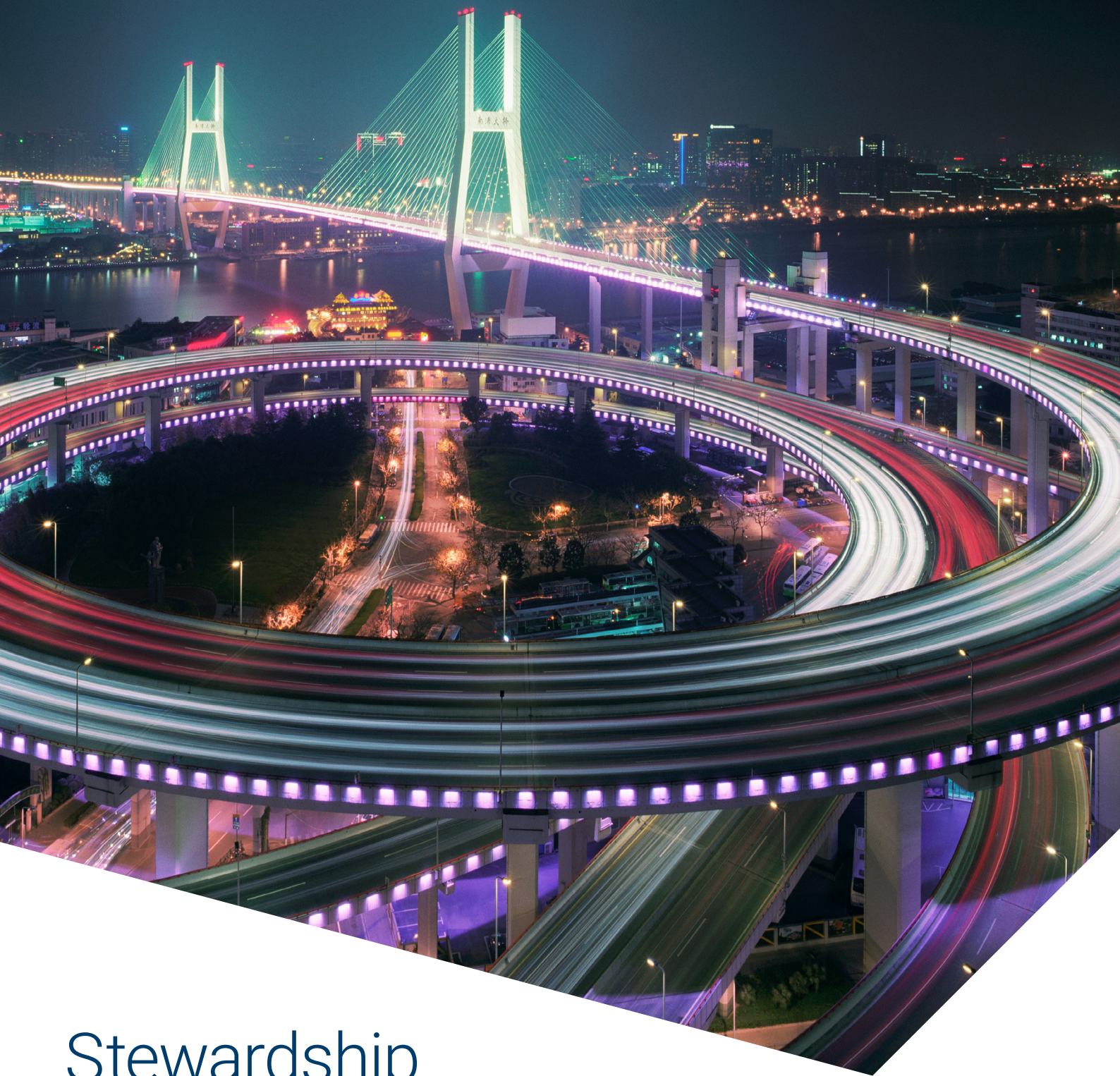


For professional investors/qualified investors only



Stewardship Quarterly

Q4 2024

Welcome

Our report outlines our global stewardship (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).

