 37% and 38% dissent against them signalling the shareholder disapproval. We watch for improved governance practices and execution of the business strategy over 2024.

Portfolio managers hold final vote authority regardless of issues to be voted on, holdings size, or the market in which votes will be cast

CHAPTER 5

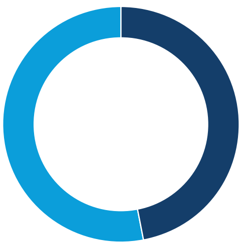
Meeting our clients' needs

Columbia Threadneedle Investments is a global asset manager providing a broad range of investment strategies and solutions for individual, institutional and corporate clients around the world. With more than 2,500 people, including over 650 investment professionals based in North America, Europe and Asia, we manage assets across developed and emerging market equities, fixed income, asset allocation solutions, and alternatives.

As at 31 December 2023, Columbia Threadneedle Investments managed US$637bn / €577bn / £500bn of assets.

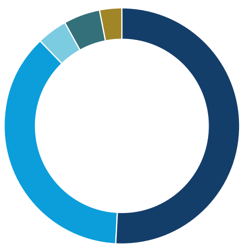
Discover the breakdown of our assets and clients:

AUM by client type (%)



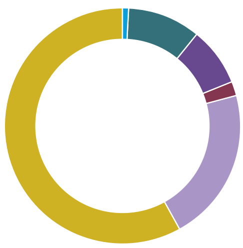
		US$M	£M	€M
Institutional	47%	302	237	274
Retail	53%	335	263	303

AUM by asset class (%)



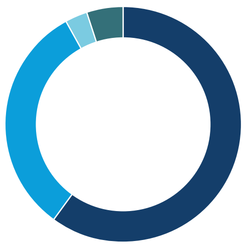
		US$M	£M	€M
Equity	51%	323	253	293
Fixed Income	37%	238	187	216
Money Market	4%	24	19	22
Alternative	5%	33	26	30
Hybrid and Other	3%	18	14	17

AUM by client region (%)



		US$M	£M	€M
Africa	0%	1	807	932
APAC ex Japan	1%	8	6	7
Canada	0%	3	2	3
Europe ex UK	10%	66	52	60
Japan	0%	2	2	2
Latin America	8%	57	44	51
Middle East	2%	12	10	11
UK	21%	142	111	129
US	58%	402	315	364

AUM by investment desk region (%)



		US$M	£M	€M
US	60%	384	301	348
UK	32%	202	158	183
Europe (ex UK)	3%	20	16	18
Global	5%	32	25	29

As at the 31 December 2023 close of the reporting period, we had 54 external ***reo***® clients with $1.0trn / £796bn / €919bn assets under engagement.[12]

Client focus is one of our core values as outlined in Chapter 1. We identify and understand our clients' unique and diverse needs, providing them with the necessary attention and resources, as well as investment strategies and structures that meet their needs.

Source for all figures: Columbia Threadneedle Investments, as at 31 December 2023. Columbia Threadneedle Investments is the global band name of the group of companies that together make up the asset management business of Ameriprise Financial, Inc. It includes Pyrford International, which submits its own Stewardship Report to the Financial Reporting Council.

[12] Subsequent client exits during Q1 2024 has resulted in a new total of 51 external ***reo***® clients as at 31 March 2024, which will affect assets under engagement reported for the quarter.

Aligning our investment and RI engagement time horizons with clients' goals

As stated in Chapter 2, investment teams operate with a high degree of autonomy in developing their own investment approach. This enables us to accommodate a wide range of investment styles and offer our clients a diverse set of strategies that invest over different time horizons to meet their desired investment goals. For various fundamental bottom-up strategies, investment teams look to invest in quality companies and hold them over the long term, resulting in an investment horizon of at least three to five years and some securities are held in the portfolio for 10

Tencent 腾讯

Engagement

2008
- Initiated engagement. Key ask was to improve **carbon emissions** management and reporting.

2011
- Expanded engagement to include **anti-bribery and corruption** issues.

2015
- Initiated dialogue on **board effectiveness** and independence.

2016
- Initiated dialogue on **data privacy and security** issues.
- Continued our engagement on **board effectiveness**.

2017

2018
- Continued engagement on **data privacy and security**.
- Continued our dialogue on **board composition**.
- Re-initiated engagement on **environmental management** issues; carbon emissions, energy and water efficiency.

Milestones

2017
- Developed and published an **anti-fraud and whistleblowing policy** that calls for zero tolerance in relation to corrupt or fraudulent activities.

2018
- Improvements **in data privacy and security** management systems.

Source: Columbia Threadneedle Investments, as at 31 December 2023

years or more. We monitor and engage investee companies on an ongoing basis during the holding and coverage period, and update our investment thesis accordingly. This includes engagement on risks related to ESG factors that could have a material negative impact on a company's performance and, where necessary, encouraging improvement in management practices that we believe could help drive financial returns for our clients. As an example, the below shows our long-term RI engagement with Tencent during its 2010-2023 holding period in one of our funds.

2019

- Assigned responsibility for **ESG oversight** to the board.
- **New independent director** appointed.
- Revamped approach to **IT security**.

2020

- Continued engagement on **board composition and effectiveness**.

- Improved disclosure on the **data privacy** of users.
- Responded to the CDP **climate change** questionnaire.

2021

- **2021 Targets:**
  Initiate dialogue on **board diversity**, external **auditor tenure, product quality and safety** and **Net Zero targets**.
- Initiated dialogue on **board refreshment, auditor external auditor tenure, net zero targets, anti-trust** and **responsible marketing**.

- Responded to the CDP **climate change** questionnaire.
- Announced a **net zero commitment**.
- Set and published **environmental KPIs**.

2022

- **2022 Targets:**
  Engage to encourage **diversity & inclusion** targets, improved **employee engagement reporting**, improved **oversight process of subsidiaries**, and **grievance mechanism reporting**.
- Initiated dialogue on **human capital management, diversity & inclusion, governance** and **Russia**.
- Initiated dialogue on **ethical artificial intelligence**.
- Continued engagement on **net zero targets**.
- Continued engagement on **data privacy**.

- Improved **climate-related disclosures**.

2023

- **2023 Targets:**
  Engage to improve **workplace disclosure**, set **diversity & inclusion targets**, improve **oversight of subsidiaries**, improve **board effectiveness** and **diversity**.
- Initiated dialogue on **human rights**
- Initiated dialogue on **gaming**
- Continued dialogue on **diversity & inclusion**
- Continued dialogue on data **privacy & security**
- Continued dialogue on **board effectiveness**
- Continued dialogue on **responsible AI/AI governance**
- Continued dialogue on **human capital management**

- Improved **gender diversity and independence ratio on the board.**

Client engagement

As part of account setup and onboarding, our dedicated relationship management teams build close client relationships to understand specific investment goals, objectives and risk tolerances, which helps to develop an investment and portfolio transition plan in conjunction with the portfolio management and operational teams. These goals, objectives and risk tolerances may also relate to ESG and stewardship matters. Ongoing relationship meetings, mandate/portfolio review meetings and consultant/intermediary due diligence reviews allow us to communicate with clients directly, providing them with important updates, views on market developments and asset allocation trends, as well as seeking their views. For many of our clients, ESG and stewardship themes will form part of our ongoing discussions with our distribution teams, and investment and RI professionals.

Recognising that many of our institutional clients rely on input from their consultants, we have a dedicated consultant relations team working in conjunction with our relationship managers. Our engagement with consultants and clients on ESG matters may manifest itself in a number of ways depending on their specific preferences:

- ESG-focused meetings.
- Data requests on stewardship activity and sustainability metrics.
- Regular reporting on engagement and voting (most client updates include engagement activity information). This includes following industry templates where they exist, such as the Pensions and Lifetime Savings Association's and Investment Consultants Sustainability Working Group's templates in the UK. Some clients receive, upon request and on an ad-hoc basis additional information, on areas such as ESG integration in investment portfolios, and net zero methodologies and implementation.
- We regularly share our thematic insights on a variety of ESG topics with clients.

Consultant feedback is shared and discussed between relevant teams, and any perceived shortcomings of our policies and approaches addressed.

Fund policies and approaches are reviewed and discussed with fund boards. During 2023, topics reviewed and discussed with fund boards continued to include our RI policies, committing certain of our European domiciled funds to align with our net zero methodology and the labelling of certain European funds under EU SFDR. As part of our annual proxy season strategy post-mortem, we developed and proffered a series of voting policy amendments to several internal funds boards for their approval. Such amendments included refinements to director election assessments (e.g., defining independence and overboarding) and executive compensation analyses following client and other key stakeholder feedback. We were pleased to receive approval by fund boards for each of the amendments.

300+

client meetings attended by RI team members during 2023

External consultation

We also consult our clients for their input on preferences for priority ESG issues for RI engagement. This includes our biannual client consultation process with our ***reo***® clients to discuss and agree shared thematic priorities and objectives. These client views are typically representative of broader industry trends and concerns. Further prioritisation of RI engagement is driven by an assessment of materiality across the holdings and issues identified in the funds of our managed asset clients, alongside those identified within the funds of ***reo***® clients. We can also consult our Responsible Investment Advisory Council (RIAC), which comprises five external sustainability experts (including one who retired from Columbia Threadneedle Investments in March 2023) and an internal member. More information about RIAC can be found on p76. Following internal and external – including ***reo***® clients – consultations in 2023, we identified six existing RI engagement projects and four new projects which will be pursued in 2024, covering a wide range of engagement issues, sectors and companies.

Client events

Our RI conference

In November 2023 we hosted our Responsible Investment Conference, attended by clients mostly based in the UK and Europe. The focus of the event was on how we invest on behalf of our clients in a transitioning world. Topics on the agenda included perspectives from the Global Head of RI, on 20 years of working in the RI space; a panel of internal and external experts on social issues; and hearing directly from our investee companies Smurfit Kappa and Marks & Spencer about their RI journeys and perspectives on investor engagement. Breakout sessions included the UK regulatory backdrop, biodiversity, and portfolio manager-led sessions on our responsible & sustainable strategies.

Our Dutch RI seminar

In June 2023, we held our annual Dutch RI seminar in Amsterdam, which focused on the 'S' in ESG. The event was attended by c.50 clients and other contacts. The seminar was interactive, with presentations, interviews, and engaging podium discussions. An RI analyst discussed how we work on mitigating social risk through active ownership, with a focus on labour standards and human rights. A senior portfolio manager on our Social Bond fund range explained how we generate positive social impact. The audience also heard from Impact Investor – a venture capital impact investor – on the systemic social risks in production chains and what companies and their financiers can do about it, and from the Head of Impact at Tony's Chocolonely, on the company's mission to tackle the problem of child and slave labour in chocolate production.

PRI in Person conference, Tokyo

In October 2023, we were one of the sponsors of the PRI in Person conference. We also sponsored the Japanese signatory meeting, where we presented on the energy transition and our net zero work, and spoke in conference sessions covering nature stewardship, engaging on human rights, and labour standards. We hosted a client event with approximately 40 fund & ***reo***® clients from across the globe, and also attended individual client and partner meetings; a meeting with the Ministry of Finance; and various side meetings at the conference, including with the Asia Investor Group on Climate Change and the Asia Research and Engagement group.

Other events included hosting an investor briefing on reducing conflict risk and webinars on deforestation and supply chain due diligence in relation to labour standards.

Client communication

Reporting to clients in a transparent manner remains a highly important aspect of our RI capability. Discover an overview of our content outputs during 2023:

Content	Description	Audience	Frequency
Stewardship Report	In-depth information on our stewardship activity to satisfy global stewardship codes.	Public	Annually
Responsible Investment Capabilities Brochure	A brochure used in client and prospect engagement. Showcases our high-level RI capabilities, covering research, tools and frameworks, team resource and coverage, engagement and proxy voting, public policy work, and relevant funds and strategies.	Public	Created as a one-off brochure, to be refreshed as needed.
Stewardship Quarterly Review	Outlines our RI engagement and voting activity during the quarter, including a selection of engagement case studies.	Public	Quarterly
Engagement review and outlook	A detailed review of the RI engagement projects run by RI analysts in the previous year, and a detailed overview of the engagement projects running in the year ahead.	Public and also ***reo***® client versions that contain further information on priority companies	Annually
Climate change report	A report structured in line with Task Force on Climate Related Disclosures (TCFD) recommendations that covers our governance of climate change; strategies to identify and manage risk and opportunities across our investments; and our own operational emissions, including a new emissions reduction goal.	Public	Annually
Entity Level Principal Adverse Impacts (PAI) statements	Disclosure statements, as directed by Sustainable Finance Disclosure Regulation (SFDR) on how we consider the PAIs of our investment decisions against a set of mandatory and voluntary indicators. Statements produced for CT Netherlands B.V.; Threadneedle Management Luxembourg S.A.; and all entities in EMEA for Columbia Threadneedle Investments.	Public	Annually
Sustainable Finance Disclosure Regulation (SFDR) disclosures	Applicable website, pre-contractual and periodic disclosure for Article 6, 8 and 9 products within scope of SFDR requirements.	Public	Website and pre-contractual: ad-hoc Periodics: annual
Product-level TCFD reports	Reports for many of our UK-domiciled funds and EMEA range. Contain climate-related metrics such as carbon footprint, weighted average carbon intensity. Additional information on net zero alignment is included for funds committed to our Net Zero by 2050 goal.	Public	Annual reports as at 31 December 2022 published in June 2023 as per the Financial Conduct Authority requirement. Quarterly reporting began in 2024.

