



CT SDG Engagement Global Equity Strategy

Impact Report 2022

Contents

- Investing to improve 3
- CT SDG Engagement Global Equity Strategy 4
- Reflections from three years of running our Strategy 5
- Our impact framework 6
- Our investment approach 7
- Engaging to improve 8
- Our Strategy’s SDG-linked engagement 10
- How we voted 12
- Tracking improvement: our Strategy’s milestones 14
- Upcoming engagement 18
- Company case studies 20
- Our sell discipline: companies sold during the year 25
- Our climate commitment 26
- Thematic updates and Strategy benchmarking 30
- Investing for a better future 36
- Enterprise impact 38
- Our Strategy at a glance 42
- Engagement progress profiles 44

Key risks

Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested.

Views and opinions have been arrived at by Columbia Threadneedle Investments and should not be considered to be a recommendation or solicitation to buy or sell any stocks or products that may be mentioned.

Investing to improve

Welcome to our third annual impact report for the SDG Engagement Global Equity Strategy.

Time has flown since we launched the Strategy just over three years ago, but since then, the headwinds to the common aspiration of a brighter, more sustainable future for all, have only grown stronger. With the Russian invasion of Ukraine and growing Sino-US tensions, the global geopolitical landscape feels as dangerous as at any time since the end of the Second World War. The host of environmental and social challenges that were already present prior to the pandemic, have all grown in scale and are now being exacerbated by recent global events.

It is precisely at such a time that we continue to see the merit in remaining resolutely optimistic, being part of a growing ‘coalition of the willing’ in believing that the power of active capital can be harnessed to progress a more sustainable future, and that the SDGs can be used by investors as a roadmap to a better future, by investing in, and engaging with, a highly differentiated selection of global small-mid cap companies. By targeting small and medium-sized companies, we believe it is possible to precipitate or accelerate impact through our dialogue and targeted engagement agenda.

Our Strategy is intent on showing that we can align our investment decisions with our investors’ values and deliver both positive non-financial outcomes as well as attractive financial returns; ultimately, we want our money to drive improvement in the world around us. Three years into our mission, we continue to push forward to explore how investments in listed equities can generate real world impact – and in this new report we outline our approach to impact and have attempted to refine our disclosure to provide meaningful impact metrics throughout. We also reflect on the key learnings from three years of running our Strategy.

In this year’s report we also provide our latest thinking around our climate commitment, and how we assess net zero alignment, with much

more granular information about how all of our investee companies align to the Net Zero Investment Framework. Needless to say, climate action is a central engagement objective for our Strategy in the year ahead, alongside other critical areas like biodiversity, circular economy, labour standards and diversity and inclusion.

In our effort to promote an agenda of reporting transparency with our investors, we have tried to present a relevant and select line-up of content, with the alignment with SDG goals and targets, thematic overviews, company case studies, milestone examples and an overview since Strategy launch in March 2019, and impact metrics. We also show the full details of our engagement progress profiles for every investee company through company tables, including how our activities link to the relevant underlying SDG indicators.

It is increasingly clear that we are living through a period of accelerating, often unsettling, change. But against this persistent uncertainty, it continues to be our privilege to explore how we can mobilise capital towards securing a more sustainable future, using the SDGs as a framework. This motivates us every single day. We thank you for your immense trust in us, and we will keep reporting on the progress that our Strategy and its investee companies are making.



Jamie Jenkins
Managing Director,
Head of Global
ESG Equities



Sacha El Khoury
Director, Portfolio
Manager, Global
Equities



Laura Wood
Senior Associate,
Analyst, Global
Equities

CT SDG Engagement Global Equity Strategy

Since the 2030 Agenda for Sustainable Development was adopted by all UN member states in 2015, much progress has been made to meet the Agenda's goals.

With under 10 years to 2030, all stakeholders must focus on decisive action. Whilst many companies now have sustainability strategies and improved disclosures, robust implementation and an acceleration towards meaningful and lasting change is imperative.

The SDGs: a framework for investors

The SDG framework provides an ambitious roadmap towards a more sustainable world. There are 17 high-level goals, and each has a set of targets setting out specific objectives to achieve the goal, with 169 targets in total. We believe the framework is a useful tool and reference for companies and investors. Of these 169 targets, we have identified around 80 as being relevant to investors. Underlying the targets are 230 indicators, which can help us to determine progress; of these we see around 135 as being particularly relevant for investors. The SDG framework has created a common language between stakeholders, and we are seeing this have a positive impact within our engagement. Ultimately, achieving the 2030 Agenda vision of a secure and thriving

environment and society, is essential for laying the foundations to long-term, global prosperity, as well as strong investment performance.

Our philosophy

There is an ever-growing desire to align our investments with our values. Ultimately, our clients want their capital to drive improvement in the world around us, and this is exactly what our SDG Engagement Global Equity Strategy is designed to achieve. This Strategy has a twin mandate: our ambition is not only to deliver attractive investment returns, but also to demonstrate positive progress towards achieving SDG targets. By investing in companies and using the SDGs as an engagement framework to drive improvement, we believe that listed equities investment plays a key part in progressing towards a more sustainable world. Our Strategy aims to deliver engagement that is **ambitious**, focuses on the **additional** nature of our impact, and ensures that the change is legitimately **attributable** to our work – what we call “triple A engagement (AAA)”. Our Strategy is orientated around an ethos of avoid, invest, improve.



Source (left): United Nations,
Source (above): Columbia Threadneedle Investments



Reflections from three years of running our Strategy

Exploring how investors might use the SDGs as a roadmap to a better future has been a huge learning curve. Three years on, we look back at three key themes that have emerged.

1

Improved sustainability disclosure – we can only assess our companies' real-world impact and report on it with more hard data points.

We're seeing a step-change in corporate attitude. **Daiseki** and **Kontoor Brands** are just two of the companies that have improved reporting and embraced the SDGs.

2

A step-up in two-way dialogue – it takes time to build up mutually respectful, two-way communications with our investee companies, especially with those earlier in their sustainability journey.

Interestingly, companies are increasingly reaching out for help in navigating their strategic sustainability journey. **Acuity Brands** invited us to discuss our SDG engagement insights and then recently formed a sustainability council, while **Tecan** asked us to present our SDG perspectives to their top 100 senior leaders at the Tecan Global Leadership Conference 2021.

3

When to walk away – whilst our ambition is to hold companies for the long term, we also have to stay nimble and act decisively when the facts change.

We divested from **Anta Sports** after it withdrew from the Better Cotton Initiative and sold out of **Largan Precision** for persistent lack of access to senior management.

The Pennine Alps, Switzerland

Our impact framework

Our approach to delivering impact in listed equities looks to wield the power of active capital to precipitate and accelerate enterprise impact, and galvanise positive change in the world around us.

Time is running out to mitigate the damage that has been inflicted on our environment and societies, and by extension our future economy. One very powerful way to effect positive change is to mobilise capital with intent and purpose. There is an urgent need for our economic model to embrace impact as a key input into capital allocation decisions and, ultimately,

as a key determinant of future investment returns. With the right framework, we believe investments in listed equities can generate real world impact. As such, our impact framework has four fundamental building blocks to ensure transparency and a robust approach to impact investing:



> **Additionality**

We make the distinction between the impact generated and delivered by the underlying investment, i.e. by an investee company's activities (enterprise impact), and the impact generated and delivered by ourselves, the investor, primarily through our stewardship activities.



> **Intentionality**

We identify at the outset an environmental or social sustainability challenge that the investment would help to solve. We also require the investee company to be engageable and open to change, as a pre-requisite to investing.