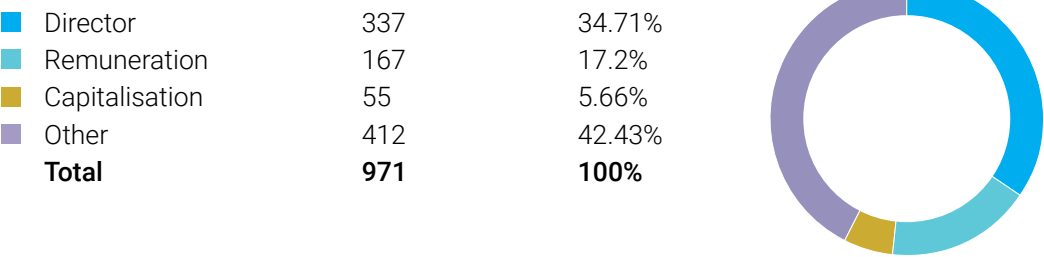
Where appropriate, we seek to exercise voting rights on our clients' behalf at all shareholder meetings associated with the holdings of the investment mandates we manage.

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

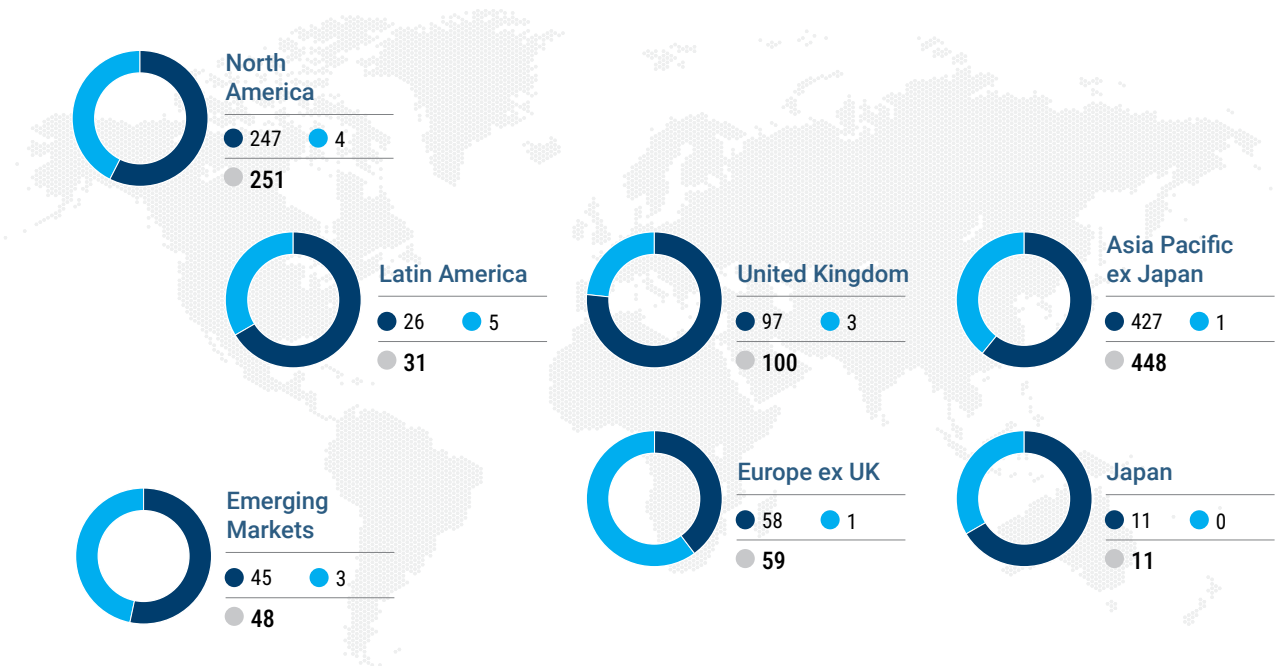


Votes against management by topic:



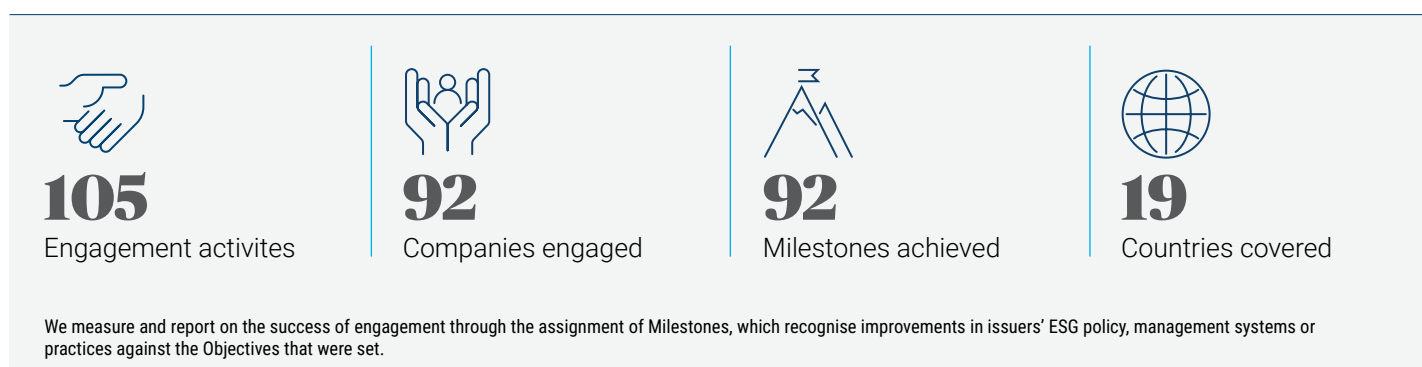
Meetings voted by region

● 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. Source: Columbia Threadneedle Investments, 31 December 2024.