Content	Description	Audience	Frequency
Responsible Investment reports	ESG metrics for funds in the legacy Threadneedle Asset Management Limited range, such as ESG Materiality Rating, carbon footprint and controversies exposure, as well as voting activity. Some reports include a brief commentary.	Relevant clients and consultants	Quarterly
Impact reports	Annual reports for a selection of dedicated responsible and sustainable strategies that demonstrate a fund's ESG profile through sustainability metrics, SDG revenue mapping, and active ownership details.	Public	Annually
Real estate strategy reports	Annual reports for a selection of dedicated responsible and sustainable strategies that demonstrate a fund's ESG impact through sustainability metrics, SDG revenue mapping, and active ownership details.	Public	Annually
Real estate ESG reports	ESG reports for a selection of our real estate strategies, written in accordance with regional disclosure recommendations. All contain strategy specific goals and progress against these in the reporting year, as well as metrics on environmental risk. Highlights are also shared in each entity's Annual Report and Accounts.	Relevant clients	Annually
Voting disclosures	Disclosure of our voting decisions can be found on our website. Different legal entities currently disclose voting activity separately at different intervals.	Public	Updated the day after each AGM
ESG Viewpoints	Thematic, sectoral or regional ESG research and analysis, with reference to our RI engagement and voting efforts. We support some of these written pieces with ESG Quickview videos as another form of content to support the piece.	Public; ***reo***® clients also often receive further confidential company engagement details.	Monthly
Thematic Insights	Thematic research pieces covering energy transition, human capital transition and food and materials transition.	Public	Quarterly
Pioneer Perspectives	High-level content pieces, that typically cover the author's perspective of a current ESG issue, or ESG considerations of a topical issue.	Public	Ad-hoc

We recognise that client reporting around RI is an evolving area, shaped by differing client expectations but also the developing regulatory landscape and continued focus on ensuring that statements on ESG practices reflect accurately how asset managers actually operate. During 2023, we continued to design and mobilise an operating model to expand and improve our RI client reporting, with delivery planned for 2024.

CHAPTER 6

Promoting well-functioning markets

As a large, global asset manager, we take seriously our responsibility to promote a well-functioning financial system and work collaboratively with others to improve how markets function. In the long run, we believe that this benefits us in our investment activities, our clients, and society.

Key market risks identified in 2023 included high inflation and rising interest rates and the associated cost of living crisis, as well as geopolitical instability and conflict. Meanwhile, the frequency of extreme weather events continued to pose market-wide risks too. Systemic risks are considered as part of strategic oversight of our business, by the Global Executive Group (GEG) and Global Business Group (GBG). More information on our governance processes can be found in Chapter 7.

Using RI engagement to address market risks

Thematic analysts produce research and conduct related engagement on three overarching sustainability themes – energy transition, human capital transition, and food and materials transition – to address material ESG risks with issuers. RI analysts focus their engagement around seven themes that drive our RI engagement programme, each of which we consider material to the creation and protection of long-term financial value, as well as social and environmental value.

- Climate change
- Environmental stewardship
- Public health
- Labour standards
- Human rights
- Corporate governance
- Business conduct


KOBELCO

In 2023, RI analysts planned engagement priorities within these themes across sectors and regions, addressing material risk inherent in climate change, poor environmental stewardship and biodiversity loss, human rights abuses or weak labour standards, public health risks and weak corporate governance. They identified sectors and companies most exposed to key issues within these themes and engaged independently or collaboratively to seek improved management of the issues. This dialogue is reinforced with appropriate use of voting rights. Chapter 3 provides information on RI engagement approach and examples, while Chapter 4 provides information on our proxy voting approach and examples of significant votes.

Climate change, biodiversity loss and conflict present significant threats to markets, destabilising the environment and increasing volatility in society. During 2023, we engaged companies exposed to each of these issues, to understand potential impacts on their value, and promote positive change and better-functioning markets:

Addressing climate change: 2023 saw some of the most severe impacts yet of the changing climate, as El Nino conditions overlaid on underlying climate trends led to new extremes of weather in many parts of the world, with major economic and human costs. Climate change can have systemic impacts across the economy and financial markets. The energy transition, driven by government policies and technological advancements, creates both opportunities and risks as the energy market pivots to cleaner alternatives. As investors we manage the risks and opportunities related to climate change across our investments, and our own physical footprint, considering our clients' preferences. We consider existing and emerging regulatory requirements, through joint work by our regulatory and RI team climate specialists, as well as participation in industry groups. Consistent with our objective to deliver long-term investment returns to clients, we engage with companies on their energy transition and decarbonisation goals, which helps us to understand how they are navigating these changes, and to encourage the adoption of robust, science-based strategies that are viable for such companies to implement whilst sufficiently addressing relevant risks and opportunities that could have a financially material impact on the company. We engage both one-on-one and collaboratively, where this aligns with our client-focused objectives. RI engagement is aligned with our proxy voting approach, where we seek to reflect our objectives in our assessment of companies in material sectors, on which more information can be found in Chapter 4. We will also engage with policymakers, where appropriate and aligned to meet our clients' needs, to help promote policies which help mitigate, and/or adapt to, climate change and ensure a smooth transition. As a signatory to the NZAMI, achieving the goal of net zero emissions by 2050 or sooner with respect to our assets under management is subject to direction by our clients on a portfolio-by-portfolio basis. More information on this is available in Chapter 2.

Protecting biodiversity: Dependency on nature is pervasive throughout the global economy. We were part of the launching investor group for Nature Action 100 in September 2023. This collaborative investor initiative will engage the companies with the most material biodiversity impacts, and has already recruited over 200 investor members. We will continue to help lead this initiative through our position on the Steering Committee and Technical Advisory Group. 2023 has been a productive year for biodiversity engagement. We published our Biodiversity Best Practice Expectations, which will enable us to consistently evaluate corporate targets, disclosures, governance and strategies on biodiversity. We focused our biodiversity engagement on companies in high-impact sectors such as food and beverage, extractives, materials and transportation, and reinforced our engagement by continuing to implement a robust biodiversity voting policy. Deforestation has been a clear focus area for us, and in April 2023 we took part in an Investor Policy Dialogue on Deforestation visit to Brazil to engage with the new Lula administration and push for reform. We continue to lead the Investor Working Group for a Deforestation-Free Automotive Industry, and work closely with NGOs including Rainforest Foundation Norway, ZSL and Tropical Forest Alliance on this topic.

Active ownership in times of conflict: Navigating geopolitical uncertainties remained an RI engagement theme throughout 2023. We saw increased global attention on geopolitical risk ranging from Myanmar, Sudan, Russia/ Ukraine and Israel/ Gaza/West Bank. While these countries were not the only ones impacted by ongoing geopolitical conflict, we focused on the areas where we have the most exposure and, thus, the greatest investor impact. We published an updated viewpoint in June 2023 where we provided updates on our engagement efforts with investee companies with ties to Conflict-Affected High-Risk Areas. We monitored the industry impact of the war in Ukraine and provided our insights of impacts across industries from agriculture, consumer staples and discretionary, energy to technology and banks. Following news reports about western semiconductors being found in Russian missiles in the war against Ukraine, we also reached out to several semiconductor companies to understand their approach to customer due diligence to ensure its products do not end up in the wrong hands. We also hosted an investor briefing on reducing conflict risk with the experts from the EIRIS Conflict Risk Network dedicated to knowledge-sharing, with the experts introducing their projects on Sudan, Myanmar and Investor Commitments for Conflict. As geopolitical risks intersect with ESG risks, we will continue to build on our engagement with investee companies to understand how they are actively assessing and mitigating the impacts of the conflict on their own operations and supply chains, but also their part in the conflict.

Climate change, biodiversity loss and conflict present significant threats to markets, destabilising the environment and increasing volatility in society

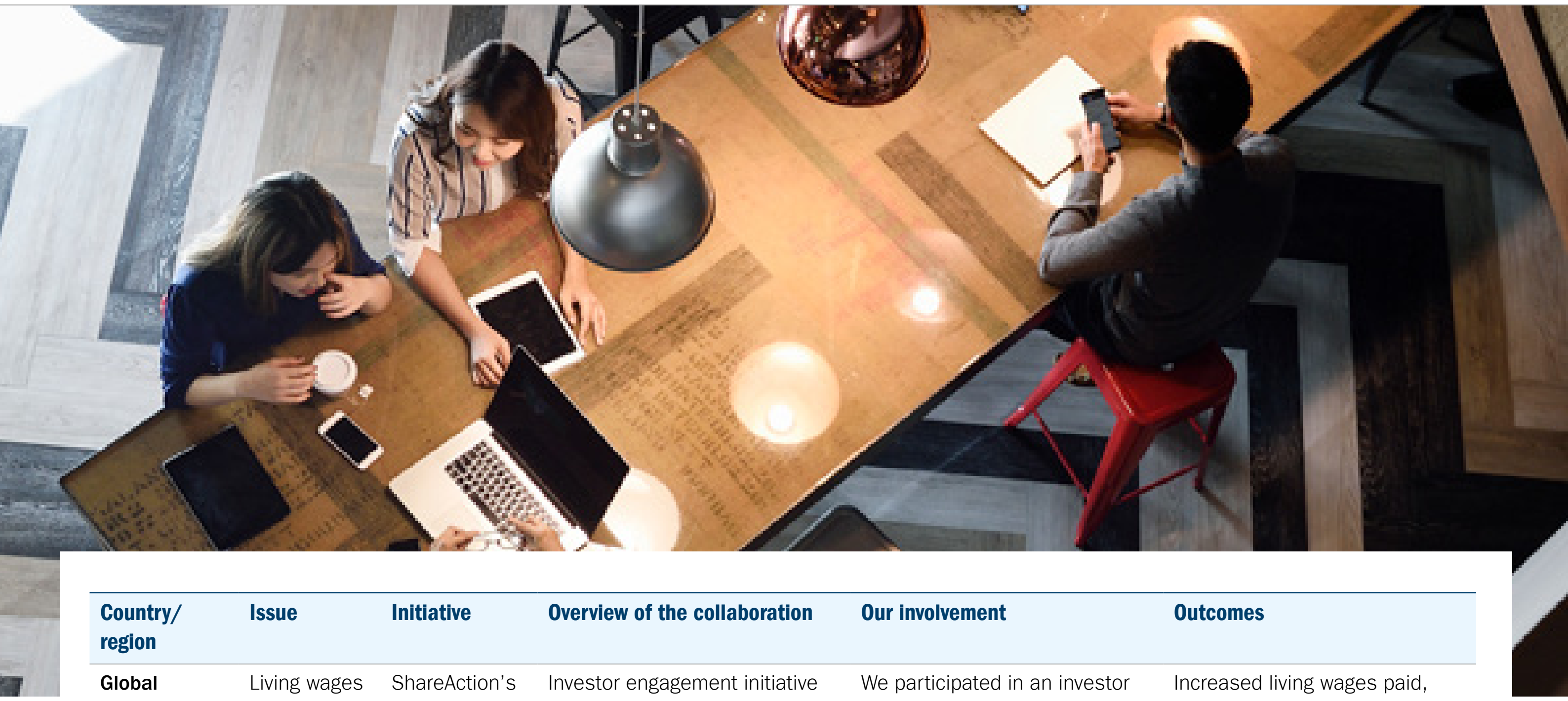
Public policy

During 2023, we continued to play an active role in public policy development through engagement with policy makers and regulators on key issues, seeking to be a constructive investor voice in standard setting.

We predominantly engaged through industry bodies and collaborative engagement initiatives. We believe that this ultimately helps promote well-functioning financial markets.