> **Materiality**

We seek to assess the scale of the investee company's impact. We take into consideration how important these impact-linked activities are to its own revenues.



> **Measurability**

We assess, measure and track outcomes that are meaningful and contribute to making a real-world impact.

Our investment approach

The SDG Engagement Global Equity Strategy aims to provide long-term capital growth and support sustainable development.

Our Strategy invests in a diversified portfolio of equity and equity-related securities of small and mid-capitalisation companies, which may be located anywhere in the world and be in any industry sector. Our Strategy seeks to achieve positive impact through targeted, impact-focused, active engagement with companies, using the SDG framework.

The overarching sustainability philosophy of our Strategy is to:

AVOID

Using a set of exclusion criteria, we avoid investing in companies with socially or environmentally damaging products or unsustainable business practices.

INVEST

We invest in companies that have significant potential to advance the SDGs through their enterprise impact – i.e. through their products/services and/or through their conduct/footprint.

IMPROVE

As active owners, we engage with our investee companies on ESG issues relevant to their business to drive progress towards achieving the SDGs.

In this document, we will largely report on the 'Improve' pillar of this Strategy. Information on the 'Avoid' and 'Invest' pillars is detailed in our Investment Policy Document, which can be navigated to [here](#).

Engaging to improve

For the SDGs to be achieved, we believe that companies need to be part of the solution and that through engagement, we can help companies move in the right direction.

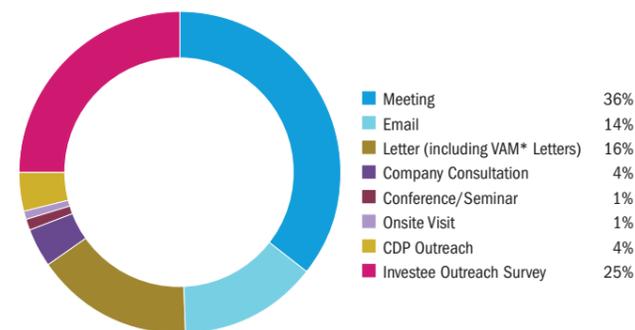
For the CT SDG Engagement Global Equity Strategy, we structure our engagement activities around the SDGs and their underlying targets. We set defined engagement objectives for every company we hold, and believe our role as long-term investors helps build trust, giving more leverage to our engagement. The below statistics represent engagements that occurred during our Strategy's third fiscal year, which ran from 1st April 2021 to 31st March 2022:

Of our 170 engagements this past fiscal year, 158 (93%) were 1-to-1 individual engagements with company representatives (including 42 investee company outreach survey requests sent in May 2021). Our other 12 engagements (7%) were letters or emails we sent on behalf of investor collaborations, such as the Platform Living Wage Financials (PLWF), the CDP 2021 Non-Disclosure Campaign (CDP Outreach), or the Global Investor Collaboration on Farm Animal Welfare (BBFAW).

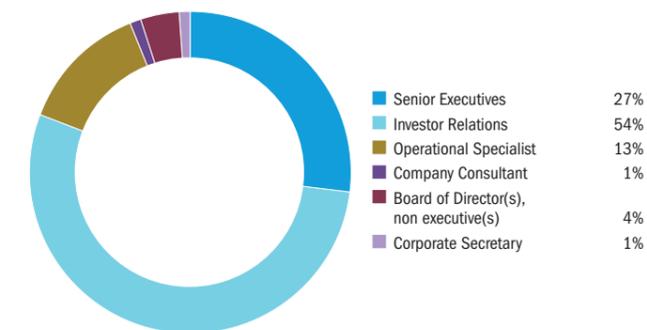
170 engagements
46 companies engaged
16 countries covered by engagement

We believe our role as long-term investors helps build trust, giving more leverage for engagement.

Method of engagement

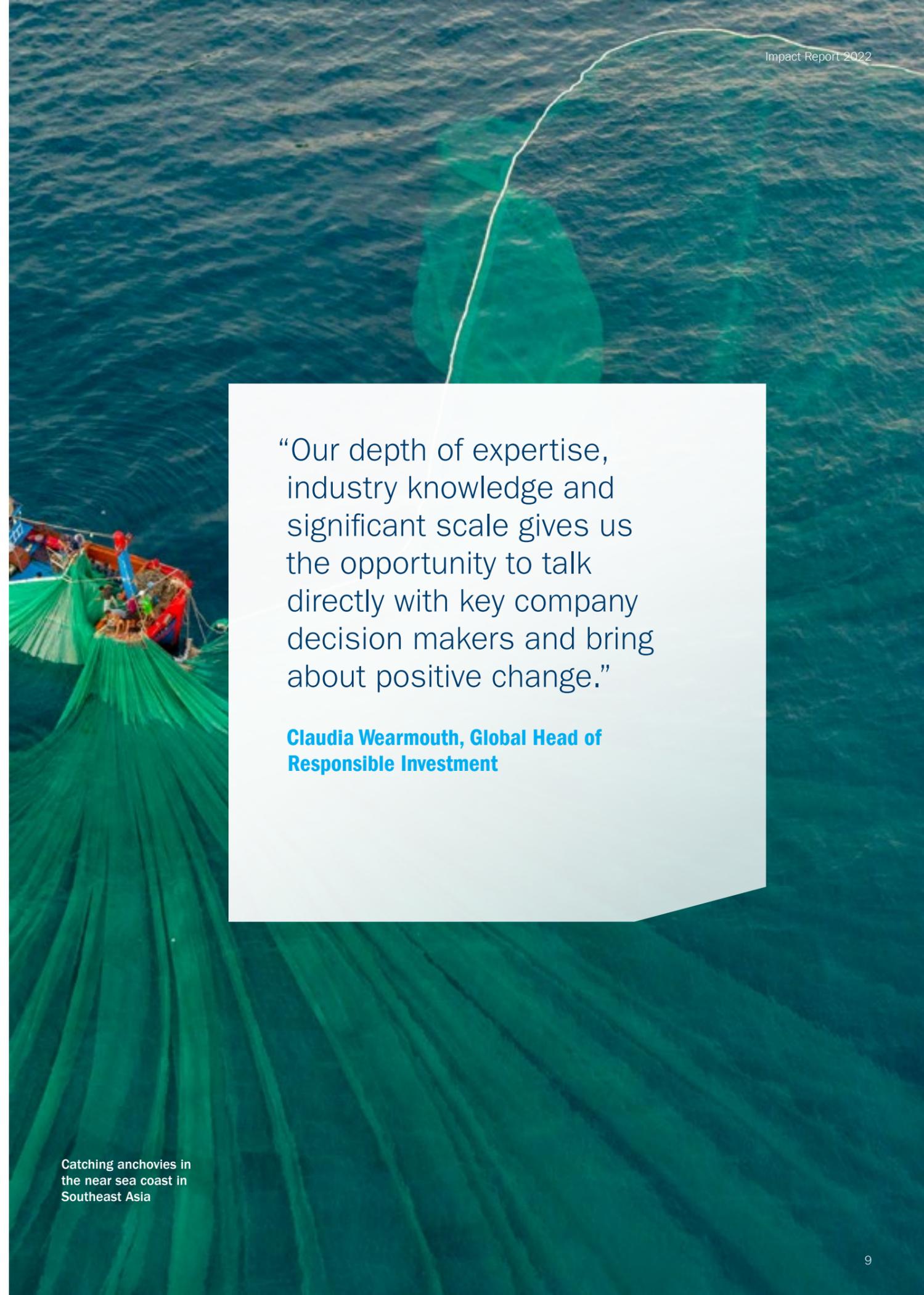


Leadership level



Source: Columbia Threadneedle Investments. These statistics reflect engagement activities for holdings as at year end 31-Mar-22. These numbers do not include engagements on companies sold prior to that date. For more information on these additional engagements, please refer to page 25.

