

For professional investors/qualified investors only



Stewardship Quarterly

Q1 2024

Welcome

Our report outlines our global active ownership (engagement and voting) activity during the quarter, including a selection of engagement case studies.

Targeted Environmental, Social and Governance (ESG) engagement with issuers is an important part of our investment approach as active investors and responsible stewards of our clients' assets. Consistent with client expectations, our primary driver for engagement is to support long-term value creation by mitigating risk, capitalising on opportunities linked to ESG factors, and reducing any material negative impact that our investment decisions could have on these factors. We believe that, by engaging in this way, we can play a part in building a more sustainable and resilient global economy by encouraging issuers to improve their ESG practices. This can also help drive positive impacts for the environment and society that are in line with the achievement of the United Nations Sustainable Development Goals (SDGs).

Where appropriate, 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 express our preferences acting for our clients on relevant aspects of an issuer's business and to promote good practice, or express our concerns identified through research and engagement, including when escalation becomes necessary.

Proxy voting in review

924

meetings voted

8,691

proposals voted

11.3%

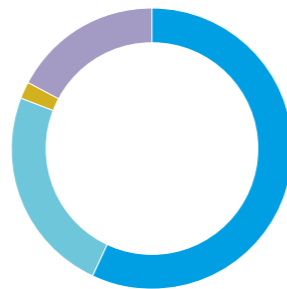
of all proposals where we voted against management

41

markets voted in

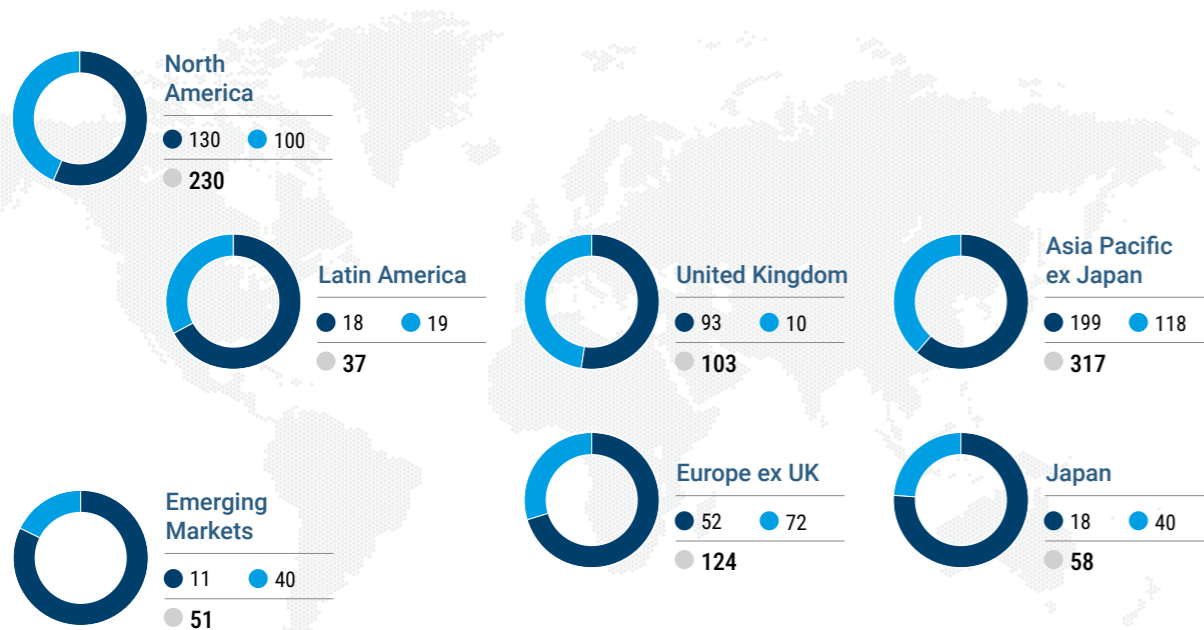
Votes against management by topic:

Director	559	57%
Remuneration	233	24%
Capitalisation	23	2%
Other	165	17%
Total	980	100%



Meetings voted by region

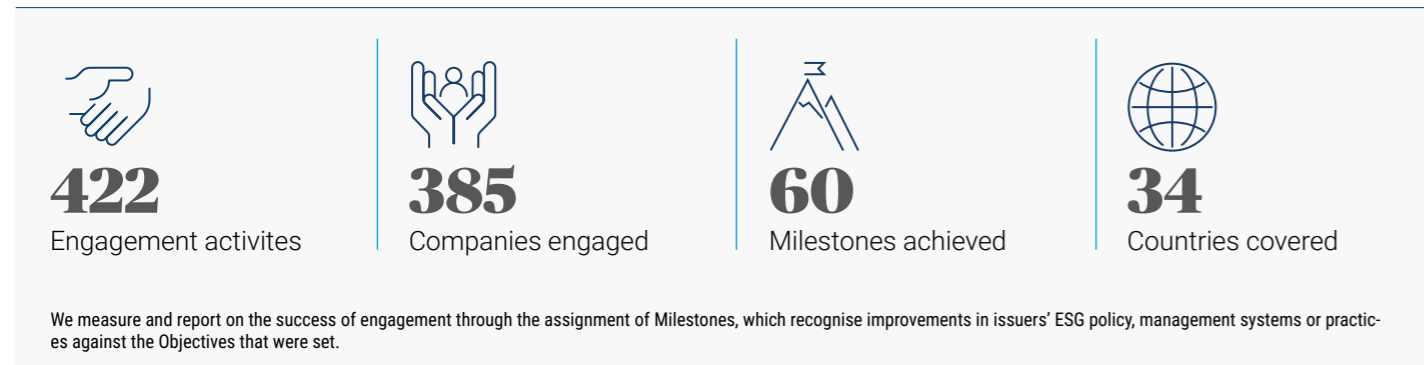
● Support management on all items ● Dissent from at least one item ● Total meetings



This data applies to all Columbia Threadneedle Investments (excluding reo®) accounts globally.



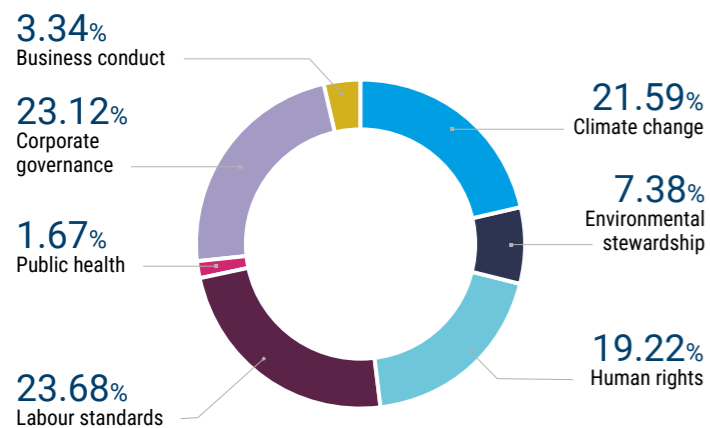
Our engagement activity highlights



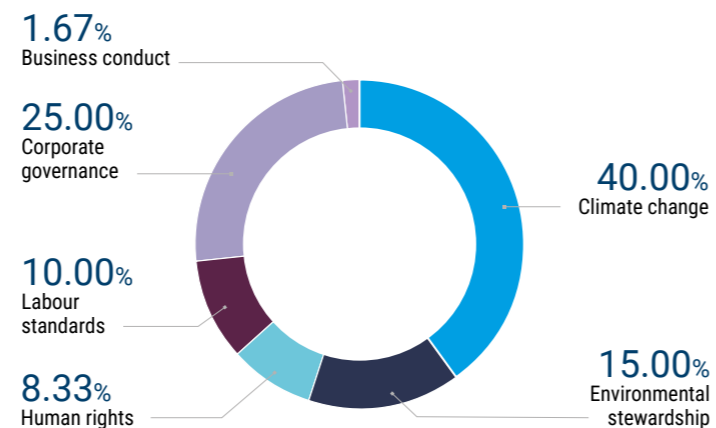
Companies engaged by country



Engagements by theme



Milestones achieved by theme



All figures subject to rounding. This data covers the Active Ownership team engagements using the global policy across all holdings.