Country/ region	Issue	Initiative	Overview of the collaboration	Our involvement	Outcomes
Global	Labour standards	Workforce Disclosure Initiative	Aims to improve corporate transparency and accountability on workforce issues. The initiative provides companies and investors with comprehensive and comparable data on workforce metrics.	We are long-term members of the initiative, engaging with companies to report to WDI in order to provide investors with improved corporate disclosure on management of operational and supply chain workforce.	We provided input into the development of WDI's company survey, including highlighting methods to encourage increased corporate participation in the reporting process as well as how the survey could be made more useful in company analysis and engagement for investors. This resulted in an improved WDI survey and increased reporting uptake by companies.
UK	Climate change	UK Sustainable Investment and Finance association (UKSIF)	Convenes multiple members of the UK's sustainable finance community to enhance and promote key issues and opportunites within the sector.	We provided input in to the UKSIF's work on hydrogen policy in the UK, by providing our view on the barrierrs of hydrogen development – under Chatham House rules.	Hydrogen has the potential to be an important solution in the energy transition; acting as a green energy carrier. However a lack of clear policy and visibility on regulation creates barrierrs to fiancing and scaling of the technology. Our input in to the UKSIF's work, including highlighting the importance of responsible sourcing and the need for clear policy frames and incentives in order to support indsutry transition, will feed into the UKSIF review of the UK's hydrogen policies.
UK	Modern slavery	Find it, Fix it, Prevent it	An investor collaboration working to address forced labour in global supply chains and seeking meaningful, effective action by companies in response to the Modern Slavery Act.	We are members of CCLA's Find it, fix it, prevent it investor collaboration on modern slavery which aims to highlight modern slavery to issuers and drive improved risk assessment, mitigation, and remedy as well as extended disclosure.	As lead investor for two companies, we provided updates on engagement developments, aligning with our long-standing engagement addressing modern slavery risks and increasing disclosure. We also provided input into discussions aound future coalition projects and received updates on relevant developments on public policy.
Taiwan	Corporate Governance	Asia Corporate Governance Association (ACGA)	An independent, non-profit membership organisation dedicated to working with investors, companies and regulators towards the implementation of effective corporate governance practices throughout Asia.	Taiwan Depository & Clearing Corporation (TDCC) is the only virtual AGM platform provider in the Taiwanese market but it is not effectively equipped to meet the needs of foreign investors. ACGA's Taiwan Research Director engaged with TDCC on this topic with our input and support.	A process will be implemented that enables foreign investors to attend virtual AGMs. However, suggestions on enhancing shareholder protection in the consultation were not included in the latest amendment to the regulation. Engagement will continue.

Country/ region	Issue	Initiative	Overview of the collaboration	Our involvement	Outcomes
Taiwan	ESG policy and disclosure	Taiwan Stock Exchange (TWSE)	Taiwan Stock Exchange (TWSE) is the primary stock exchange in Taiwan.	Engaged with the regulator on the prospects of ESG development in Taiwan including providing feedback on ESG disclosure in the region. We requested that TWSE bring forward their sustainability reports disclosure deadline to be prior to company AGMs in order to align with global practices.	TWSE noted our ask. However, due to resource limitations within the Taiwanese audit community, they stated that the priority is given to financial reporting ahead of AGMs, therefore pushing the audit of ESG reports to after AGMs occur. We will continue to encouraage this position to be reviewed.
Taiwan	Corporate governance evaluation and shareholder rights protection	Taiwan Stock Exchange (TWSE)	Taiwan Stock Exchange (TWSE) is the primary stock exchange in Taiwan.	Discussed and engaged with the regulator TWSE on corporate governance evaluation, shareholder proposals, setting up nomination committee, remuneration transparency, statutory directors, accumulative voting, ESG report timing, shareholder rights, and acting in concert rules.	TWSE accepted our suggestion to consider promoting a combined remuneration and nomination committee, but other concerns raised were not addressed.
China	Climate disclosure	China Institute of Finance and Capital Markets (CIFCM)	A decision support center, strategic think tank and theoretical research base, dedicated to the research of long-term, forward-looking, comprehensive and systematic issues in capital markets, under the direct administration of the China Securities Regulatory Commission (CSRC).	We participated in a net zero financial disclosure survey with the aim of supporting improved disclosure in the market, sharing our TCFD report and our approach to climate-related engagement to provide an effective case study on disclosure.	The results will be used to inform regulatory policy decisions.
Pakistan	Labour standards	Interfaith Centre on Corporate Responsibility (ICCR)	A coalition of over 300 global investors using shareholder advocacy to press companies on environmental, social, and governance issues.	ICCR organised an investor statement calling for the expansion of the International Accord model to Pakistan to improve worker safety protections following the signing of the International Accord for Health and Safety in the Textile and Garment Industry by 194 brands in 2021. We were invited by ICCR to to consider signing the Investor Statement to be released publicly.	Alongside investors representing $2.1 trillion in assets, we signed the statement calling on apparel companies sourcing from Bangladesh and Pakistan to strengthen their implementation of human rights due diligence to effectively embed their corporate responsibility to respect human rights.
Global	Labour standards	The FAIRR Initiative	Collaborative investor network that focuses on material ESG risks and opportunities within animal protein supply chains.	Engagement with seven major meat producers. We participate in shaping the engagement agenda and participate in collaborative engagement on labour standards	Enhanced corporate performance on labour standards in the meat industry.



Country/ region	Issue	Initiative	Overview of the collaboration	Our involvement	Outcomes
Global	Living wages	ShareAction's Good Work Coalition	Investor engagement initiative aimed at improving the integration of employment standards into investment decisions and coordinate collaborative engagement. Engagement focus on labour standards, living wage standards, accreditation, transaprency of the FTSE350, extention to DEI with a focus on ethnic diversity.	We participated in an investor roundtable to discuss the effects of less-than-living wages on investors and the economy. We provided our views on the role of investors in addressing systemic issues and what guardrails around living wages are possible.	Increased living wages paid, increased number of accredited Living Wage employers in the UK, and enhanced investor awareness.
Asia	Sustainable proteins	Asia Research & Engagement Sustainable Protein Transition Platform	As a founding investor of the Platform we continue to contribute to developing its topics, engagement framework and evaluation indicators. We are an active participant in corporate engagement and continued development of the Platform.	We participated in engagement strategy review meetings, discussing solutions to non-responses, and collaboration with other nature-focused initiatives to align investor voices. We supported the development of engagement agendas and held calls with multiple companies in the region.	More formalised corporate engagement based on a 2030 vision and accompanying focus areas and indicators to evaluate company progress.
UK	UK Corporate Governance Code	The Financial Reporting Council	The Financial Reporting Council is a UK regulator that promotes transparency and integrity in business.	Responded to the public consultation launched by the FRC on proposed revisions to the UK Corporate Governance Code including promoting the flexibility of the Code so that its application to Small Caps is more relevant, and a review of the remuneration landscape given the tension between investors and companies on the subject. In addition, as members of the Investment Association and Investor Forum, we provided direct feedback to their consultation and areas which we were more concerned with as a large active manager.	The development of an improved corporate governance code for companies highlighting updated best practice and ensuring the integrity of the comply or explain model.

Country/ region	Issue	Initiative	Overview of the collaboration	Our involvement	Outcomes
India	Sustainability disclosure and corporate governance	Securities and Exchange Board of India (SEBI)	SEBI is the securities market regulator in India, ensuring transparency and protecting investors interests.	We engaged with the regulator on the upcoming Business Responsibility and Sustainability Reporting core disclosure and assurance requirement and corporate governance rules in India.	Only some of the questions and concerns submitted were addressed. We will continue to engage to work towards improvement of the corporate governance structure in India.
France	Gender diversity	30% Club Invester Invester Group France	The 30% Club Invester Group France aims to increase the representation of women in the SBF 120's executive management teams to at least 30% by 2025. The Group also aims to collaborate with a community of investors around the issue of gender diversity.	We engaged with multiple companies in France on their efforts to improve and report on gender diversity and other efforts related to diversity, equity, and inclusion such as flexible work and parental leave.	We have identified best practice at several companies, which we are able to communicate to companies that we consider to be laggards. We have also seen a greater focus by companies on gender diversity throughout their organizations, which we hope will lead to improved practices.
Taiwan	Shareholder rights protection and hybrid AGMs	Taiwan Depository & Clearing Corporation (TDCC)	Taiwan Depository & Clearing Corporation (TDCC) is the sole back-end institution for Taiwan's financial market, with a goal to create a more robust and efficient operation of Taiwan's financial market.	We engaged with the regulator on how to improve foreign investor's rights in attending hybrid shareholder meetings, the legal limitation of exercising live votes at shareholder meetings and disclosure of the ultimate beneficial owners.	This visit helps us understand the limitation of pushing for further shareholder rights protection in the current legal environment. As there is no requirement to disclose the ultimate beneficial owners in the market, all the foreign investors need to be represented by local custodians, which creating further barriers on exercising real time voting at shareholder meetings, despite the market recently allows hybrid shareholder meetings.
Taiwan	Virtual AGMs and shareholder rights	Taiwan Depository & Clearing Corporation (TDCC)	1:1 in person meeting with the regulators. We lead the engagement and will continue to follow up with the regulators about its plan to further improve it.	To exercise stewardship and ensure the regulators are aware the issues that foreign investors faced.	On Jan 2023, Financial Supervisory Commission (FSC) requested TDCC to redesign the virtual meeting platform so foreign investors can attend shareholder meetings. TDCC decided to remove the certificate policy, and foreign investors will be able to join virtual shareholder meetings in March via a CN code that is linked to security accounts. TDCC will share with me again if they have more detail.

Industry initiatives

During 2023, we were collaborators in 45 industry initiatives to help inform our understanding of emerging ESG issues as well as share our learnings with the broader industry. These include collaborative engagement initiatives, which can help in addressing systemic issues within a sector or market, and gives companies the opportunity to hear a clear investor voice on a topic. Examples of specific collaborative engagements can be found in Chapter 3.

Initiative	Overview of the collaboration	Our involvement	Outcomes
30% Club France Investor Group	Investor-led group aiming to boost the number of women in board seats and executive leadership of companies in the SBF 120 index.	Member of the investor coalition, leading and supporting several engagements.	Throughout 2023, we participated in several collaborative engagements with the 30% Club France and SBF 120 companies to discuss their approach to diversity, equity, and inclusion, including leading an engagement with Aperam. The objectives of the group include having companies have at least 30% women in the executive committee by 2025 and that companies provide disclosure regarding the procedures used to find and appoint new members to the executive management team and how that process ensures diverse leadership. We also encourage companies to provide information on how diversity materializes throughout the organization.
30% Club UK Investor Group	Investor-led group aiming to boost the number of women in board seats and executive leadership of companies in the FTSE 350 index.	Member of the investor coalition, supporting several initiatives.	We attended working group meetings to understand the progress of gender diversity on the board and executive pipeline. In addition, the 30% Club is also due soon to issue its first Annual Report outlining the work conducted over the year.
30% Coalition (US)	Group of public and private companies, professional services firms, institutional investors, government officials, and advocacy groups collaborating to increase diversity in corporate boardrooms.	Member of the investor coalition, leading and supporting several engagements.	Participated in a strategic review of the Coalition's operations. No other outcomes to report for 2023.