*Votes against management. Find out more information on p45.



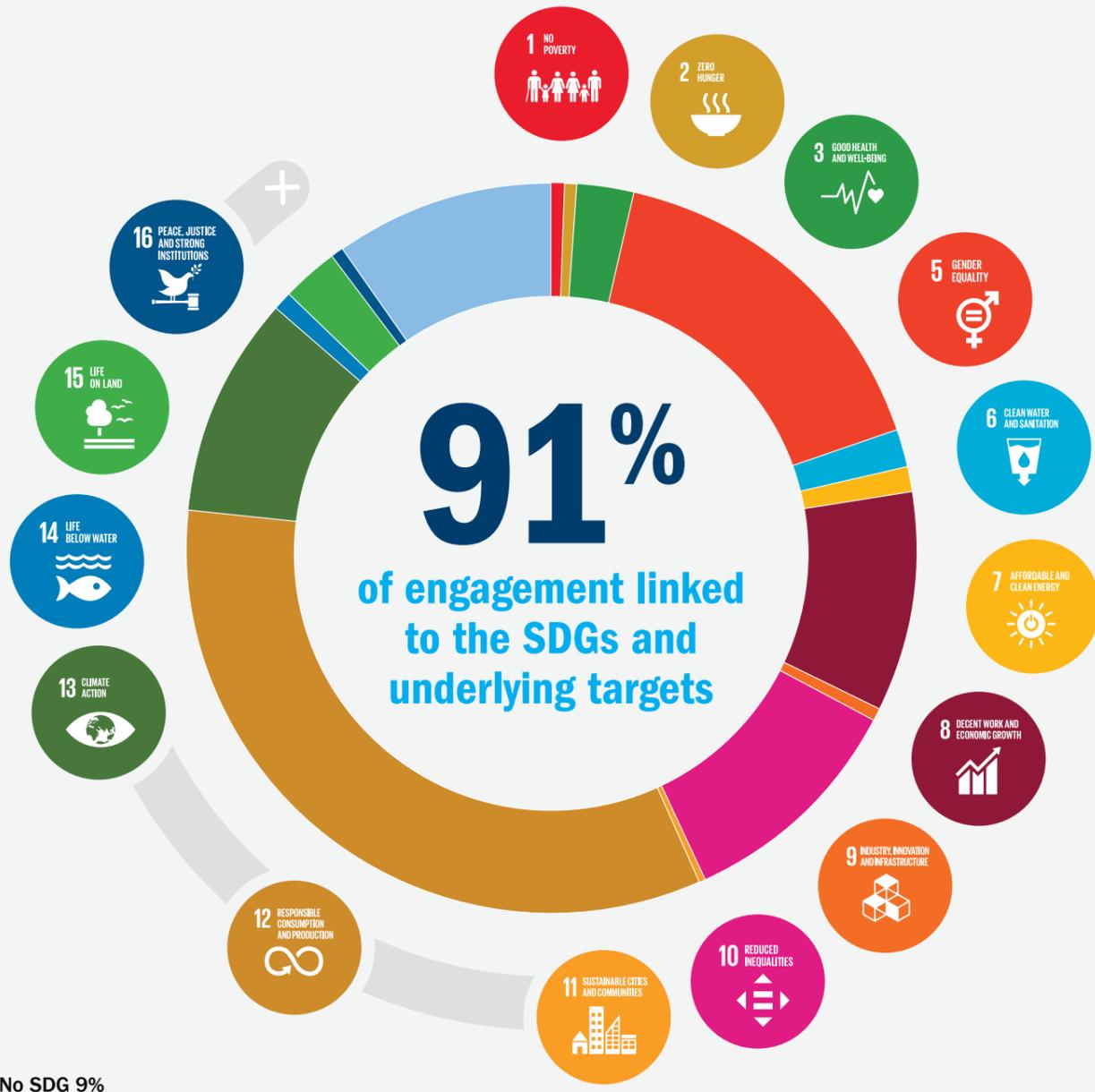
“Our depth of expertise, industry knowledge and significant scale gives us the opportunity to talk directly with key company decision makers and bring about positive change.”

Claudia Wearmouth, Global Head of Responsible Investment

Catching anchovies in the near sea coast in Southeast Asia

Our Strategy's SDG-linked engagement

We attribute various SDG targets to each of our engagements, based upon the different ESG issues we raised during discussions. The following breakdown of our engagement is built up target-by-target:



The following details our main SDGs engaged, as well as various subjects we engaged upon within specific targets:

33%
of our engagement linked to **SDG 12**

26% of this was on target 12.6, reflecting our requests such as greater reporting disclosure, our investee outreach survey, and our CDP outreach. 4% of our engagement related to target 12.5, in relation to improving waste management streams and packaging waste. Our other engagement linked to 12.2, 12.3, 12.4 and 12.c.

10%
of our engagement linked to **SDG 10**

9% linked to target 10.2, empowering and promoting the social, economic and political inclusion of all, as part of our Diversity & Inclusion project. We believe this is a critical issue facing society, and during the year we gave companies tailored guidance on how to improve their related practices and disclosure, particularly surrounding employee and management ethnic diversity, diversity training, and parental leave policies.

16%
of our engagement linked to **SDG 5**

12% linked to target 5.5: ensure full equality of opportunity for women, including at leadership levels. A diverse and inclusive workforce can play a key role in supporting long-term business performance, and we continue to encourage companies to improve their board gender diversity by hiring more female executives. As part of our Diversity & Inclusion project, we also focused on disclosure and gender pay gap reporting.

10%
of our engagement linked to **SDG 13**

8% specifically related to target 13.2: integrate climate change plans into policies and strategies. We continued to engage with companies on creating and implementing Paris-aligned business strategies to achieve net zero emissions and to accelerate financing of climate solutions. We support the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and are active members of Climate Action 100+.

10%
of our engagement linked to **SDG 8**

3% of our engagement aligned to target 8.5, where we asked for employee engagement survey disclosure and discussed flexible working. We also continued to engage on target 8.8 (3%), as health and safety in the workforce remains an important issue to us. Engagement around Modern Slavery and forced child labour also remained a focus topic, as can be seen through our engagement on target 8.7.

9%
of our engagement did not have a direct link to a specific SDG target.

These engagement activities are mainly corporate governance, such as board independence. It also reflects specific letters we sent to companies formally explaining our votes against management at an AGM. Ultimately, we believe that businesses with good corporate governance are more likely to commit to environmental and social policies, in turn advancing a company's contribution towards the UN SDG agenda.