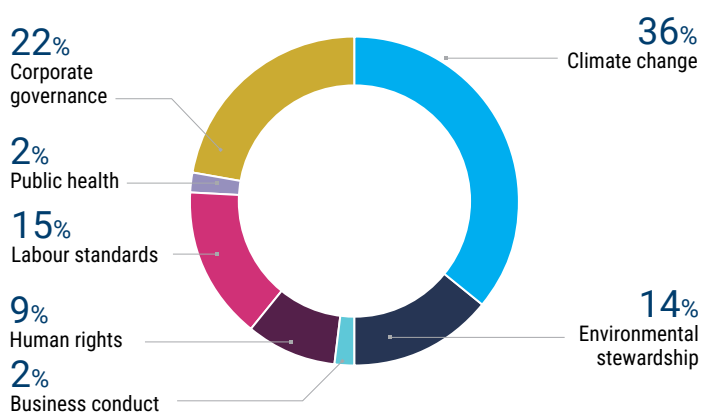
Our engagement activity highlights



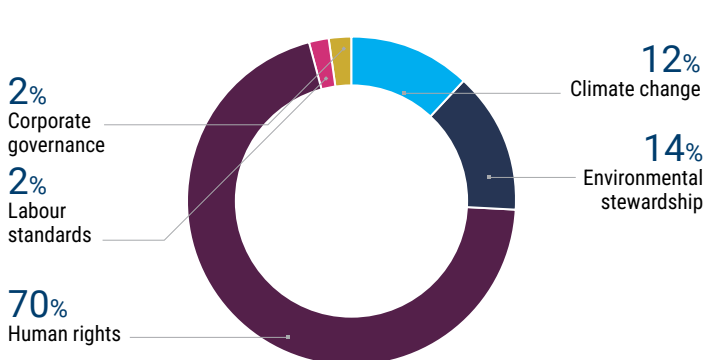
Companies engaged by country



Engagements by theme



Milestones achieved by theme

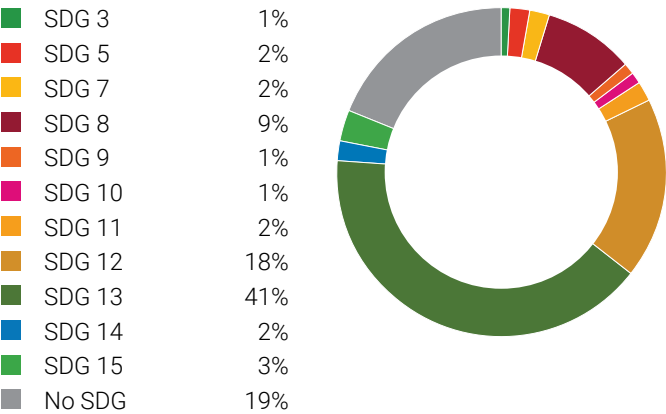


All figures subject to rounding. This data covers the Active Ownership team engagements using the global policy across all holdings. Source: Columbia Threadneedle Investments, 31 December 2024.

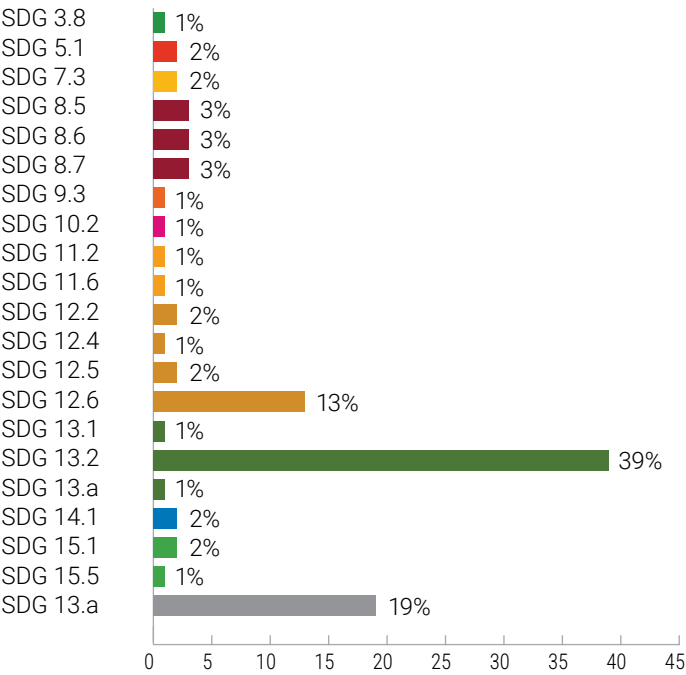
Engagements and Sustainable Development Goals (SDGs)

We use the detailed underlying SDG targets to frame company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement. Engagements are systematically captured at a target level, to enable greater accuracy and achieve.

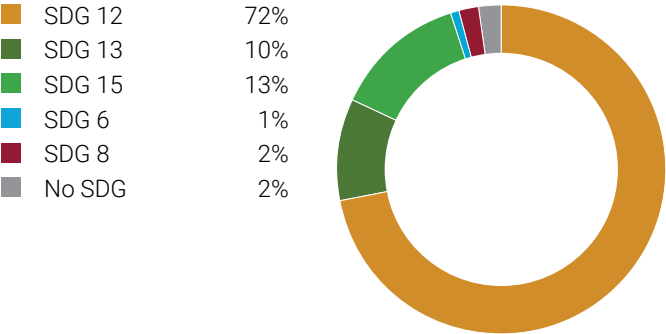
Engagement: SDG level



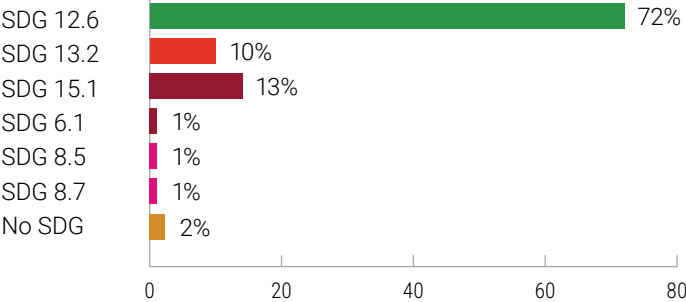
Engagement: SDG target level



Milestones: SDG level



Milestones: SDG target level



*Other represents SDG targets less than 2% of the relevant SDG Goal.
This data covers the Active Ownership team engagements using the global policy across all holdings.
Source: Columbia Threadneedle Investments, 31 December 2024.