Initiative	Overview of the collaboration	Our involvement	Outcomes
30% Club Germany	Investor-led group aiming to boost the number of women in board seats and executive leadership of companies in the DAX40 and MDAX	Member of the investor coalition.	The initiative launched towards the end of 2023 with an official press release. The companies in the DAX40 and MDAX received an initial outreach letter stating the goals of the investor group. The 30% Club Germany Investor group encourages DAX 40 companies to have an action plan in place to ensure their management teams comprise at least 30% women by 2030 and we aspire to extend this scope to the MDAX in the future.
Access to Medicine Foundation	Independent, non-profit organisation working to stimulate and guide the pharmaceutical industry. Produces the Access to Medicine Index, Antimicrobial Resistance Benchmark, Access to Vaccines Index.	Member of the investor coalition, leading and supporting several engagements.	We continue to see progress linked to our one-to-one and collaborative engagement on access to medicine. Access to medicine is increasingly acknowledged as a key material issue for pharmaceutical companies, and access strategies are becoming more advanced. In 2023, we also spoke at an investor panel during the launch event of the Medicine Foundation’s new Generics and Biosimilars Programme.
Access to Nutrition Index	Independent, non-profit organisation producing the Access to Nutrition Index. Benchmark evaluates the world's largest food and beverage manufacturers' policies and performance related to the world's most pressing nutrition challenges: obesity and undernutrition.	Engagement on public health and the role of food and beverage producers in providing healthier choices for consumers.	In 2023, we participated in one collaborative engagement call of the back of the 2021 Access to Nutrition Index before this engagement cycle came to a close. At the end of 2023, ATNI launched a new iteration of the India Index which we have been closely monitoring. A final decision about our participation in the collaborative engagement under the India Index is due in 2024.
Asia Corporate Governance Association (ACGA)	An independent, non-profit membership organisation dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia.	Member of the investor coalition, leading and supporting several engagements.	We joined 11 collaborative engagements this year organized by ACGA. We also attended ACGA's annual conference hosted in Mumbai, India, and it side events such as company site-visits and meetings with regulators such as SEBI and NSE, focusing on Business Responsibility and Sustainability Reporting core disclosure requirement and corporate governance structure. We also joined its quarterly membership and country working group (China, Japan and Korea) meetings to discuss engagement focus and market trends.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Asia Research & Engagement (ARE) – Energy Transition Platform	Organisation that structures, implements and assembles investor collaborative engagement programmes across Asia. Performs in-depth industry and company research that provides strategic insight into key ESG issues to underpin engagement work.	Member of the investor coalition, joining several engagements.	As active participants in Asian Research & Engagements' Energy Transition Platform, we engaged with 9 Asian financials and 2 Asian utitilies, discussing how they were managing climate-related risks. We had a number of positive discussions with these companies.In particular, we see several of the financial institutions enhancing their climate risk management and accelerating the implementation of their financed emissions targets, for example through the provision of transition finance and through engagement with their clients. These are topics that have formed a key part of the collaborative engagement with these companies, and it is positive that we are starting to see progress. We also participated in six engagements in ARE's Sustainable Proteins Platform which strives to improve sustainability in the proteins production including climate, biodiversity, animal welfare, and labour standards. During this year we saw improvements among some companies including a zero-deforestation commitment, generally increased scrutiny of deforestation risk from feed inputs and progress towards emissions reductions targets. Animal welfare issues are still receiving less attention. We co-signed a letter to the CEO of one company to ask for dialogue about sustainability strategy with senior directors.
Carbon Disclosure Project (CDP)	Non-profit organisation that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.	Member of the investor coalition, supporting several engagements.	In 2023 we did not participate in the CDP's non-disclosure engagement campaign of the CDP. We continue to use CDP data for research, engagement and voting purposes.
ChemScore	Benchmark created by NGO International Chemical Secretariat (ChemSec). It ranks the world's top 50 chemical producers on their work to reduce their chemical footprint.	We engage a range of companies on chemicals management.	We engaged a range of companies on chemicals management, leveraging the reports' findings. We also attended a roundtable discussion focused on safety of hazardous chemicals management.
Climate Action 100+	Investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.	Member of the investor coalition, leading and supporting several engagements.	The CA100+ initiative entered its second phase in 2023. The core purpose remains unchanged, but there will be a greater focus on identifying and working on sector transition pathways and barriers, and on going deeper on specific issues such as carbon accounting and bondholder engagement. In terms of progress by the companies, we continue to see good results on disclosure and board oversight, but challenges on the overall level of ambition compared to a 1.5 degree pathway, and on setting sufficiently clear and robust transition pathways.
Corporate Governance Forum	Facilitates investor dialogue on UK governance and proxy voting matters. The Forum is made up of 23 institutional asset owners and managers who meet on a regular basis to discuss governance best practice and contentious voting issues.	Member.	Whilst Forum members do not discuss specific vote intentions, our membership has enabled us to gain, through discussion and debate, an improved understanding of relevant issues around the time of investee company shareholder meetings. This dialogue helps us to keep abreast of investor sentiment around issues relating to executive compensation, board independence and a host of other core governance and sustainability topics.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Data Convergence Initiative	Drives convergence from private equity participants towards a set of 'best-practice' ESG metrics. Aims to increase the availability and quality of meaningful performance based ESG data, as well as create private sector ESG benchmarks.	Member of the investor coalition, supporting engagements.	We newly joined in 2023. No direct actions to report as of yet.
Eumedion	Non-profit organisation aiming to promote good corporate governance and sustainability policies at Dutch listed companies and to promote engaged and responsible shareholdership by its members.	Member, participate in collaborative engagement.	Eumedion's investment committee, of which we are part of, supported the review of Eumedion's Corporate Governance Manual 2024 and Eumedion's response to the SFDR review.
FAIRR	Collaborative investor network that focuses on ESG risks and opportunities around animal agriculture.	Member of several collaborative engagement initiatives: AMR: Collaborative engagement with animal health companies. Signed tailored collaborative outreach letters to all companies in the initiative and followed up with a subset to request private meetings. Unpacking Labour Risk in Global Meat Supply Chains: Engagement with seven major meat producers via letters and meetings to discuss labour standards in meat production. Waste & Pollution: Corporate engagement on waste from animal protein production eg raising of cattle, poultry. Working conditions: Corporate engagement on working conditions at major protein producers, including topics like health and safety, workforce dialogue, and sick pay policies.	AMR: While AMR remains an issue of concern to us we de-prioritised engagement with the animal health companies during 2023. We are maintaining AMR as a topic to address as part of wider engagement with the pharmaceutical sector, and will continue selectively engaging food production and retail on improved antibiotic stewardship. In 2023 we supported shareholder proposals relating to AMR at McDonald's, including asking the company to phase our medically-important antibiotics, comply with WHO guidelines, and provide a report on animal welfare. Waste & Pollution: We supported the initiative's planning and participated in one company call to encourage disclosure on metrics for assessing environmental impact from animal waste. The engagements have had a positive response from companies, but the level of risk assessment and mitigation efforts is poor across the board. While we decided not to participate in the second phase of the initiative, we aim to embed the findings and engagement points across our protein producer engagement. Working Conditions: We continued to support the third phase of the initiative with input into engagement planning. We chaired one of the engagement calls discussing responsible recruitment of migrant workers, sick pay policies, and workforce engagement. The Sustainable Proteins initiative has concluded, and so has our participation.
Find it, fix it, prevent it	Investor led initiative targeting UK-listed companies to demonstrate commitment to eradicating modern slavery from their supply chains.	Member of the initiative, engaging companies.	We engaged two companies in the hospitality and construction sectors on their risk assessment, monitoring, and remediation of modern slavery cases. The dialogues were positive, with management appearing to put more attention to the risks and establishing traceability and grievance mechanisms. However, none had identified indications of modern slavery which might indicate that monitoring needs further refinement.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Global Network Initiative	NGO with the dual goals of preventing Internet censorship by authoritarian governments and protecting the Internet privacy rights of individuals. Membership includes ICT companies, civil society organizations, academics, and investors.	Member of the investor coalition.	Enhanced corporate performance on protecting and advancing freedom of expression and privacy rights in the ICT industry.
Human Capital Management Coalition	Coalition of investors to elevate human capital management. Engages companies and other market participants with the aim of understanding and improving how human capital management contributes to the creation of long-term shareholder value.	Member of investor coalition, engaging companies on the issue.	Participated in monthly meetings centered on knowledge sharing on insights of poor labor standards faced by workers, trends impacting the labor market, and updates to regulatory policies.
Impact Investing Institute	Focuses on the development of outcome related investment, to encourage more investment made with the intention to generate positive, measurable social and environmental impact alongside a financial return.	Member, involved in multiple programme areas, including green+ gilt issuance; market policiy initiatives such as the G7 Impact Taskforce and its focus on the Just Transition, and roundtables informing the FCA's Disclosures and Labelling Advisory Group. We joined the Just Transition Finance Challenge, which is covered in our public policy work below. We are also a member of the Placed Based Investing Advisory Committee, feeding into delevoment of best practice recommendations for impact assessments and market development activities.	Supporting and providing awareness of the role of the public capital markets, including the large bond market, for impact investing, noting a historically private asset focus. Published, in May 2023, the Just Transition Criteria, consistent with elements defined by the G7-backed Impact Taskforce, and to help fund managers identify investment products and solutions that are aligned to a just transition.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Institutional Investor Group on Climate Change (IIGCC)	IIGCC works with business, policy makers and investors to help define the investment practices, policies and corporate behaviours required to address climate change.	Member, leading and supporting on several engagements.	We have joined the IIGCC's Net Zero Engagement Initiative, which aims to target European and Asian companies slightly smaller than those on the Climate Action 100+ list. We have also worked with IIGCC in its work on banks, where there is now a best practice standard and engagement programme. IIGCC also continues to drive good practice in investor Net Zero strategies, including recent guidance on climate solutions and on private asset classes. Throughout 2023, we have been part of IIGCC's net zero banks working group, actively participating as both a lead and support investor for a number of banks. In addition, we provided feedback into their net zero standard for banks, which was published in June.
Interfaith Centre on Corporate Responsibility (ICCR)	Coalition of faith- and values-based investors using shareholder advocacy to press companies on environmental, social, and governance issues.	Member, participating in collaborative engagements. Including: Investor Alliance on Human Rights (IAHR), Health Equity.	Enhanced focus for companies on the importance of addressing ESG issues. Increased impact in addressing human rights risks associated with business activities. Several companies have improved their disclosure on how they manage opioid- related business risks. We valued engagement conducted in the pharmaceutical sector and continue to review our participation on a case-by-case basis.
International Capital Markets Association (ICMA)	ICMA and its members promote the development of markets – in an RI content, they are involved in the development of green, social and sustainability bond principles.	Member of various working groups: We are on the Just Transition sub working group which is a combination of the Social Bond Principles Green Finance Sustainability Linked Bond and Impact Reporting working groups. We are also in the Social Bond Principles working group, and in the Impact Reporting and SDG sub working groups. Midway through the year we also joined the new Sustainability Linked Bonds working group.	Through our involvement in various working groups, we have contributed to the development of market best practices in green, social and sustainability bonds and related reporting. Our contributions to the Just Transition sub working group supported the inclusion of a new target population in the Social Bond Principles: those who are impacted by climate transition projects. This is an important development to the social bond guidelines as it allows better recognition of the impact that climate change and the low carbon transition will have on jobs, communities and health. Across all working groups we raised the issue of including community voice within impact reporting, noting the importance of hearing from those individuals who are targeted by impactful projects to truly understand the impact that has occurred. We will continue to raise this issue & recommend that surveys conducted on the target population are included in the ICMA guidelines for social bonds.
International Corporate Governance Network (ICGN)	Investor led organisation advancing the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation.	Member.	We attended the ICGN conference in Toronto, where the ICGN sponsored panels on a variety of both global and regional topics, including challenges associated with cybersecurity, harmonizing sustainability reporting, and effective shareholder engagement. We also attended the ICGN season review held in London.
Investment Association (IA)	UK industry body; facilitates the monitoring and responding to ESG policy and regulatory changes impacting our activities	Member; participation in the Stewardship Committee, working on EU & UK regulatory reforms and market developments, and the Sustainability & Responsible Investment Committee working across the breadth of industry topics including fund labelling.	During 2023, we attended Remuneration and Share Schemes Committee meetings where remuneration proposals were discussed and to better understand trends in the UK market. In addition, we directly provided feedback to the IA's response to the FRC's review of the UK Corporate Governance Code.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Investment Company Institute (ICI)	US Industry body; facilitates the monitoring and responding to industry and policy issues, as well as regulatory developments	Contribution to the development of industry positions and submissions on regulatory reforms in the US, UK and EU. Participation in industry meetings with regulators including the US SEC, UK FCA, EU ESMA & Commission and the IFRS-ISSB amongst others.	Member; participating on the Board of Governors, Executive Committee, Investment Committee, Europe Regulatory and Policy Committee, ESG Advisory Group and other working groups.
Investor Action on Antimicrobial Resistance (AMR)	A coalition between the Access to Medicine Foundation, the FAIRR Initiative, the Principles for Responsible Investment and the UK Government Department of Health and Social Care to galvanise investor efforts to address global antimicrobial resistance.	We individually engage a range of companies on AMR and feed broad learnings into the group. We participate in industry education and advocacy.	Incorporated AMR as a topic alongside engagement conversations on a range of ESG topics with relevant companies but made limited incremental progress securing commitments.
Investor Forum (UK)	The Forum helps investors to work collectively to escalate material issues with the Boards of UK-listed companies.	Member; participate in collaborative engagement.	During 2023, we actively participated in a number of collaborative engagements with other investors on specific company issues. Primarily, these company engagements sought to improve the financial performance of the company and/or improve corporate governance structures. In addition, we participated in several educational roundtables on sustainability (net zero, water) and corporate governance (audit) topics. Lastly, we provided input into the Investor Forum's regulatory submissions to the Financial Conduct Authority (FCA) on amendments to the listing rules and the Financial Reporting Council (FRC) Review of the Corporate Governance Code.
Investor Initiative for Responsible Care	Collaborative engagement group coordinated by UNI Global Union focused on working standards and quality of care in the listed nursing casre sector.	Engagement lead for one company and supporter for two others.	Engaged lead company 1:1 several times in the year. Secured limited specific commitments as the company is dealing with significant corporate transition but deepened the relationship and understanding of their actions.
Investor Policy Dialogue on Deforestation	Collaborative investor initiative set up to engage with public agencies and industry associations in selected countries on the issue of deforestation. The goal is to coordinate a public policy dialogue on halting deforestation.	Member of the investment coalition.	We are active members of the Brazil and Consumer Countries workstreams. In 2023 we took part in an IPDD delegation to Brazil to engage the new Lula government on its approach to halting deforestation, and advised the Ministry of Finance on structuring Brazil's first sustainable debt issuance.
Investor Tailings Safety Initiative & Investor 2030 Mining Agenda	Investor led initiative aimed at driving safety in the mining sector after the disaster at Brumadinho, Brazil, where a tailings storage facility failed, killing 270 people, and causing environmental damage.	Co-lead on some of the corporate engagements.	We sent disclosure request for companies across the sector to align with the Global Industry Standard on Tailings Management in 2022. The tailings initiative led to the development of the Global Commission on Mining 2030 in 2023, and which we are a signatory of.
Mining2030	Muti-stakeholder research of ESG issues facing the mining sector, developing a holistic understanding of best practice regarding their management.	Signatory member.	We added our support to the initiative in Q3 2023, by pledging support to the Global Investor Commission on Mining 2030. As part of this initiative we are supporting the developing consensus about the role finance has in developing a socially and environmentally responsible mining sector.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Nature Action 100+	Investor-led collaborative engagement programme to engage with companies and policymakers on nature.	Founding member. We will engage companies in key sectors to try to halt and reverse biodiversity loss by 2030.	We continue to sit on the Steering Group and in the Technical Advisory Group of the initiative, and will participate directly in engagements with five companies which will start in 2024.
Net Zero Asset Managers Initiative	Public commitment to initiative. International group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.	Signatory. Committed to reaching net zero greenhouse gas emissions by 2050 or sooner across all assets under management.	We continued to work in 2023 on implementing our Net Zero commitment, including making our Net Zero tool for equities and bonds available through our central Aladdin data system, and engaging with high-emitting companies held in our strategies, both through collaborations and 1 on 1. We fulfilled our NZAMI reporting requirements through our PRI and CDP submissions.
Platform Living Wage Financials	Coalition of financial institutions that encourages and monitors investee companies to address the non-payment of living wage in global supply chains.	Chair of the Platform's Garment Working Group; member of the Food, Retail and Agri working group, future member of the Management Committee and Treasurer.	Enhanced transparency, improved remedy for workers in terms of living wages paid, increased number of accredited Living Wage employers (in the UK), and enhanced investor awareness.