As active owners, 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.



Engagement case studies

Discover in-depth examples of our engagement with companies during Q1 2024.

Stellantis NV



Material progress towards climate aligned lobbying activities

Response to engagement:
Good

Themes:
Climate change

Subthemes:
Climate change lobbying



SDG Target(s):
13.2 – Integrate climate change plans into policies and strategies.

Background

Stellantis are one of the largest automakers in the world, with a presence in over 130a countries and over 300,000 employees. Stellantis was formed in 2021 by a merger between the Italian-American conglomerate Fiat Chrysler Automobiles (FCA) and the French PSA Group. Stellantis has been slow to provide investors with more transparency on its positioning on public policies, and its lobbying on climate related policies directly and through industry associations. Many peers have published lobbying reports, including Volkswagen, General Motors, Ford, Mercedes, BMW, Volvo and Toyota. This lack of transparency is especially concerning given the mixed record that the company has on its lobbying around vehicle emissions standards in the US, UK and EU.

Action

We have engaged FCA and PSA bilaterally and through CA100+ on this topic since 2019, and began engaging Stellantis on this

topic in 2022. In 2022, together with the other CA100+ co-leads, we spoke to Stellantis’ Heads of Public Affairs, Head of CSR and investor relations representatives to discuss the company’s approach to climate lobbying. We reiterated that progress on climate lobbying was a priority in a call with investor relations in 2023, and provided the company with further guidance on what we considered to be good practice. In March 2024 we had another collaborative call with Stellantis’ head of European public affairs and IR, where we asked for the company to establish and disclose a monitoring and review process to ensure that all of its direct and indirect climate change lobbying activities are consistent with its proclaimed climate targets. Stellantis recognised that it had work to do to on its lobbying disclosures compared to peers, and committed to evaluating the steps that it could take to improve disclosure.

Verdict

In mid-March the company sent us a letter signed by the CFO in which it committed to provide investors with an initial work plan for its lobbying disclosures by the end of June, with a view to preparing an initial disclosure by the end of 2024. This is a positive step, and shows that the company is proactive and open to productive conversations with investors. We will continue to work with the company on its work plan, and to ensure that Stellantis’ disclosures align with the best practices outlined in the Global Standard on Responsible Climate Lobbying.

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Amazon.com Inc



Still reluctant to shed light on Responsible AI

Response to engagement:
Poor

Theme:
Human rights

Subthemes:
Human rights other



SDG Target(s):
Ensure equal opportunity and legislation for all

Background

Amazon is a leading online retailer and web service provider that offers a range of products and services to customers from electronic devices, media content and on-demand technology services. The company is part of our Responsible Governance of Artificial Intelligence (AI) project as it uses AI across its operations from personalised product recommendations, Alexa voice shopping, powered search to optimization in the warehouse. It's encouraging the company has also outlined AI opportunities particularly how it is using AI to advance its sustainability goals from reducing packaging use to identifying damaged items to prevent waste.

Action

We had an in-person meeting to discuss the company's approach to Responsible AI in further detail. We gained further insight to the Board's oversight and scope of responsibilities with respect to Responsible AI. The whole Board is well aware of the interest in Responsible AI and the Nominating Governance committee has oversight of the topic. It was encouraging to note that a few members of the Board including the Lead Independent Director has policy experience which helps with monitoring policies and

regulations around Responsible AI. While there is no specific Responsible AI committee as the company has various different use cases, there is a group of people from different disciplines (including the Legal department) who provide their insight and views on the topic. The company also states that it conducts risk assessments, although it did not elaborate further, stating that nothing is currently publicly disclosed. We encouraged enhanced disclosure in order to support investors in understanding the company's approach more fully. We learnt that these risk assessments or 'vulnerability' mechanisms are not limited to cybersecurity and are designed to cover broader ethical issues, although no specifics were divulged. Amazon has not disclosed any safety issues but asserts that it is an iterative process and the company is conducting a significant amount of testing.