Our full list of SDG targets engaged were:

1.1 Eradicate poverty and ensure a living wage for all; **2.1** End hunger and ensure access to safe and nutritious food; **2.4** Implement climate-resilient and sustainable food production; **3.3** End AIDS, TB, malaria and other water-borne and communicable diseases; **3.8** Access to medicines and health-care; **5.1** End all forms of discrimination against women and girls; **5.2** Eliminate all forms of violence against women; **5.5** Ensure full equality of opportunity for women, including at leadership levels; **6.3** Improve water quality by reducing pollution; **6.4** Increase water-use efficiency to address water scarcity; **7.2** Substantially increase the global share of renewable energy; **7.3** Double the global rate of improvement in energy efficiency; **8.2** Achieve greater productivity through innovation; **8.5** Achieve full and productive employment for all; **8.7** Eradicate forced labour, modern slavery & human trafficking; **8.8** Protect and promote safe working environments for all workers; **8.10** Increase access to finance; **9.1** Develop resilient and sustainable infrastructure; **9.4** Upgrade and retrofit industries to increase sustainability; **10.2** Empower and promote inclusivity for all; **10.4** Adopt policies to progressively achieve greater equality; **10.7** Facilitate safe migration through managed policies; **11.6** Reduce the negative environmental externalities of cities; **12.2** Sustainably manage and make efficient use of natural resources; **12.3** Halve global food waste at the production and consumer level; **12.4** Manage chemical usage and waste throughout their life cycle; **12.5** Reduce waste through prevention, reduction, recycling and reuse; **12.6** Encourage companies to adopt sustainable practices and enhance ESG reporting; **12.c** Removal of market distortions such as fossil-fuel subsidies; **13.1** Strengthen adaptive capacity to climate-related events; **13.2** Integrate climate change plans into policies and strategies; **13.3** Improve education & the capacity for climate change mitigation; **13.a** Address climate change mitigation for developing countries; **14.1** Prevent and reduce marine pollution of all kinds; **14.4** Regulate harvesting and end overfishing to restore fish stocks; **15.1** Ensure sustainable usage of terrestrial freshwater ecosystems; **15.2** Promote the implementation of sustainable management of forests; **15.5** Take urgent action to reduce degradation of natural habitats; **16.5** Reduce corruption and bribery in all their forms; **16.10** Ensure public access to information and protect fundamental freedoms.

Source: Columbia Threadneedle Investments, as at 31-Mar-22, designed for illustrative purposes.

How we voted

Discover a breakdown of our voting activity within the third year of running our Strategy.

Voting

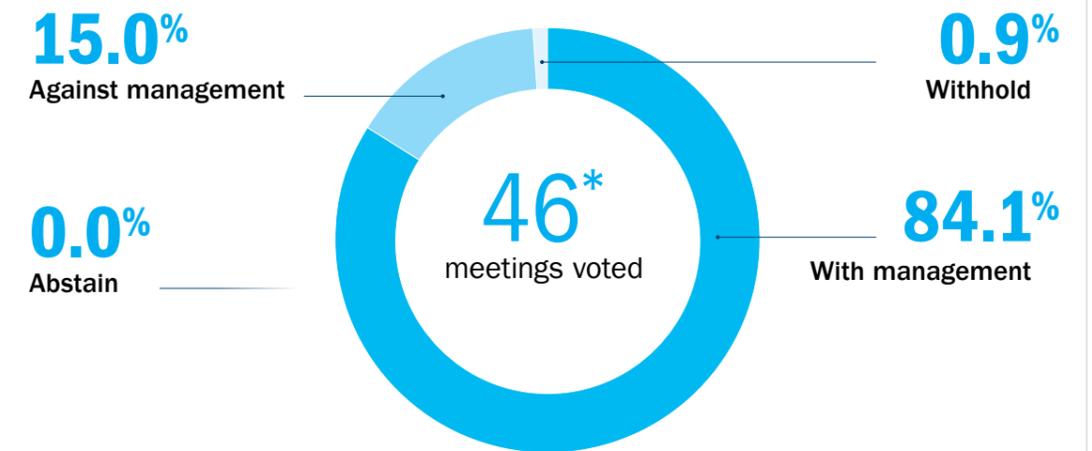
We believe that good corporate governance is at the heart of any successful business, instrumental in supporting the delivery of strategic objectives and in driving sustainable performance, as well as maintaining legal and ethical standing. Over the past decade, our Responsible Investment team has supported the development of Corporate Governance Codes by investor associations and local market bodies.

Our voting policies take account of local practices and are applied in a pragmatic fashion that reflects an integrated understanding of local and international good practice. In all cases, we aim to achieve the same result: the preservation and enhancement of long-term shareholder value through management accountability and transparency. 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

Our ambitious expectations are reflected in how our Responsible Investment team vote at shareholder meetings, which is a key part of our stewardship responsibilities and a powerful way to exercise our ownership rights.

Our voting activity within the third year resulted in us opposing management on 15% of resolutions, with remuneration the area of most concern.

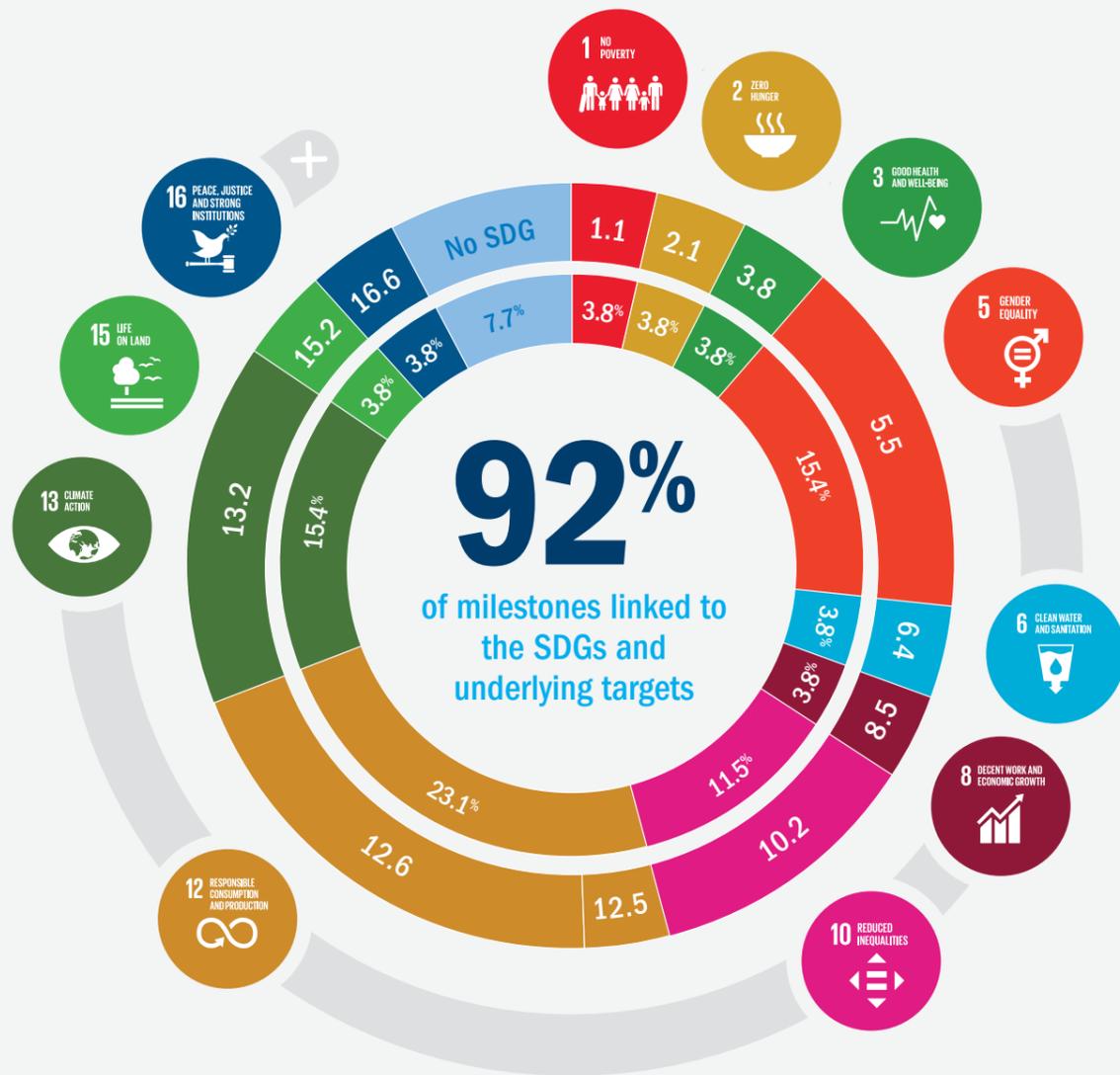


Governance analysts within the RI team vote on complex and sensitive cases, while ISS votes on routine matters using our in-house policies.