Initiative	Overview of the collaboration	Our involvement	Outcomes
Pre-Emption Group	UK capital markets body (equity issuance and shareholder pre-emption rights).	Participation in the UK Pre-Emption Group, specifically around UK Capital Raising standards.	No outcomes to report for 2023.
Principles for Responsible Investment (PRI)	Global responsible investment association, membership is a pre-requisite for many clients.	Signatory; Member of Stewardship Advisory Committee and PRI Advance collaborative initiative on Human Rights.	Reported relevant responsible investment activities in 2023, encompassing the entire global Columbia Threadneedle Investments business in a single entry for the first time. Sponsored and participated in the annual PRI in Person event in Tokyo, and also participated in various consultation activities with PRI. Participated in PRI Advance meetings and engage with two companies from the target list. Member of the Stewardship Resources Technical Working Group, contributed data and provided feedback to inform the final project report ahead of publication.
ShareAction Good Work Coalition	Investor engagement initiative aimed at driving up standards in the workplace. Engagement focus on labour standards, living wage standards, accreditation, transaprency of the FTSE350, extention to DEI with a focus on ethnic diversity.	Member of the investor coalition, supporting several engagements.	We participated in two engagement calls to discuss approaches to living wage certification and to follow up with Sainsbury's leadership on the 2022 shareholder resolution and its wage strategy. We have observed that companies have extended financial support like pay raises to employees to mitigate inflationary pressures and taking the Real Living Wage as a benchmark but that the rigidity of committing to certification presents a challenge. We aim to create a more holistic approach to engaging on the wage-setting mechanism.
ShareAction Chemicals Working Group	Investor group focussed on engagement with the chemicals sector on decarbonisation.	Signatory. Co-signed a joint investor letter to engage with key European chemicals companies, and in 2022 joined various follow up calls alongside other investors to engage companies.	We attended joint engagements with group members, discussing topics such as emissions management and product stewardship. Additionally, attended round table discussions on hazardous chemicals.
SPOTT	SPOTT scores palm oil, tropical forestry, and natural rubber companies annually against over 100 sector-specific ESG indicators to benchmark their progress over time.	Investor supporter; engage companies to express the need for enhanced transparency.	We had several meetings with ZSL SPOTT in 2023, including visiting the SPOTT team at their offices in London and sessions on engagement priorities for several companies in the sustainable natural rubber and paper value chains. SPOTT have joined an investment coalition we convene on deforestation in automotive supply chains to be one of the expert advisor partners.
Sustainability Alliance – IFRS	Develops standards for a global baseline of sustainability disclosures to meet the information needs of investors and enable companies to provide comprehensive sustainability disclosures.	Member of the IFRS Sustainability Alliance and related working groups.	We are an active member of the IFRS Sustainability Alliance and in particular the technical working group involved in updates to the Sustainability Accounting Standards Board (SASB) standards and the International Sustainability Standards Board (ISSB) standards, IFRS S1 and IFRS S2.
Transition Pathway Initiative	A PRI sponsored initiative, this is an asset-owner led initiative which assesses companies' preparedness for the transition to a low carbon economy. It is supported by London School of Economics, a research driven initiative on high emitting sectors carbon transition and strategic/ management commitment to address climate transition.	Supporter, committed to using the TPI tool and its findings in a range of ways, including engagement with companies.	We continue to liaise with TPI on their climate data, including providing feedback to TPI on their new approach to appraising sovereign issuer alignment with net zero. During 2023, we provided feedback and contributed to the development of the TPI's Net Zero Banking Assessment framework, a set of indicators to assess banks alignment with the goals of the Paris Agreement, which was launched in June. The results of the assessment were published in September, and we have used these to inform our engagement efforts with these banks in the latter part of the year.

Initiative	Overview of the collaboration	Our involvement	Outcomes
UK Sustainable Investment Forum (UKSIF)	Facilitates the monitoring and responding to ESG policy and regulatory changes impacting our activities; pre-requisite for FNG certification.	Member.	We are not directly involved in the governance structure or working groups, but continue to be aligned with UKSIF's core objective of growing sustainable and responsible finance in the UK. UKSIF has continued to be active in influencing and monitoring UK public policy on climate change and sustainable investment.
Votes Against Slavery 2023	Investor collaboration engaging with FTSE 350 companies on their compliance with the Modern Slavery Act 2015.	Member of the investor coalition	For the 2023 campaign, 27 out of 29 targeted companies are now compliant with Section 54 of the Act. We directly engaged with 1 company as part of the initiative and were pleased to note that they subsequently became compliant.
Workforce Disclosure Initiative (WDI)	Investor initiative aimed at improving corporate transparency and accountability on workforce issues. Provide companies and investors with comprehensive and comparable data.	Signatory; leading/supporting several engagements; submitting own disclosure.	We took part in planning calls to provide our input into WDI's engagement strategy. We reached out to six companies to encourage reporting to WDI.
Workforce Disclosure Initiative (WDI)	Taskforce aimed to develop and deliver a risk management and disclosure framework for organisations to report and act on evolving nature-related risks.	Forum member.	We provided detailed feedback on the draft versions of the framework, and were part of a financial services biodiversity leaders group that provided more detailed guidance to the TNFD Secretariat. We were encouraged by the release of the final recommendations in 2023, and will use the recommendations as a key part of our engagement activity moving forward. In our biodiversity best practice framework that we published in 2023, we outlined our expectation for companies to identify and assess environmental impacts along the value chain and to develop strategies to address and measure the effectiveness of their interventions.

During 2023, as part of our streamlined RI Approvals process, we refocused our resources to prioritise industry initiatives where we see the most opportunity to gain inputs into our investment analysis that we would not otherwise be able to gain effectively, if at all, through engagement with companies on a one-on-one basis and which consequently can help ultimately to deliver positive financial outcomes for our clients. We therefore discontinued membership or participation in the following initiatives:

- BBFAW (Business Benchmark on Farm Animal Welfare) Global Investor Collaboration on Farm Animal Welfare
- Global Investors Governance Network (GIGN)
- ShareAction's Healthier Markets initiative

Both ICCR's Investors for Opioid and Pharmaceutical Accountability (IOPA) as well as FAIRR's Sustainable Protein work concluded in 2023, and we discontinued our participation accordingly.

We had also listed Know The Chain in the past; while we actively incorporate findings in our research and engagement work, we did not collaborate with or through the organisation for these efforts. We have also discontinued listing memberships or initiatives that were not directly linked to the work of the RI team (e.g. the Council of Institutional Investors (CII)), or rather to an assessment of our work, such as the GRESB Real Estate Benchmark, as well as investor statements that did not result in any RI-linked activity (engagement, voting, further analysis), such as e.g. the Cerrado Manifesto Statement of Support.

Thought leadership

We routinely publish thought leadership content on our website to provide publicly available insights on our research relating to ESG issues and to provide transparency around our related active ownership work. During 2023, examples included:

El Nino: a taste of climate risks to come?

Climate risks are increasingly factoring into the global economy's outlook: what does a company's preparedness for a threat like the looming El Niño cycle say about its ability to handle climate change?

Health matters – the importance of public health for investors

Covid-19 underlined why public health matters to investors. We explore the role we play through stewardship and the allocation of capital as well as related investment opportunities.

The substitution effect: AI and the labour market

As investors, we need to know how firms will manage the seismic shift that jobs markets will experience due to generative AI over the next few years and decades.

Chopping and changes: what are the implications of the EU's Deforestation Regulation?

The EU's Deforestation Regulation will make us as investors think about company risks and opportunities and is under discussion with our equity and fixed income teams.

Read more of our thought leadership on our website.

CHAPTER 7

Governance and oversight

Columbia Threadneedle Investments has a comprehensive governance framework designed to ensure that our internal governance arrangements are operating effectively. This framework provides a mechanism for escalation and resolution of business matters.

Our decisions related to global strategy are managed by our operating forums, the Global Executive Group (GEG) and Global Business Group (GBG). The GEG and GBG exercise, as part of their responsibilities, strategic oversight of our business. The two forums are chaired by our Chief Executive Officer Ted Truscott. This strategic oversight is in addition to the governance arrangements that we have in place across the three regions in which we operate our business: North America, EMEA and APAC. The Board of Directors for each regulated legal entity within Columbia Threadneedle Investments supported by local governance committees oversee the management of strategic business decisions and business performance together with the management of risk in line with our enterprise risk management framework supported by control functions including Operational Risk, Legal and Compliance.

Governing responsible investment

Senior executives located in each region provide oversight by way of the Investment Oversight Committee (IOC) in North America and the Investment Management Committee (IMC) in EMEA and APAC, and Alternatives Investment Management Committee (Global remit), each of which has representation from the RI team. These committees meet monthly and have responsibilities for Columbia Threadneedle's overarching investment framework, including our RI engagement and proxy voting activities. Our Global Chief Investment Officer (CIO) is responsible for ensuring that information related to environmental, social and governance (ESG) factors is included where suitable in our investment research for equities and corporate debt, helping to build a holistic view of the risks and opportunities attached to our holdings and potential investments.

Our **Responsible Investment Council** meets monthly to align on RI implementation; define firm-wide priorities to achieve our RI vision and mitigate RI risks; and act as an escalation route to resolve cross-functional dependencies, risks and issues, among other things. Sample agenda items include our firm-wide climate change and net zero approach, and greenwashing risk. Voting members include representatives from the Executive Group; Investment leadership across equities, fixed income, multi-asset and alternatives; RI; Distribution; Product; and Legal. The Council is chaired by the Global Head of RI. Non-voting members include representatives from a diverse range of business functions within the firm.

As referenced in Chapter 1, during 2023 we established a streamlined **RI approvals process** for participation of/in new RI-linked memberships, initiatives, public statements or consultations, or regulatory submissions. The RI Approval Work Group meets monthly and comprises the Global Head of RI, Global Head of Research, Global Head of Equities, Global Head of Fixed Income, and the Ameriprise Corporate Social

We have global strategic oversight, as well as regional governance arrangements

Responsibility Working Group Chair. It is chaired by the Head of Active Ownership.