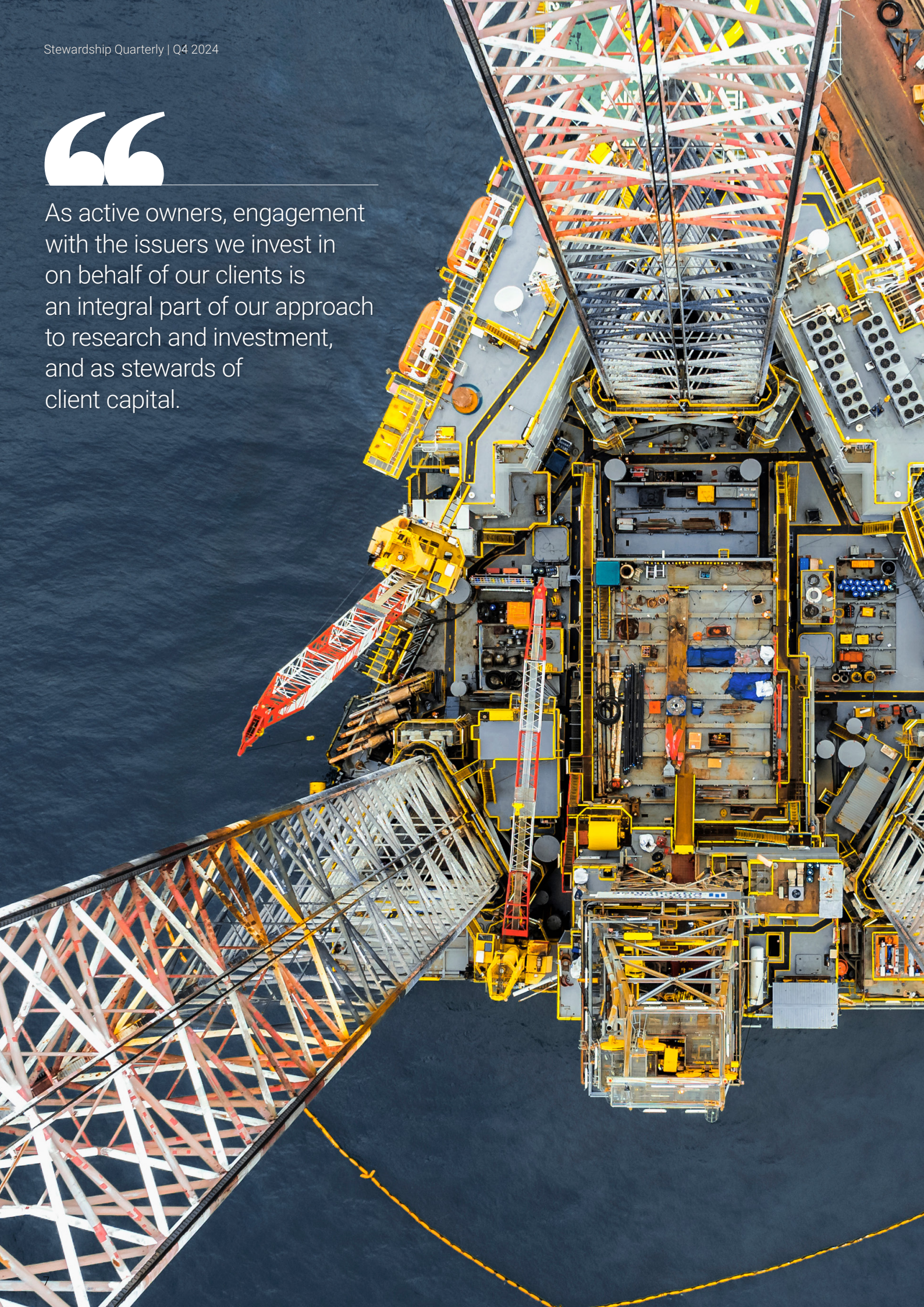
SDG engagement appendix

Below is the full list of SDG targets that we engaged on or recorded Milestones for during Q4 2024.