*Including companies sold prior to year end, we voted at 48 meetings during the year of 1 April 2021 to 31 March 2022. These voting statistics are separate to our 170 engagements; only specific letters sent to companies on our votes against management (VAM) are included in our engagement statistics.

Tracking improvement: Our Strategy's milestones

For each company in our Strategy, we monitor and measure the impact of our dialogue and recommendations around defined SDG targets. This year, we achieved 26 Milestones.



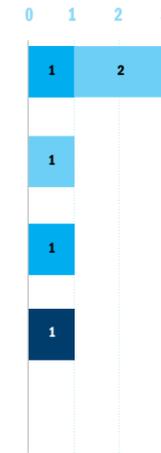
26 milestones achieved | 2 ★★★★★ star milestones | 12 ★★ star milestones | 12 ★ star milestones

We continually assess the progress each company is making in relation to the issues on which we engage. Our constructive, strategic approach to engagement continues to help us achieve positive outcomes, which we call 'Milestones', increasing in significance from a one star to a three star rating.* As active shareholders of public equities, we recognise the limited nature of our ownership: we are after all minority stakeholders in businesses, and we do not over-state our influence, or in impact parlance, additionality. However, we do not believe we are too small to make a difference. We formally log each of our 'asks' such that if a company announces an improvement, we can identify an attributability link to our engagement. This year, we helped generate 26 instances of positive impact at our investee companies.

These milestones have been generated by positive actions within all areas of Environmental (23%), Social (19%) and Governance & Management (31%). Additionally, we have logged separately our progress in Disclosure & Transparency (27%) which, whilst not yet tangible 'real world' impact, lays the groundwork for future action-oriented impact, of a meaningful nature.

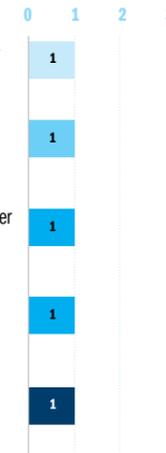
Environmental (23%)

- Climate Change - New emissions reductions target and/or new net zero commitment - SDG 13.2
- Circular Economy - forward looking waste reduction commitments - SDG 12.5
- LifeonLand - New official deforestation policy - SDG 15.2
- Climate Change - new commitment to the SBTi and climate transition strategy - SDG 13.2



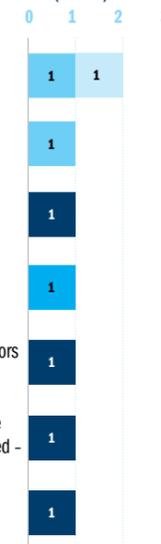
Social (19%)

- Employees - Living Wage - SDG 1.1
- Access to Health Care - new partnership - SDG 3.8
- D&I - New signatory/member to collaboration/initiative/alliance/group - SDG 5.5
- Employees - Disclosure of employee survey results (high-level) - SDG 8.5
- M&A - Sale/divestment of unsustainable division - SDG 2.1



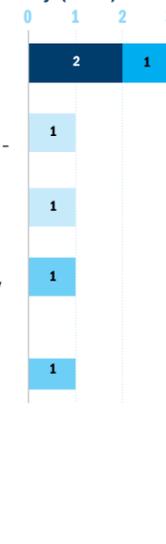
Governance & Management (31%)

- D&I - evidenced improvement in Board of Directors gender diversity - SDG 5.5
- D&I - evidenced improvement in Management Team gender diversity - SDG 5.5
- D&I - evidenced improvement in Management Team ethnic diversity - SDG 10.2
- D&I - forward commitment to increase ethnic diversity in Management - SDG 10.2
- Governance - Board of Directors improvements (no SDG link)
- Governance - New committee (ESG/ Sustainability) established - SDG 16.6
- Governance - executive pay improvement (no SDG link)



Disclosure & Transparency (27%)

- Reporting - Inaugural ESG report - SDG 12.6
- Reporting - improved transparency (SDG linkages) - SDG 12.6
- Reporting - Impact disclosed - SDG 12.6
- Reporting - improved transparency - D&I (gender / ethnicity breakdown) - SDG 10.2
- Reporting - improved transparency - Water - SDG 6.4



■ Q1 2022 (30-Jun-21)
■ Q2 2022 (30-Sep-21)
■ Q3 2022 (31-Dec-21)
■ Q4 2022 (31-Mar-22)

23%

of our milestones linked to SDG 12

19% of our milestones linked specifically to target 12.6, largely relating to companies improving their sustainability disclosure. We have engaged companies on this issue because we believe that transparency of a company's sustainability credentials to international stakeholders is important in ensuring consistent transparency for all. For example, manufacturer **Rotork** published its inaugural sustainability report, which includes case studies demonstrating how its products enable the move to a low-carbon world. Meanwhile, water solutions company **Xylem** utilised the SDGs in its 2021 Sustainability Report. During a prior meeting we had emphasized the wide utility of the SDGs as a reporting framework, and we welcome the approach taken to reporting in its most recent report.

15%

of our milestones linked to SDG 5

All of these linked to target 5.5 – ensure full equality of opportunity for women, including at leadership levels. We have long engaged companies on board-level diversity, and were pleased to see a number of companies improve in this area: Japanese manufacturer **Shimadzu** appointed its first female board member, while Irish-based paper packing company **Smurfit Kappa** added a fourth female non-executive director, bringing the of female directors on the board up to 33% and meeting our minimum expectations for gender diversity at a company of this size.

15%

of our milestones linked to SDG 13

Our milestones refer to forward-looking carbon emissions reductions targets (including a net zero target), as well as a commitment to the Science Based Targets Initiative (SBTi) and a corresponding climate transition strategy.

*We use a three-star rating system, with three stars indicating the most significant impact of the milestone on investor value, and one star reflecting smaller changes that nevertheless will contribute to investor value over the long term. A one-star milestone tends to be a commitment to do something, whereas a three-star milestone tends to be an action being implemented.

Milestone examples

The following examples highlight the positive change our engagement has helped to drive, as well as metrics where possible.



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

Milestone: ★★

Set an emissions reduction target of 42% by 2030

Halma: The company set a Scope 1 & 2 emissions reduction target, to reduce emissions by 42% by 2030 from a 2020 baseline. Moreover, Halma has set a target to achieve net zero emissions by 2040. These developments represent a significant increase in ambition in the company's response to climate change.



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

Milestone: ★★

Sale of Consumer Foods' Meats and Meals business for €819mn

Kerry Group: Announced that it has reached agreement to sell its Consumer Foods' Meats and Meals business in the UK and Ireland to Pilgrim's Pride Corporation for €819mn. The proceeds from the sale were swiftly redeployed in the continued strategic development of the Taste & Nutrition business by buying Niacet Corporation, an organic producer of organic salts and preservative solutions, for US\$1bn. We have been engaging with Kerry for a number of years on the growth of the Taste & Nutrition business, and have often commented that the Meat and Meals business doesn't align with their image of being a nutrition solution provider.