Our **Responsible Investment Advisory Council** meets three times a year and helps us maintain the integrity of the standards by which our growing range of responsible and sustainable funds are run, providing advice on ethical and sustainability criteria. The insights they offer also feed into our broader RI activities. The Council consists of five external members, including one who retired from Columbia Threadneedle Investments in March 2023, and one internal member. They are leaders in their fields and bring international experience across RI, environmental, social and ethical issues.

Resourcing stewardship activities

Our RI team is led by the Global Head of RI, who reports to the Global CIO. The team comprises over 45 RI specialists who work to support our clients, our investment professionals and our overall business through their expertise across ESG thematic research, ESG integration, ESG policy, client reporting and thought leadership content. Geographically, most of the team are based in EMEA and the US. One product specialist re-located to Singapore during 2023, to expand our RI expertise in APAC. Active ownership is a key aspect of our RI capability, and within the team there are over 20 analysts focused on RI engagement and voting.

A full breakdown of how our RI team is organised, as of 31 December 2023 is outlined below:

Leadership

- Global Head of RI

ESG analysis and active ownership

- Head of Active Ownership
- Engagement Manager
- Head of Proxy Voting Operations
- Climate Strategist
- Social Strategist
- Corporate Governance lead for EMEA/APAC
- Corporate Governance lead for North America
- RI and Thematic Research analysts

45+

specialists within the RI team

ESG funds and solutions

- Head of ***reo***® (our engagement overlay service)
- RI Product specialists

ESG integration and implementation

- ESG Integration Director
- ESG Integration Strategist
- Head of RI Implementation
- ESG Data Scientist
- Quantitative analysts
- Reporting analysts

They are also organised into working groups – such as the Fund, Environment, Social and Governance 'pods' – and often work across other areas relevant to their role, depending on their expertise. This includes work related to compliance with regulation, emerging markets, and the UN Sustainable Development Goals.

Based on an optional self-disclosure survey that was completed by 27 members of the RI team at end-2023, we have:

74%

female representation and 26% male representation

4

ethnic groups

12

languages spoken

Individuals come from diverse professional backgrounds, including investment, consulting, climate change, corporate governance and human rights. Of the survey respondents, there is an average of nine years' experience working in RI/ESG/sustainability-related fields, ranging from two and a half years to 21. 12 respondents have degrees or qualifications they deem relevant to ESG and/or sustainability. This includes university degrees in International Development and Food Policy, Human Rights and Sustainability & Management; the ESG CFA certificate; and the Postgraduate Certificate in Sustainable Business from Cambridge Institute for Sustainability Leadership. 14 of the respondents are either a CFA Charterholder, hold the Investment Management Certificate, or are studying towards either of these two qualifications. We believe that this diversity and experience strengthens the effectiveness of our RI team's stewardship capabilities by enhancing our understanding

of the context and environment in which companies operate and allowing us offer constructive input to help them address the challenges they face.

A key focus of our stewardship activities is to enhance our investment research so that we can make informed capital allocation decisions as active investors acting in our clients' financial interests. As referenced in Chapter 2, our research analysts collaborate across asset classes and sectors, and undertake ESG analysis and engagement as part of their role, while RI thematic analysts produce research on specific sustainability themes. RI is also supported by other business functions across our organisation. This includes dedicated ESG analysts on investment desks, as well as RI roles within our Legal and Compliance teams.

Training

During 2023, training for RI specialists and investment professionals included:

- The use of newly launched ESG tools on Aladdin
- Implementation of our global active ownership policies
- Refresher sessions on our RI engagement themes
- Fixed Income training for RI team members
- Research training for RI team members
- Training on how to ensure compliance with regulatory requirements governing our RI engagement activities

Investment in systems, process, research analysis and service providers

We continually invest in technology to support our research and inform our active ownership activities. For example, we have continued to extend functionality within our portfolio order management system, Aladdin, to enable portfolio managers and analysts to monitor and consider data covering investment restrictions resulting from adherence with ESG regulatory requirements and transition to net zero by investee companies.

This is further supported by an internal Front Office Portal which enables stock-level research through various ESG and climate lenses.

While we believe in the value of proprietary research as the primary source of analysis, we do leverage external research to support our own analysis and research. We use a variety of providers for what we view to be valuable data and research that facilitates effective management of assets on behalf of clients. These include Aladdin, Bloomberg, CorpAxe, Morgan Stanley Capital International (MSCI), Institutional Shareholder Services (ISS), and other data providers. Our oversight of external service providers is described in further detail in the pages below.

Performance management and incentivising stewardship

Remuneration is driven by team and business performance, assessed through the performance appraisal process, in line with industry practice and applicable regulatory requirements. On a firmwide basis, continuing to embed RI across the business is a strategic priority taking into account differing needs across asset classes and clients. We evaluate investment performance for portfolio managers and research analysts based on scorecards largely focused on three and five-year results. We believe these performance timeframes are directionally aligned with our longer-term focus on stewardship for our clients and delivering on their investment objectives. For RI professionals under the Global Head of RI, performance objectives include the delivery of high-quality RI analysis and activities, including engagement and voting in line with our global RI policies, contributing to building Columbia Threadneedle's RI profile, ESG integration in line with differing client requirements, and contributions to enhanced ESG disclosure.

We believe that our ongoing work to integrate our governance, resources, and performance objectives/assessment is enabling effective stewardship at our firm. We continuously aim to not just integrate but overall improve our systems to deliver the results expected by our clients and so maintain their trust.

Monitoring service providers

As outlined in Chapter 2, we conduct proprietary research on issuers. This is supplemented by data and research from a variety of proxy voting and ESG service providers. Examples of service providers we use in relation to stewardship include Sustainalytics, MSCI, Bloomberg, ISS and Glass Lewis.

The determination of which service provider and services will enhance our process is driven by portfolio manager and analyst needs. We use a select group of providers for valuable data and research that supports effective management of investment assets and our active ownership efforts on behalf of clients.

The following actions are taken to monitor and manage ongoing relationships:

> We use a select group of providers for valuable data and research, driven by portfolio manager and analyst needs

- Business owners are responsible for managing and monitoring the vendor relationship and reviewing performance. The evaluation of vendors is defined through a variety of measurements that look at categories critical to the performance levels. Examples include platform availability, accuracy of research and execution, and issue resolution.
- Vendor issues are tracked in a centralised system and monitored to ensure resolution. Business owners escalate issues requiring additional support to our dedicated Vendor Management team. These are issues outside of the business owners' ability to resolve operationally and are likely contractual issues that may or may not involve a financial impact.
- If an issue is escalated, typically the contract is reviewed, our Legal team may be consulted, and meetings are held with the vendor and business owner(s) so that the issue can be resolved. Senior leadership may be involved depending on the severity of the issue or potential financial impact.
- Vendor relationships are reviewed by internal risk teams on a regular basis, to assess the vendor's ability to meet our security and business continuity requirements.

We seek to continuously engage with new and existing service providers to evaluate products that could enrich our research process.

Example 1: ISS

Whilst we are regularly in contact with our proxy voting administration provider ISS, and we also hold formal quarterly review meetings that provide an opportunity for structured due diligence. These meetings cover standard agenda items and any ad hoc issues raised by the proxy voting analysts or by clients; the issues are discussed and timelines for resolutions are set and then tracked. Ahead of these meetings ISS provide us with a report against Key Performance Indicators. Areas of focus in the quarterly meetings are detailed in a formalised agenda. Discussion on each agenda item will be based on qualitative (analyst input) and quantitative (management reporting tools) evaluation in addition to specified contractual service level agreements that cover most aspects of the relationship. Areas reviewed include:

- Team update (including ISS client servicing, custom policy and research teams)
- Ballot generation service evaluation
- Vote execution service evaluation
- Account maintenance service evaluation
- Client support – account management and operations service evaluation
- Client reporting – service evaluation on research delivery and quality service evaluation
- Custom policy implementation & timing review vote usage statistics
- AOB including new service offerings

The proxy voting analysts regularly audit the votes executed under the voting policy to ensure that our voting policies are applied properly by ISS. In addition, we undertake a voting policy review annually, which involves significant collaboration between research representatives from ISS and RI professionals. This provides the opportunity to ensure that ISS is comfortable implementing any policy changes and that further guidance is provided where necessary. Regarding feedback provided to ISS during 2023, no material concerns were flagged.

Example 2: ESG metrics providers

During 2023, one area of focus was assessing our use of ESG metrics in reporting outputs. To consider how we may expand and evolve the data we use to contribute to our reports, we researched and met with different data providers to understand how their products and services may suit our aspirations. This included vendors we already use, one such example being efforts to enhance our SDG tool, which involved an in-depth review of methodologies, data application and underlying logic that spanned across the majority of 2023. We also met with prospective providers too. This included several biodiversity data providers who offer data to quantify and assess impacts on nature and natural capital, set science-based targets, and integrate biodiversity into investment decisions. This includes deforestation metrics, water risk analysis, biodiversity footprinting tools, natural capital valuation, and benchmarking companies against nature-related SDGs. We also met with various sovereign climate data providers, who offer country-level analytics to assess climate risks for nations, track emissions inventories and trajectories, and benchmark sustainability efforts. This supports understanding transition risks, monitoring national climate policy impacts, and evaluating country sustainability across institutions, human capital, natural capital and governance. This work in engaging existing and prospective vendors on ESG metrics continues into 2024.

CHAPTER 8

Conflicts of Interest

We believe that effective active ownership is critical to the health of financial markets and contributes to long-term value creation for our clients. While it is inevitable that conflicts of interest may arise from stewardship activities, we have put in place various controls to identify and either prevent or manage such conflicts and ensure that we treat all our clients equally in our RI engagement and voting practices.

How we manage conflicts of interest to put the best interests of clients first

All Columbia Threadneedle Investments employees must comply with the company's Global Code of Ethics (Code). The Code considers a conflict of interest as any situation that presents an incentive to act other than in the best interest of a client or without objectivity. It identifies several specific obligations that flow from the duty to manage conflicts of interest, including:

- To act solely in the best interests of clients at all times
- To make full and fair disclosure of all material facts, particularly where the firm's interests may conflict with those of its clients
- To act in a manner which satisfies the fiduciary duty owed to clients
- To refrain from favouring the interest of a particular client over the interests of another client
- To keep all information about clients (including former clients) confidential, including identity, securities holdings information, and other non-public information
- To exercise a high degree of care to ensure that adequate and accurate representations and other information is presented appropriately

Carefully managing actual or perceived conflicts of interest affirms our commitment to acting in our clients' best long-term interests by putting their needs ahead of the firm or its employees. In addition, the Code requires employees to be vigilant in terms of identifying new circumstances that may present a conflict of interest.

Specific policy requirements of individual employees to guard against actual or perceived conflicts of interest include rules restricting personal trading, political contributions, gifts and entertainment, outside activities, and the possession of material non-public information. The Code is reviewed, attested, and certified by all employees quarterly.

Approach to the management of conflicts

As a result of certain aspects of our business, conflicts of interest may arise between our different clients and/or among us and our affiliates. Columbia Threadneedle Investments must act solely in the best interests of its clients, including in situations where those interests may conflict with our own.

As conflicts of interest could undermine the integrity and professionalism of our business, we seek to identify any conflict situations as early as possible. Such conflicts might arise between:

- Columbia Threadneedle Investments and affiliated companies within the wider Ameriprise Financial, Inc. Group
- Companies within Columbia Threadneedle Investments
- Columbia Threadneedle Investments and suppliers
- Columbia Threadneedle Investments and client(s)
- Employees/agents/directors of Columbia Threadneedle Investments and client(s)
- Columbia Threadneedle Investments and employees
- Columbia Threadneedle Investments and investee companies
- Client(s) and other client(s)

Where a conflict arises, we seek to mitigate and manage the conflict equitably and in the client's interest with appropriate systems and controls. The control framework and governance arrangements we have in place include policies and procedures, conflict registers, monitoring and reporting, governance committee meetings, staff training and 'whistleblowing' mechanisms.

In the normal course of business, we educate employees about conflicts and make them aware of our Conflicts of Interest Policy. We require all employees, contractors, and directors to report any new conflicts of interest they identify to their line manager for onward escalation.

In addition, a compliance programme is in place to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest. Internal monitoring of the application of the Conflicts of Interest Policy, disciplinary action in the event of a failure to comply with the policy, and the regular provision of information to management, further support the control framework.