Verdict

Amazon has made progress with its public commitments to Responsible AI such as the White House Voluntary AI commitments signed in 2023. It has a Responsible AI policy and model scorecards that is limited to Amazon Web Services but we are optimistic that there will be more disclosure on the operationalization of Responsible AI principles beyond this division. This is important to enhance wider customer trust and adoption to scale AI. We also encouraged publication of further information on its human rights impact assessment process on Responsible AI, and the consideration of quantitative impact measurements to demonstrate how its use of AI can drive sustainable outcomes. We will continue to monitor progress on its Responsible AI framework and process.

Unilever



Response to shareholder revolt on remuneration

Response to engagement:
Good

Theme:
Corporate Governance

Subthemes:
Remuneration

Background

Unilever is one of the world's largest consumer goods companies. It has one of the most established brands across 190 countries in 4.4million retail stores and a turnover of €59.6bn (2023). At the company's AGM last year, 68% of shareholders who voted opposed the company's remuneration report. This was primarily down to the level of the incoming CEO's salary being set at a significantly higher level than his predecessor.

Action

At the AGM we abstained on the remuneration vote and sought change in the company's approach to remuneration through subsequent engagement. During engagement, the company highlighted that it has listened to investor concerns and took action by freezing the CEO's salary for two years. We also discussed pay benchmarking and the mix of companies used by the company to compare pay levels. The company highlighted the addition of luxury groups to emphasise the importance of brand recognition as a competitive feature. In addition, beverage companies were also seen as a comparator given Unilever also operates within a fast-moving consumer sector and there is broad overlap. Lastly, the company explained that these companies operated in the same space when competing for talent. In feeding back on the performance metrics governing incentive schemes, we were mostly supportive, emphasising the focus on returns and cash flow measures. We also discussed the simplification in the sustainability measures being used, including net zero and living wage. The company informed us that these measures will be an integral part of the strategy and long-term performance of the business.

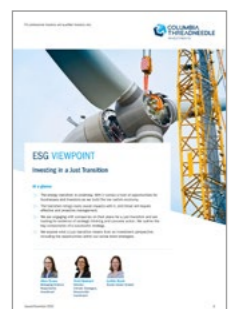
Verdict

Overall, we welcomed the changes by the company to address shareholder concerns. However, a key determinant of our support at future AGMs will be the robustness of the performance conditions attached to these schemes, which we will monitor alongside the company's overall execution of strategy. We look forward to further details being disclosed in this area.

Access our insights

Learn more about the key ESG trends and developments and the insights that are driving our stewardship agenda.

Discover a selection of our Q1 2024 publications:



ESG Viewpoint: Investing in a Just Transition

Quick view: It's essential we consider the social dimension as we transition to a low carbon world. We explore the investment implications of a Just Transition.

Download the [viewpoint](#)



ESG Viewpoint: Greater clarity and a focus on financial outcomes

Quick view: What's in store for responsible investing from here? We explain why environmental, social and governance factors matter, highlight the importance of meeting defined client needs and discuss our active ownership efforts in 2024.

Download the [viewpoint](#)



ESG Viewpoint: Sustainable Development Goals: A framework for investors

Quick view: In 2023, we have reached the halfway point – and a coordinated effort is needed to get the goals on track ahead of 2030.

Download the [viewpoint](#)



Thematic Insight: Managing the Human Capital Transition

Quick view: Human capital, although often overlooked by investors, is a significant component of the forces driving performance. Businesses investing in human capital are likely to derive a competitive advantage.

Download the [insight](#)



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

Quick view: 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.

Download the [thematic insight](#)



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