 SDG 3.8 Access to medicines and health-care	 SDG 12.2 Sustainably manage and make efficient use of natural resources
 SDG 5.1 End all forms of discrimination against women and girls	 SDG 12.4 Manage chemical usage and waste throughout their life cycle
 SDG 6.1 Achieve universal access to safe & affordable drinking water	 SDG 12.5 Reduce waste through prevention, reduction, recycling and reuse
 SDG 7.3 Double the global rate of improvement in energy efficiency	 SDG 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting
 SDG 8.5 Achieve full and productive employment for all	 SDG 13.1 Strengthen adaptive capacity to climate-related events
 SDG 8.6 Reduce the proportion of youth not in employment or education	 SDG 13.2 Integrate climate change plans into policies and strategies
 SDG 8.7 Eradicate forced labour, modern slavery & human trafficking	 SDG 13.a Address climate change mitigation for developing countries
 SDG 9.3 Increase access to finance for SME's	 SDG 14.1 Prevent and reduce marine pollution of all kinds
 SDG 10.2 Empower and promote inclusivity for all	 SDG 15.1 Ensure sustainable usage of terrestrial freshwater ecosystems
 SDG 11.2 Provide access to safe and affordable transport systems	 SDG 15.5 Take urgent action to reduce degradation of natural habitats
 SDG 11.6 Reduce the negative environmental externalities of cities	



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 Q4 2024.

PPG Industries Inc



PPG's science-based climate strategy and sustainable product innovation

Response to engagement:
Good

Themes:
Climate Change, Environmental Stewardship, Corporate Governance

Subthemes:
Emissions Management, Sustainable Products, Board Refreshment



SDG Target(s):
13.2 – Integrate climate change plans into policies and strategies;
12.2 – Sustainably manage and make efficient use of natural resources;
5.1 – End all forms of discrimination against women and girls

Background

PPG Industries is a global supplier of paints, coatings and speciality materials. As a leading coatings manufacturer, PPG faces various environmental and governance risks related to its operations and product portfolio. We engaged with PPG's Chairman/CEO, VP Global Sustainability, and VP Deputy General Counsel to discuss the company's climate strategy, approach to board refreshment, and sustainable product development.

Action

On climate strategy, PPG was the first US-based coatings manufacturer to receive validation of its targets from the SBTi, aiming for a 50% reduction in scope 1 and 2 emissions by 2030 and a 30% reduction in scope 3 emissions by 2030 (vs. 2019 baseline). We expressed support for these targets but asked for more clarity on PPG's roadmap, making it clear that we expect issuers to have visibility of the pipeline of the initiatives required to meet their targets.

Management explained that this has been modelled internally and that the pathway includes energy efficiency, on-site generation, purchasing renewable energy, and customer action through the deployment of renewable energy and technology changes in product composition.

We also discussed PPG's approach to board refreshment, with 6 new independent directors hired since 2018. We appreciated the company's explanation of its process for selecting a new female director, Kathy Fortmann, which increased board gender diversity to 36%.

Regarding sustainable products, PPG aims to achieve 50% of sales from sustainably advantaged products by 2030, having already reached 44% by 2023. We were pleased to note that PPG considered the World Business Council for Sustainable Development's Chemical Industry Methodology for Portfolio Sustainability Assessment (PSA) Methodology in forming its own PSA. This is governed by its Sustainability Committee and integrated into product development and employee remuneration.