Where a conflict arises, we seek to mitigate and manage the conflict equitably and in the client's interest with appropriate systems and controls

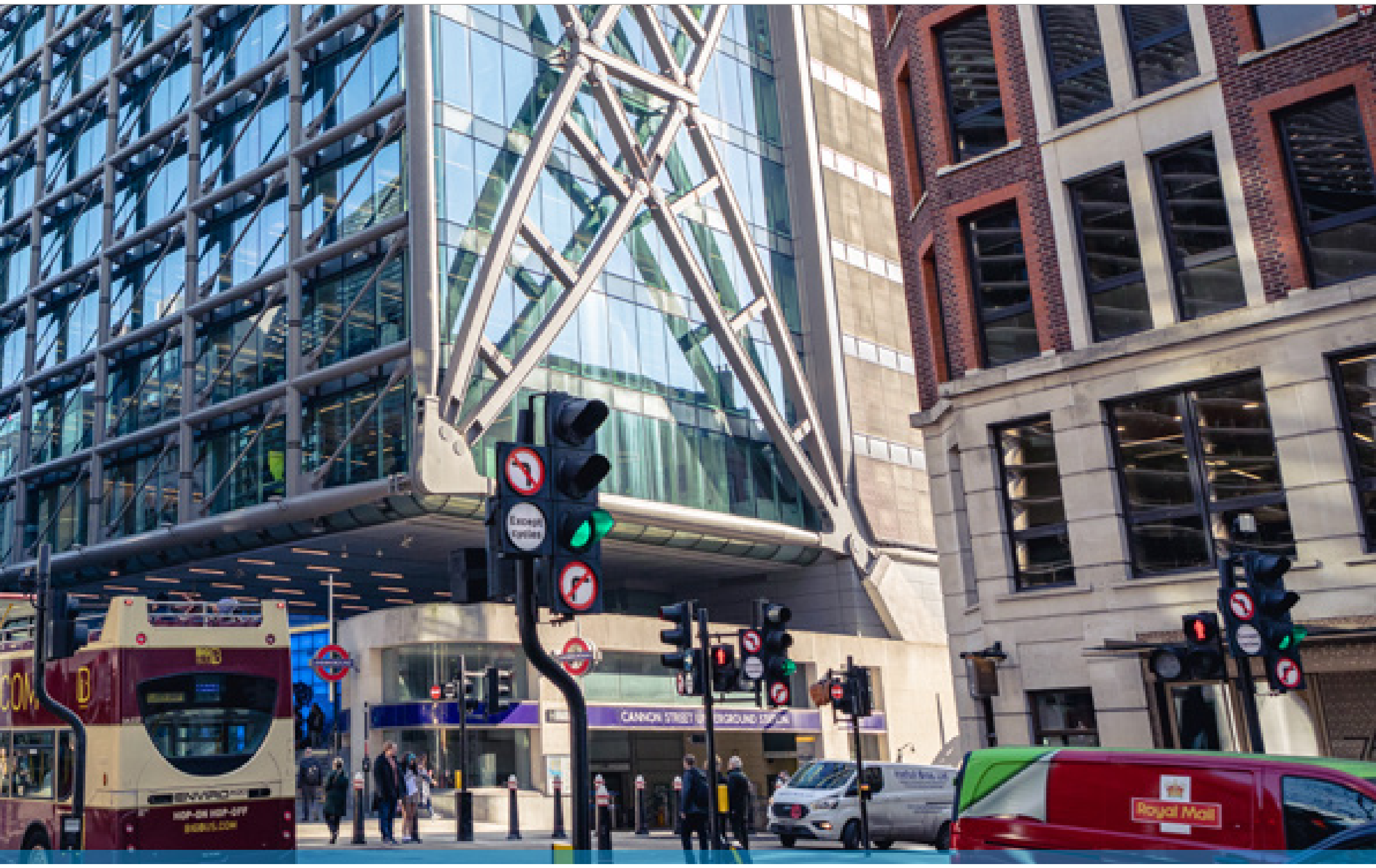
Where potential conflicts of interest arise, we adhere to the following approach and escalation procedure:

- As part of the Conflicts of Interest Policy, arrangements and procedures are maintained to monitor potential conflicts of interest.
- Where decisions involve the pragmatic application of, or a deviation from, our policy, this is documented, and the explanation and rationale recorded.
- Where issues require escalation:
  - This occurs initially to the relevant team heads or committee. Where required, the final arbiter is the relevant Global Head, Global Chief Investment Officer or another member of the relevant department's senior executive group; and
  - Our Legal and Compliance teams are consulted as appropriate.

A summary of Columbia Threadneedle's Conflicts of Interest Policy for EMEA and APAC is available on our website **here**.

Managing conflicts of interest relating to proxy voting

During 2023 we had processes in place to identify and manage conflicts of interest relating to proxy voting practices, including:



- **Maintaining a conflicts of interest company watchlist**. Proxy voting analysts received a list of companies that had an existing business relationship with us and could present a conflict of interest to the firm. The conflicts of interest watchlist was maintained by our Compliance function and took into account, amongst other matters, whether the company was one of our clients, a distributor of our funds, or a shareholder in our parent company Ameriprise Financial, Inc. The list was refreshed on a quarterly basis and typically includes between 150-170 companies.
- **Voting in accordance with custom policy templates.** We maintained custom voting policy templates which provided a benchmark for taking voting action for companies in conflicted situations and on our conflicts of interest company watchlist. Votes were cast by a third-party vendor (ISS) in accordance with our pre-determined voting guidelines. If a relevant guideline was subject to case-by-case determination, the proposal would be voted following a recommendation made by the third-party vendor. These practices kept voting at arm's length to avoid a voting decision being influenced by a conflict.
- **Voting at meetings of investment funds we manage.** Where voting decisions arise in relation to the governance arrangements for our investment funds, we vote in line with the recommendations of our third-party proxy voting provider (ISS) on matters that may amount to a conflict of interest. Examples where such a conflict may occur include situations where one of our employees is seeking appointment to the board of the investment fund.
- **Voting at a company meeting where investment professionals have different preferences on voting outcomes.** Where there is a lack of consensus between our portfolio managers, research analysts and/or RI analysts on how to vote specific proposals at a shareholder meeting, our Proxy Voting Working Group (PWG) provides a forum for these divergent views to be considered and resolved. This may result in votes being split where this is felt necessary and acts in the best interests of clients. The PWG Chair may also decide to escalate any disagreement on how to vote a specific proposal to the IMC and/or IOC as appropriate.
- **Voting on a matter at a company meeting with a potential outcome that would favour one of our clients over another.** We take into account all of our clients' individual investment objectives, avoiding situations where their vote may be cast in a way that is not aligned to their best interests. This is achieved by us acting on the same matter at a company meeting differently and splitting voting decisions where necessary.

In January 2023 we published an addendum to our Responsible Investment Proxy Voting Policy outlining how we deal with conflicts of interests relevant to our proxy voting activities on our website, which is available here.

Case studies:
Addressing conflicts of interest relating to proxy voting

Specific examples where we addressed conflicts of interest relating to proxy voting during the reporting period include:

- **Fettering proxy voting discretion.** We were asked by a Swedish safety equipment producer to join their nominations committee in Q3 2023. The company is incorporated in a country where it is common practice for major shareholders to have a representative on such a committee. The main role of the nominations committee is to propose candidates to sit on the company's board. The decision to appoint directors to the board is however made by all shareholders at the company's AGM. Before agreeing to one of our portfolio managers joining the nominations committee, we undertook a conflicts assessment to evaluate whether we needed to put any additional controls in place to strengthen our existing conflict management process. We identified that a conflict of interest may arise if the portfolio manager were to give blanket support to the recommendation of the nomination committee when exercising their voting discretion at the AGM. To prevent this conflict arising we decided that we would not vote at the AGM on a resolution to appoint new directors to the board. This control was not considered to undermine our clients' best interests. Having an investment professional sitting on the nominations committee gives us an enhanced understanding of the way the board functions and the strategic direction of the business from the perspective of the board.
- **Split voting decisions where investment professionals have different preferences on voting outcomes.** We had a split voting decision during 2023 for ExxonMobil. Our portfolio managers in EMEA decided to vote against the election of the chair of the sustainability committee for a failure to disclose scope 3 emissions, whereas the portfolio managers in North America opted to support the election of the chair.
- **Proxy voting of an issuer involving a director of Ameriprise Financial, Inc.** A member of the Union Pacific board also served on the board of Ameriprise Financial, Inc. during the reporting period. To avoid a conflict of interest based on this arrangement arising, our third-party vendor (ISS) voted on our behalf applying our custom policy at the 2023 AGM. This resulted in a vote against management vis-à-vis the company's say-on-pay proposal. Where our custom policy was silent on a shareholder proposal, ISS applied their analysis and executed the recommended vote against the matter for resolution.

In January 2023 we published addenda to our proxy voting and engagement policies, setting out how we deal with relevant conflicts of interest

Managing conflicts of interest relating to RI engagement

Columbia Threadneedle Investments has introduced several controls to identify and either manage or prevent conflicts of interest arising when our investment professionals meet with a company. The arrangements that we have in place include the following:

- **Engaging with a company that is also a client.** We may engage with an investee company where the company (or a related party such as a sponsored pension scheme) is also a client. Potential conflicts of interest may arise if the engagement Objective or outline engagement expectation is not in line with the issuer's preferred practices. We manage this conflict (unless we are instructed otherwise by our clients) by applying our pre-determined ESG guidelines to all client portfolios in a manner that considers our clients' individual investment objectives and best interests.
- **RI engagement that favours one of our clients over another.** We take into account all of our clients' individual investment objectives, avoiding situations where we engage with a company that is not aligned with the clients' best interests. This is achieved by us (unless instructed otherwise) applying our pre-determined ESG guidelines to all client portfolios. In some instances, we may act on the same matter differently for our different clients.
- **Investment professionals engaging with a company alone.** Potential conflicts of interest may arise where one of our investment professionals conducts an engagement with a company alone. This approach limits access to the company and sharing of information. We manage this conflict by all investment professionals having a shared calendar which includes information on upcoming issuer meetings and the option to join the meeting. In addition, we have a consultation process where portfolio managers and research analysts can participate in the annual prioritisation exercise operated by the RI team on priority issuers, engagement projects and fund / portfolio-specific engagements for the year. Furthermore, there are regular exchanges between our investment professionals to understand and align on respective engagement efforts.
- **Outside business activities.** We require employees to remove themselves from situations where conflicts may arise from their outside activities. We prohibit employees from holding directorships with a for-profit company or organisation. Directorships with a not-for-profit company and all other outside activities are to be pre-approved by the employee's line manager and the compliance department.

Requests will only be approved where the activity does not create a conflict of interest.

- **Data confidentiality.** We have strict firewalls to keep client holdings data confidential and secure, separating information on the holdings of clients within managed portfolios from that of our clients who subscribe only to our ***reo***® services and who have their holdings managed by a third-party asset manager. By keeping such holdings information confidential, we are able to refrain from favouring the interest of one client over the interests of another.
- **Market soundings.** We operate a control framework in EMEA to manage and prevent conflicts of interest that could arise where we engage with an issuer (or a party acting on their behalf) on potential new issues or secondary placings ahead of them being announced to the public as part of a market sounding. Our market sounding framework involves a member of the Compliance team undertaking an independent conflicts assessment to determine whether the investment team may participate in the engagement. As part of the conflicts assessment, consideration is given to whether any of our existing products managed by the various Columbia Threadneedle Investments entities hold financial instruments of issuers linked to the transaction and could become subject to a trading restriction should we become privy to inside information from the engagement. Such a restriction would limit our ability to trade in a security that we hold until we are deemed to no longer possess the inside information, which may not be in the best interests of our clients. A case study outlining the number of market sounding engagements for the reference period is included below.

An **Addendum to our Responsible Investment Engagement Policy** was published in January 2023, setting out on our website how we deal with conflicts of interests that may arise from our engagement activities.

Case study:
Addressing conflicts of interest relating to market sounding engagements

During the reporting period, the Compliance team reviewed and carried out a conflicts assessment for 103 potential market sounding engagements, of which investment teams participated in 88. One of the reasons why participation may have been denied included, amongst other reasons, the existence of a conflict with existing investments which could not be managed in accordance with the clients' best interests.

Transparency and disclosure

We seek to uphold high standards in transparency and disclosure to enable clients and broader stakeholders to review our effectiveness in managing conflicts. Our regular reporting to clients during 2023 included our public voting record, which provides details of how we voted on every proposal. Moreover, this annual Stewardship Report outlines how we manage conflicts of interest and includes relevant case studies from the reporting period.