Target: 3.8 – Access to medicines and healthcare

Milestone: ★

Entered into partnerships to bridge vision care gaps

Hoya: Hoya Vision Care has partnered with Orbis International, which is dedicated to reducing avoidable blindness by strengthening eye health systems and providing education across the world. In addition, Hoya Vision Care Canada has partnered with Optometry Giving Site (OGS), which funds programmes to deliver vision care, train local eye care professionals, and develop sustainable infrastructure in developing countries. We had encouraged Hoya to identify potential partnerships with organisations which bridge vision care gaps in lower-income countries.



Target: 15.2 – Promote the implementation of sustainable management of forests

Milestone: ★★

Developed a deforestation policy

Vitasoy International Holdings: Through a new deforestation policy, Vitasoy has committed to deforestation-free operations and supply chain, and to develop and implement measures in line with global agricultural and forestry best practices. We had encouraged the company to develop such a policy to address potential risks to the reliability of key agricultural raw materials, as well as to enhance brand recognition and loyalty.



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

Milestone: ★★

Achieved 29% female representation on the board

Cognex: Added another female to its board, bringing the total of female board members to two (constituting 29% of the board). Since we joined the 30% Coalition, Cognex has been on our radar as a laggard with only one female director. We have engaged the company on the importance of gender diversity on their board in the past, highlighting that expanding perspectives is a priority.



Target: 12.5 – Reduce waste through prevention, reduction, recycling and reuse

Milestone: ★★

Set a target for 100% store plastic packaging to be reusable, recyclable or compostable

Clicks Group: Became one of the founding and steering committee members of the South Africa Plastics Pact, a collaborative initiative looking to set targets to 2025 to create a circular economy for plastic. Also committed to ensure that 100% of plastic packaging used in stores is reusable, recyclable or compostable, and launched a private label brand that uses packaging designed to be recyclable. We had encouraged the company to deepen efforts to reduce plastic packaging to manage evolving customer expectations on sustainability and enhance its brand.



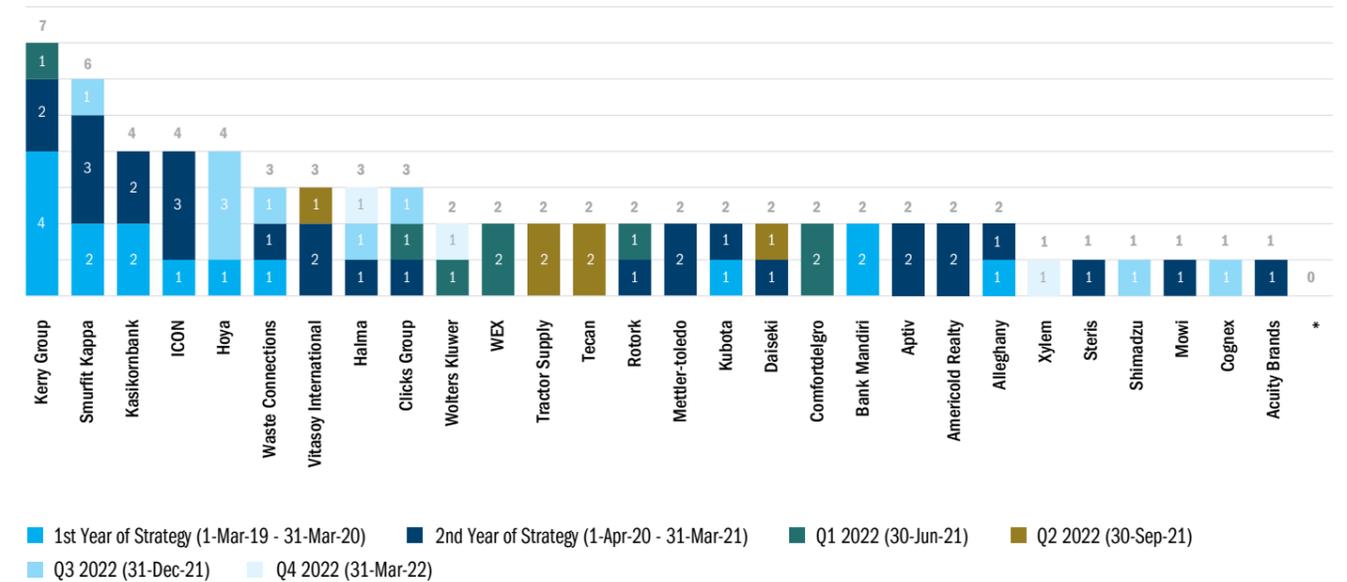
Victoria Harbour, Hong Kong

Continuous improvement: Milestones to-date

Our Milestones across the first three years of the Strategy (1st March 2019 to 31st March 2022) are below. There are a number of companies which have made multiple improvements, where we believe our engagement has contributed to this progress. At the same time, there are still 18 companies where we have yet to make any positive impact (of which 13 have

been in the Strategy since inception). We believe progress takes time, and are committed to helping these companies push forward their sustainability profiles (both product and conduct), which is a reason we view our forward looking engagement objectives agendas – detailed in the next section – to be imperative.

Milestones since Strategy launch (1st March 2019 to 31st March 2022)



* **Companies yet to achieve a milestone:** Dali Foods, Descartes Systems, DNB, Encompass Health, Genus, International Flavors & Fragrances, Japan Exchange, Kontoor Brands, Netapp, Mohawk Industries, Makita, Principal Financial Group, A. O. Smith, SVB Financial, Umicore, Unicharm, Win Semiconductor, Zebra Technologies

Source: Columbia Threadneedle Investments. These statistics reflect engagement activities for holdings as at year end 31-Mar-22. These numbers do not include engagements on companies sold prior to that date. Quarters shown are Strategy's fiscal quarters.

Upcoming engagement

Prior to investment, we determine a tailored set of engagement objectives for a company, linked to the SDGs, and informed by our AIMM framework.

Discover our engagement plans for the year, based on an Engagement Objectives agenda review for each Strategy holding.



Climate change

In alignment with target 13.2, we will continue to engage companies to integrate climate change plans into their policies and strategies. This will include engaging companies that have not already set emissions reductions targets to do so, such as **Wex**. We also intend to ask companies such as **International Flavors & Fragrances** and **Umicore** to take their decarbonisation targets further by seeking SBTi validation. We will also focus on asking companies to address their Scope 3 emissions, such as **Dali Foods Group**, **Unicharm** and **Daiseki**.



Biodiversity

Our biodiversity-related engagement will span different SDG targets. Target 14.4, which calls for regulation on harvesting and ending overfishing to restore fish stocks, is particularly relevant for **DNB** given its position as a lender in the Norwegian market, where fisheries are an important aspect of the economy. We will continue our Poseidon project engagement, asking DNB to implement extensive audits into the footprints of the companies it lends to in the fishing industry. Turning to target 15.5, which calls for urgent action to reduce degradation of natural habitats, we will engage **Bank Mandiri** to develop a dedicated palm oil policy. We will also ask the bank to consider biodiversity risks at the portfolio level and report this in its sustainability report.



Circular economy

For companies such as **Waste Connections** and **Veolia**, environmental considerations will be our key focus area. In alignment with target 12.5, we will encourage

the companies to increase the proportion of waste recycled versus landfilled by growing their recycling offering. We will engage **Waste Connections** on more proactive communication with household consumers on waste reduction and on offering waste take-back schemes in the US and Canada.



Labour standards

To support the eradication of forced labour, modern slavery & human trafficking in alignment with target 8.7, we will engage both **Hoya** and **Mettler-Toledo International** on supply chain auditing to improve their score on KnowTheChain's benchmarks. We will also engage **Mohawk Industries** on its approach to supply chain risk management and human rights risk mitigation, including its framework of enhanced due diligence for high-risk regions. Finally, in alignment with target 8.5, which calls for full and productive employment for all, we will continue to ask companies to participate in the Workforce Disclosure Initiative to ensure transparency and accountability on how companies manage workers across their operations and supply chains.