Verdict

Overall in our view, management gave a good account of themselves. The CEO was clear that PPG does not have a separate ESG strategy as material ESG matters are key to PPG's commercial success and management sees first mover advantage as critical to increasing market share. Nonetheless, ongoing engagement may be necessary to monitor the company's progress and delivery on its sustainable product and climate goals.



WASTE CONNECTIONS, INC.

Waste Connections Inc

A strong focus on human capital management pays off

Response to engagement:
Good

Theme:
Environmental Stewardship, Human Rights, Labour standards

Subthemes:
Recycling, Human Capital Management



SDG Target(s):
8.6 – Reduce the proportion of youth not in employment or education;
12.2 – Sustainably manage and make efficient use of natural resources

Background

Waste Connections is the third-largest waste manager in the US, with a large presence in rural America. As a leading provider of waste management services, Waste Connections faces various environmental and social risks related to its operations and the transition to a circular economy. We spoke with the Investor Relations team to discuss key issues within their latest sustainability report, with a focus on human capital management and environmental stewardship.

Action

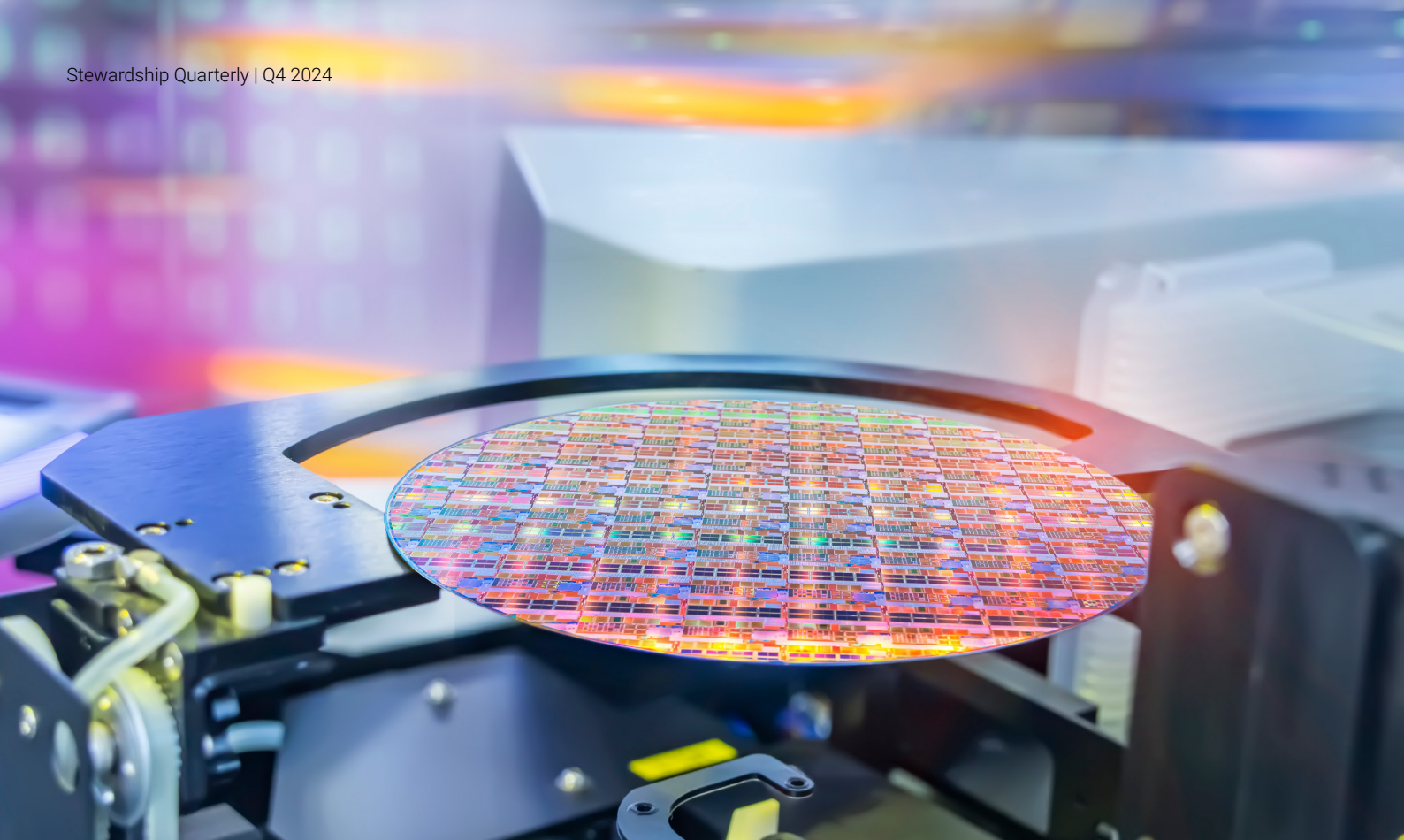
Regarding human capital management, Waste Connections attributed a significant decline in voluntary staff turnover rates to its efforts in embracing diversity, increasing technology adoption for health and safety, enhancing training and development programs, and maintaining a culture of servant leadership. The company also credited its margin expansion in the year to this