CHAPTER 9

Review and assurance

Our Columbia Threadneedle Investments active ownership activities are supported by a breadth of policies on corporate governance, proxy voting, engagement, as well as respective addendums on how to manage potential conflicts of interest. These documents support and inform our RI engagement and voting activities on behalf of our clients.

Internal review

The policies are reviewed annually by different teams across Columbia Threadneedle Investments: Legal, Compliance and RI teams, as well as representatives from portfolio management, research, and communications, and senior leaders across equities, fixed income, CIO, and research. The policies are approved by regional governance committees within Columbia Threadneedle Investments.

In 2023 we developed an internal Collaborative Engagement Addendum to our Engagement Policy to cover how we comply with relevant legal and regulatory requirements when undertaking collaborative engagement.

The policy framework includes the following:

- Corporate Governance Guidelines
- Proxy Voting Policy
- Responsible Investment Engagement Policy
- Environmental and Social Practices Statements
- Conflicts of Interest Addendum to Engagement Policy
- Conflicts of Interest Addendum to Proxy Voting Policy
- Corporate Governance Guidelines Debt
- Collaborative Engagement Addendum to Engagement Policy (internal document)

Effectiveness of our activities

Columbia Threadneedle Investments undertakes a comprehensive assessment of investment returns and associated risk across investment strategies, with oversight undertaken by appropriate governance forums. This assessment helps to fulfil our fiduciary responsibilities and protect our clients from unexpected volatility in investment performance.

In support of this work, our Investment Consultancy and Oversight team undertake an effectiveness review of strategies to assess their efficacy, strengths and weaknesses, and to support a dialogue of continuous improvement. The Compliance team monitor and assist with active ownership-related matters (e.g. market soundings and conflicts assessments).

External assurance

For our 2022 Stewardship Report KPMG LLP prepared an assurance over key RI engagement and voting metrics for the legacy entities' 2022 activity. Observations and learnings were applied to our harmonised, global active ownership processes and procedures.

For this current 2023 Stewardship Report, we have prepared for assurance by KPMG LLP over key 2023 RI engagement and voting metrics.

The signed opinion letter is on p92. We did this to provide enhanced confidence in the quality and reliability of our data.

We expect to continue to seek external assurance for future reporting outputs.

Additional internal and external controls, certifications, assurance

RI analysts have developed monthly monitoring of RI engagement activities, their impact and their frequency. Findings are discussed in a bi-monthly meeting of the RI analysts, and if necessary, results are escalated to responsible thematic or sector leads, or the team's head. We believe this monitoring process helps to ensure better accuracy of our activities when we report these externally, helps with continuous monitoring and improvement, and feeds into any future external assurance activity.

A selection of our funds are certified by either FNG (for the DACH and Liechtenstein market) or by Febelfin's Towards Sustainability label. Each of the certification schemes have their own audit, which confirms alignment with the schemes' exclusion criteria and general process development.

Internal assurance

Risk & Control Services (RCS), our internal audit department, has integrated consideration of sustainability risk and stewardship into the annual and ongoing risk assessment processes that drive the creation of the internal audit plan. Assurance over sustainability risk and stewardship activities may be achieved via through dedicated audits or through integrating these topics into relevant audits. In 2023, RCS completed audits of proxy voting within Columbia Threadneedle, covering aspects of stewardship, and RI for equities and fixed income, covering integration of sustainability risk into the investment process. Management is actively addressing the issues noted in those audit reports.

We believe we have robust processes in place to effectively review and update our policies. We continue to monitor and enhance our stewardship and engagement approaches, ensuring they remain effective and fit for purpose.

Ensuring fair, balanced and understandable stewardship reporting

We have designed this report to be in line with the guidelines set out by the Financial Reporting Council and have reviewed peer reports, and industry best practice. We recognise that practices will evolve over time and are committed to continually improving our reporting to ensure enhanced readability. The information for this report has been sourced from multiple internal stakeholders in their respective areas of responsibility to check and verify the accuracy of data as at 31 December 2023. The content was reviewed by senior RI professionals, investment professionals, members of senior management, as well as members of Legal and Compliance teams to ensure the information is fair, balanced and not misleading. Our other RI publications also undergo a similar process.

Review and assurance in Alternatives

Stewardship aspects within our Alternatives product range operate within robust governance structures which reflect our firm-wide commitments but are also appropriately adjusted for each asset class.

- **In real estate**, regional steering committees are responsible for overall ESG strategy and associated development and monitoring of policies and processes. We draw on external resources to help develop and provide assurance of our ESG approaches, such as the Global Real Estate Sustainability Benchmark (GRESB), European Public Real Estate Association's (EPRA) sustainability Best Practices Recommendations (sBPR), and Better Buildings Partnership (BBP).
- **In private equity**, our responsible investment processes are documented in an internal Responsible Investment Procedures document which is reviewed and approved at least annually by the members of our Private Equity team, working together with the RI team. All Investment Committee papers have a section on ESG, which considers ESG risks and opportunities specific to the investment and the policies and procedures of general partners and co-investments. We then engage throughout the holding period to drive improvements. Our diligence is informed by extensive third-party due diligence reports (financial, commercial, legal and tax), industry standards (e.g., OECD, Un Global Compact, UN PRI and SFDR) and direct engagement with management teams. RCS considered the RI approach during their 2023 audit of Private Equity. No related issues were raised.
- **In infrastructure**, as referenced in Chapter 3 we have we have developed a proprietary sustainability framework, which is integrated in our infrastructure investment and asset management process. In developing our approach to ESG integration, we draw on and work with various industry standards, organisations and initiatives, including the ESG risk evaluation model developed by the Dutch Development Bank, FMO, and standards established by the IFC (World Bank), the UN Environment Programme (UNEP), the UN Development Programme (UNDP) and the UK's Development Finance Institution, British International Investment (BII, formerly CDC). The Infrastructure Committee is provided with detailed information regarding sustainability risks and opportunities in the investment papers at acquisition and subsequently at the bi-annual asset management reviews.

Thank you for reading our 2023 Stewardship Report.

We hope it provided an insightful demonstration of our role as stewards of our clients' capital.

Over the next few pages, we have provided appendices to demonstrate our commitment to the UK, Japan, Taiwan and Korea stewardship codes.

Appendices for stewardship codes

Discover how the content of this Stewardship Report aligns with stewardship codes globally.

Appendix 1: UK Stewardship Code

Principle	Description	Page(s)
1	Purpose, strategy and culture	4-9
2	Governance, resources and incentives	74-77
3	Conflicts of interest	80-85
4	Promoting well-functioning markets	56-73
5	Review and assurance	86-88
6	Client and beneficiary needs	48-55
7	Stewardship, investment and ESG integration	10-17
8	Monitoring managers and service providers	78-80
9	Engagement	18-34
10	Collaboration	34-36
11	Escalation	38-39
12	Exercising rights and responsibilities	40-46

Appendix 2: Principles for Responsible Institutional Investors – Japan's Stewardship Code

Principle	Description	Page(s)
1	Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	4-9
2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	80-85
3	Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	10-17
4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	18-39
5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	40-46
6	Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	54-55
7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	74-77; 63-72
8	Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.	N/A

Appendix 3: Stewardship Principles for Institutional Investors – Taiwan's Stewardship Code

Principle	Definition	Page(s)
1	Establish and disclose stewardship policies	4-9
2	Establish and disclose policies on managing conflicts of interest	80-85
3	Regularly monitor investee companies	10-17
4	Maintain an appropriate dialogue and interaction with investee companies	18-39
5	Establish and disclose clear voting policies and voting results	40-46
6	Periodically disclose the status of fulfilment of stewardship responsibilities	48-55; 86-85

Appendix 4: Korea Stewardship Report

Principle	Definition	Page(s)
1	Institutional investors, as a steward of assets entrusted by their clients, beneficiaries, etc., to take care of and manage, should formulate and publicly disclose a clear policy to faithfully implement their responsibilities	4-9
2	Institutional investors should formulate and publicly disclose an effective and clear policy as to how to resolve actual or potential problems arising from conflicts of interest in the course of their stewardship activities.	80-85
3	Institutional investors should regularly monitor investee companies in order to enhance investee companies' mid- to long-term value and thereby protect and raise their investment value.	10-17
4	While institutional investors should aim to form a consensus with investee companies, where necessary, they should formulate internal guidelines on the timeline, procedures, and methods for stewardship activities.	18-39
5	Institutional investors should formulate and publicly disclose a voting policy that includes guidelines, procedures, and detailed standards for exercising votes in a faithful manner, and publicly disclose voting records and the reasons for each vote so as to allow the verification of the appropriateness of their voting activities.	40-46
6	Institutional investors should regularly report their voting and stewardship activities to their clients or beneficiaries.	52-55
7	Institutional investors should have the capabilities and expertise required to implement stewardship responsibilities in an active and effective manner.	74-79; 86-88

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Independent Limited Assurance Report of KPMG LLP to Columbia Threadneedle Investments UK International Limited

KPMG LLP ("KPMG" or "we") were engaged by Columbia Threadneedle Investments UK International Limited ("Columbia Threadneedle Investments") to provide limited assurance over the Selected Information described below for the year ended 31 December 2023.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within Columbia Threadneedle Investments' Stewardship Report ("the Report") for the year ended 31 December 2023 marked with the symbol * ("the Selected Information") (and also listed in Appendix 1).

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed elsewhere on Columbia Threadneedle Investments' website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria we used to form our judgements are Columbia Threadneedle Investments' Reporting Guidelines as set out at columbiathreadneedle.com ("the Reporting Criteria"). The Selected Information needs to be read together with the Reporting Criteria.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time. The Reporting Criteria has been developed to assist Columbia Threadneedle Investments in forming an independent limited assurance conclusion about proper preparation of the Selected Information. As a result, the Selected Information may not be suitable for another purpose.

Directors responsibilities

The Directors of Columbia Threadneedle Investments are responsible for:

- designing, operating and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been properly prepared, in all material respects, in accordance with the Reporting Criteria and to report to Columbia Threadneedle Investments in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We conducted our work in accordance with International Standard on Assurance Engagements (UK) 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* ("ISAE (UK) 3000") issued by the Financial Reporting Council. That standard requires that we obtain sufficient, appropriate evidence on which to base our conclusion.

Independence, professional standards and quality management

We comply with the Institute of Chartered Accountants in England and Wales ("ICAEW") Code of Ethics, which includes independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics. The firm applies International Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed

A limited assurance engagement involves planning and performing procedures to obtain sufficient appropriate evidence to obtain a meaningful level of assurance over the Selected Information as a basis for our limited assurance conclusion. Planning the engagement involves assessing whether the Reporting Criteria are suitable for the purposes of our limited assurance engagement. The procedures selected depend on our judgement, on our understanding of the Selected Information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

The procedures performed included:

- Examining the Reporting Criteria and understanding key assumptions and limitations;
- Conducting interviews with Columbia Threadneedle Investment's management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected information;
- Examining the systems and process in place to generate, aggregate and report the Selected Information, and assessing compliance with the Reporting Criteria;
- Selected limited substantive testing of the Selected Information, including agreeing a selection of the Selected Information to corresponding supporting information as defined in the Reporting Criteria including engagement and voting metrics back to underlying system records;
- Recalculating the total engagement and voting metrics; and
- Reading the narrative within the Report with regard to the Reporting Criteria, and for consistency with our findings.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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This report's intended use

Our report has been prepared for Columbia Threadneedle Investments solely in accordance with the terms of our engagement. We have consented to the publication of our report in Columbia Threadneedle Investments' Stewardship Report 2023 for the purpose of Columbia Threadneedle Investments showing that it has obtained an independent assurance report in connection with the Selected Information.

Our report was designed to meet the agreed requirements of Columbia Threadneedle Investments determined by Columbia Threadneedle Investments' needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Columbia Threadneedle Investments for any purpose or in any context. Any party other than Columbia Threadneedle Investments who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

KPMG LLP

KPMG LLP
Chartered Accountants
15 Canada Square, Canary Wharf London
25 April 2024

The maintenance and integrity of Columbia Threadneedle Investments' website is the responsibility of the Directors of Columbia Threadneedle Investments; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information, Reporting Criteria or Report presented on Columbia Threadneedle Investments' website since the date of our report.

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Appendix 1

Selected Information for the year ended 31 December 2023:

Identifier	KPI	Unit of measure	Units
1a	Total engagements	Engagements	1,424
1b	Issuers engaged	Issuers	867
1c	Countries covered	Countries	45
2	Milestones	Milestones	217
3	Total meetings voted	Meetings voted	7,046
4a	Total proposals voted	Resolutions voted	76,173
4b	Votes against management	Percentage of votes against management	16%

Contact us

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To find out more visit **columbiathreadneedle.com**

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