Diversity & Inclusion

Our Diversity & Inclusion engagement project will continue this year as we work to hold focused meetings with the remaining companies in the Strategy, and supplement our work with ongoing, general engagement on targets 5.2, 5.5, and 10.2. We have set a number of KPIs for the year ahead, which will guide our engagement. Some of our forward looking KPIs include:

- **Japan Exchange Group:** require a diversity threshold in a company's Board of Directors (above 0%), as an exchange listing rule
- **Encompass Health:** Publish a breakdown of ethnic diversity in different levels of seniority; improve representation of the company's hospital leadership from minority ethnic communities to 25%

Assessing the impact our our engagement: our investee company survey

We launched our 2022 survey in June 2022, following the year-end of the Strategy's third fiscal year on 31st March 2022. As per last year's survey, we requested feedback from our investee companies about the impact of our engagement with them, as

we are committed to advancing the effectiveness of our dialogue going forward. All companies in the Strategy as at 31 March 2022 received our survey, and 50% responded, down from 66% last year. We will use the responses from the survey to deepen and focus our engagement agendas, and advance our Strategy to drive positive change. A new question in this year's survey asked our companies about their net zero climate change strategies.

Which SDG areas have increased most in importance/relevance for our companies in the last 12 months?

Respondents were asked to select as many of the SDGs that applied. Results show the percentage of respondents for the top 5 SDGs selected overall.



How has our engagement helped?



A focus on net zero

As an asset manager, we have an ambition to achieve net zero emissions by 2050 or earlier, across all assets under management. We expect all our investee companies to adopt business strategies which are aligned with the Paris agreement, and are consistent with a net zero emissions future. In light of this, we used our survey to gather the following information:

48% of respondents have adopted a net zero commitment for 2050 or earlier, and another **39%** are aiming to commit to net zero by 2050 or earlier within the next 2-3 years.

61% of respondents believe there is enough clarity about investor expectations on what constitutes good quality climate change strategy and disclosure, and **35%** wish to discuss our expectations further.



Company case studies

Discover two in-depth examples of our company engagement.



Halma is a diversified industrials company. Based in the United Kingdom, Halma has global, niche competitive positions in a wide range of non-discretionary, environmental protection, hazard detection and healthcare-related products.

Halma's purpose is "Safer, Cleaner, Healthier"¹, and its diverse product revenues are notably aligned with target 3.8 (access to medicines and health-care), target 3.9 (reduce illness from pollution and contamination), target 8.2 (achieve greater productivity through diversification, technological upgrading and innovation), and target 9.4 (upgrade and retrofit industries to increase sustainability).²

We have engaged Halma on a number of areas since the Strategy was launched – our engagement contribution has helped to generate positive impact through the following milestones:

- **Target 12.6:** In its disclosure, Halma included measurable metrics on the impact its specific products have, with reference to the SDGs ★★
- **Target 13.2:** Halma established a target to lower emissions by 42% by 2030 (from a 2020 baseline), and be net zero by 2040 (Scope 1 & 2) ★★★
- **Target 1.1:** Halma made a commitment to fair compensation by becoming a Living Wage employer for its UK businesses ★

28 June 2019

We met with Halma to discuss its strategy and sustainability, including reporting disclosure, carbon intensity, diversity, modern slavery and conflict minerals
SDG targets 12.6, 13.2, 10.2, 8.7 and 8.8

28 November 2019

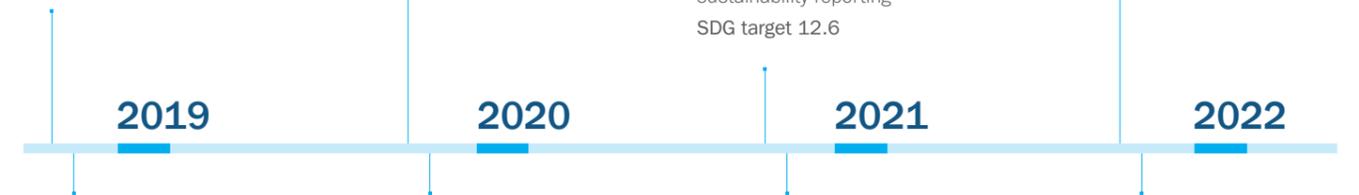
We sent a letter, as part of ShareAction's Good Work Coalition, to encourage Halma to become a Living Wage employer
SDG target 1.1

7 September 2020

We met with the company to discuss its new sustainability report. We also discussed modern slavery and its carbon footprint
SDG targets 12.6, 8.7, 13.2
Milestone: Improved sustainability reporting
SDG target 12.6

December 2021

Milestone: We learned that Halma had set a 42% emissions reduction target and a 2040 net zero target



20 November 2019

We met with the CEO and CFO to give recommendations on reporting disclosure and we discussed carbon intensity, diversity, executive pay KPIs, and cybersecurity
SDG targets 12.6, 6.4, 13.2, 5.5

24 June 2020

We sent another letter to Halma requesting it to become a Living Wage employer
SDG target 1.1

6 December 2021

We had a call with Halma to discuss sustainability. As part of our Diversity & Inclusion Project, we recommended improved senior management level gender diversity, and disclosure on parental leave and ethnic diversity
SDG targets 12.6, 7.2, 12.5, 5.5, 10.2

7 March 2022

We had a follow up sustainability call, notably on disclosure transparency and D&I
SDG targets 8.7, 10.2, 12.5, 12.6

March 2022:

Milestone: We learned that Halma had committed to becoming a UK Living Wage employer

Source: Columbia Threadneedle Investments, Halma (logo), United Nations (targets), as at 31-Mar-22. Note: 1) Source: Halma 2021 Annual Report, 2) SDG target descriptions in brackets are paraphrased from the United Nations' SDGs. Engagements not shown on timeline were: surveys we sent on our engagement processes and impact (06-Apr-20 and 20-May-21), a co-signed outreach letter sent to Halma and FTSE100 companies on employee mental health (6-May-20); a co-signed request for CDP reporting (in 2021), and a letter sent to inform Halma on our votes against management at its shareholder meeting (17-Dec-21). Note: Milestone ratings are 1-3 stars.