significantly reduced turnover as it resulted in lower recruitment, training, and accident-related costs, as well as increased staff retention. We view this as a robust strategy with the ability to counter staff shortage risks in the medium to long run, while also leading the way for greater integration of technology into operations to complement manual labour and improve waste collection, recycling and treatment rates. We will continue to encourage an evaluation of gender pay gap and other metrics to strengthen this strategy.

Regarding environmental strategy, Waste Connections highlighted its focus on new growth areas such as renewable natural gas and recycling. It is interesting to note that the company's human capital management strategy – which is, supplemented by increased technology use – is seen as key to its growth in these new revenue generating avenues.

Verdict

Waste Connections' comprehensive approach to human capital management, including diversity initiatives, technology adoption, and training programs, has yielded positive results in reducing voluntary turnover and improving operational efficiency. The company's focus on renewable energy opportunities, such as renewable natural gas and recycling, aligns with the transition to a circular economy. We will aim to continue engagement in order to encourage further transparency and target-setting in these areas, as well as to assess the company's progress in managing environmental and social risks across its operations.



Analog Devices

A proactive approach to remuneration and talent management

Response to engagement:
Good

Theme:
Corporate Governance

Subthemes:
Executive Compensation, Succession Planning, Human Capital Management

Background

Analog Devices Inc (Analog) is a multinational semiconductor company that designs and manufactures analog, mixed signal, and Digital Signal Processor (DSP) integrated circuits used for data conversion, signal processing, and power management. We engaged with several operational specialists at the company to discuss the proposed changes to their remuneration policy, such as annual short term incentive measurements, more challenging short term incentive targets, and reduction of maximum payout. These changes were in response to investor feedback received earlier in the year after shareholder dissent at the previous AGM.

Action

We discussed these proposals during our engagement and appreciated the company's responsiveness to investor feedback

as the improvements made to the remuneration practices are a positive step in our view. We provided additional feedback to improve their remuneration policy further, such as changes to the vesting schedule and change-in-control provisions. We also discussed the company's succession planning processes, which signaled a strong awareness of risk management and capitalizing on opportunities.

Verdict

Analog's proactive approach to addressing investor concerns and implementing changes to its remuneration policy demonstrates a commitment to good corporate governance practices. The company's responsiveness to investor feedback and willingness to engage on remuneration and succession planning issues are positive developments. However, we believe that ongoing engagement may be necessary to monitor the implementation of the proposed changes and ensure alignment with best practices in executive compensation and talent management.

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 Q4 2024 publications:



Power hungry AI – investment implications in the era of energy transition

Understanding the options for power provision and assessing the investment opportunities resulting from AI's thirst for energy.

[Read here](#)



COP29: Will it deliver on climate finance?

With mitigation and adaptation needs running into hundreds of billions of dollars, and public finances stretched, the private sector will need to deliver much of the necessary 'climate finance'

[Read here](#)



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