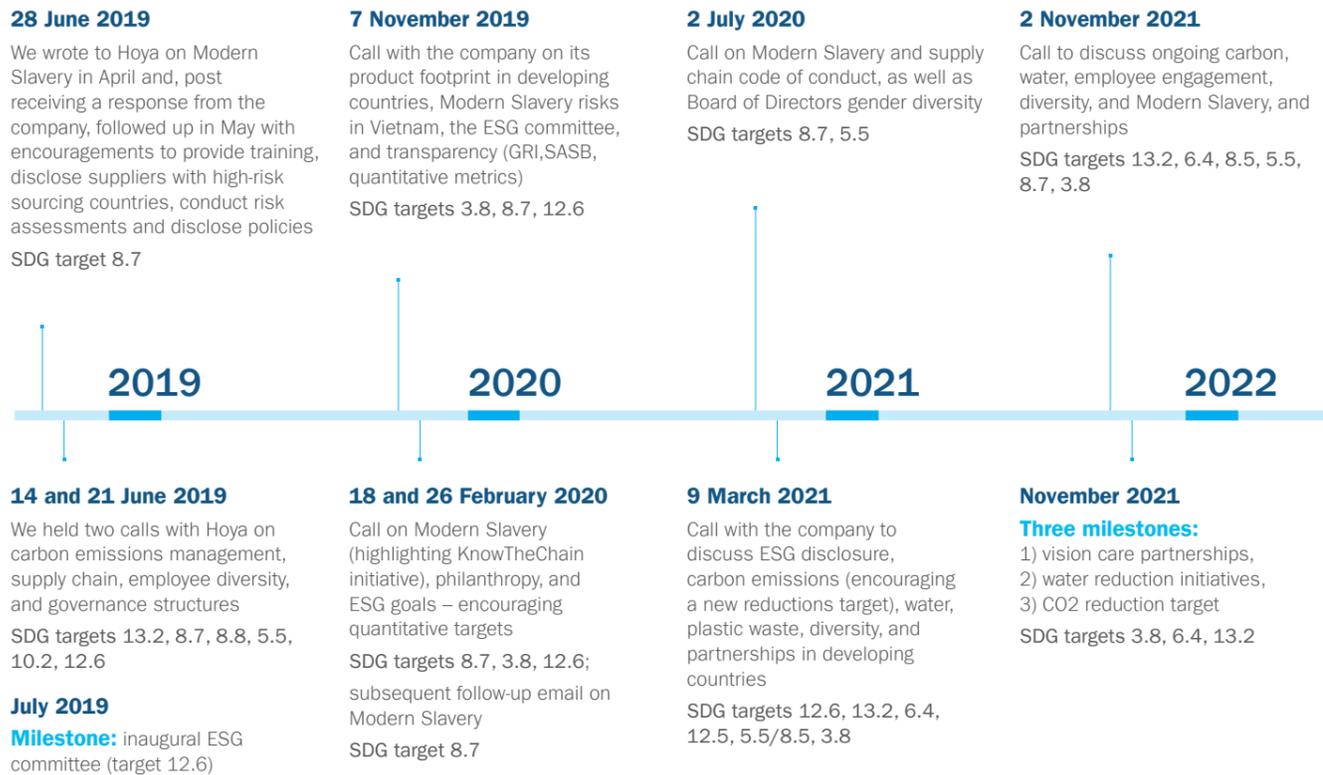
HOYA

Hoya is a Japanese IT and MedTech company. Based in Japan, Hoya is a key manufacturer of eyeglass lenses, contact lenses, and intraocular lenses for cataract operations, supporting healthy and improved vision care for a multitude of people worldwide.

It also produces glass disks for hard disk drives (HDDs) and EUV mask blanks for semiconductors. Its health and medical products are aligned to SDG target 3.8 (access to medicines and healthcare), and its electronics and imaging products are linked to SDG target 8.2 (achieve greater productivity through diversification, technological upgrading and innovation)*.

We have engaged Hoya many times since the fund was launched – our engagement contribution has helped to generate positive impact through the following milestones:

- **Target 12.6:** Established an ESG committee in 2019 ★
- **Target 3.8:** Established partnerships with two organisations – Orbis International and Optometry Giving Sight – to advance vision care in developing countries ★★
- **Target 6.4:** Disclosed efforts to re-use water in its operations in 2021, as well as a water re-use ratio ★
- **Target 13.2:** Established mid-term emissions reduction target of 16% CO2/unit of net sales vs. 2019, for 2021-25 ★



Source: Columbia Threadneedle Investments, Halma (logo), United Nations (targets), as at 31-Mar-22. Note: 1) Source: Halma 2021 Annual Report, 2) SDG target descriptions in brackets are paraphrased from the United Nations' SDGs. Engagements not shown on timeline were: surveys we sent on our engagement processes and impact (06-Apr-20 and 20-May-21), a co-signed outreach letter sent to Halma and FTSE100 companies on employee mental health (6-May-20); a co-signed request for CDP reporting (in 2021), and a letter sent to inform Halma on our votes against management at its shareholder meeting (17-Dec-21). Note: Milestone ratings are 1-3 stars.



“We all have a vision of how we want our future to be, of what we want to experience or achieve in life and the impact we want to make. But whatever your vision is, clear eyesight helps to bring it to life.”

Hoya

Female engineer inspecting a wafer chip in a laboratory

“Whilst our ambition is to hold companies for the long term, we also have to stay nimble and act decisively when the facts change.”

**Jamie Jenkins, Managing Director,
Head of Global ESG Equities**

Traditional shophouses in Bugis Village, Singapore

Our sell discipline: companies sold during the year

Throughout the year, we consistently track and reflect on the engagement progress we are making with our investee companies.

We issue a non-financial report on a quarterly basis, and review our progress at regular engagement-focused meetings as part of our portfolio construction discussions. We are acutely aware of when our engagement progress has stalled, or when we feel an investee company’s willingness to engage or change is diminishing. This is particularly highlighted each March when we conduct an annual review of forward-looking engagement objectives for each company. Upon team discussion, a company will be sold if we feel the fundamental investment thesis has significantly degraded, if a company is making too little progress,

or if we view our engagement opportunities with a company to have closed.

During the fiscal year ending 31st March 2022, we sold five companies where we felt we did not adequately see engagement progress, access to management, or where we saw an active step backwards from sustainability. Additionally, we tendered our shares in **Suez** during its takeover by **Veolia**. These companies were:

Company name	Sell date	Reason for divestment	Engagements	Method	SDG targets engaged during fiscal 2022 prior to sale*	Milestones achieved in fiscal 2022 (prior to divestment)
Anta Sports	Fiscal Q1 2022	A movement against the UN's SDGs and Global Compact Principles. The company announced its decision to withdraw from the Better Cotton Initiative and source cotton from China's Xinjiang Uygur Autonomous Region. We believed there was very limited room to engage the company on this issue.	2	Meeting: 1 Email: 1	10.7, 12.5, 12.6, 16.b	
CCL Industries	Fiscal Q4 2022	General lack of dialogue and willingness to engage (mutual).	2	Meeting: 1 Survey: 1	12.6, 15.1	
China Resources Gas Group	Fiscal Q3 2022	Lack of engagement traction, including attaining one-on-one access to management, and lack of sufficiently ambitious SBTi-aligned climate change goals. There had been some progress on a methane emissions strategy, for which we had achieved a Milestone, but forward looking engagement traction appeared challenging, partly given its status as an SOE.	5	Meeting: 2 Email: 1 Letter: 1 Survey: 1	5.5, 11.1, 12.6, 13.2	1 – Alliance to address methane emissions (13.2)
Largan Precision	Fiscal Q4 2022	Access to senior management was tougher than we had originally expected.	4	Meeting: 1 Email: 1 Survey: 1 CDP Outreach: 1	8.7, 12.2, 12.6	
Sakata Seed	Fiscal Q4 2022	Mainly on grounds of illiquidity; there had been some progress in board independence, for which we had logged a Milestone, but engagement traction has generally been challenging.	3	Meeting: 2 Survey: 1	2.3, 2.4, 6.3, 6.4, 8.7, 8.8, 12.2	1 – appointment of independent directors (No SDG)
Suez (shares tendered)	Fiscal Q4 2022	We sold our shares in Suez to Veolia. In fiscal 2023, we initiated a position in Veolia.	2	Meeting: 1 Survey: 1	5.2, 5.5, 10.2	

For these companies which were ultimately sold, we completed 18 engagements in total, up to the date of their divestments from the Strategy. These engagement activities are additional to the 170 engagements for companies held in the Strategy as at year end, for 188 total engagements completed during fiscal 2022.

*12.6 excluded if was just the sending of our investee company survey. Source: Columbia Threadneedle Investments.

Our climate commitment

2022 was the first year of implementing our net zero commitment for the Strategy. Engagement lies at the heart of our approach, and we saw progress at many companies in the run-up to the COP26 conference.

The path to Glasgow

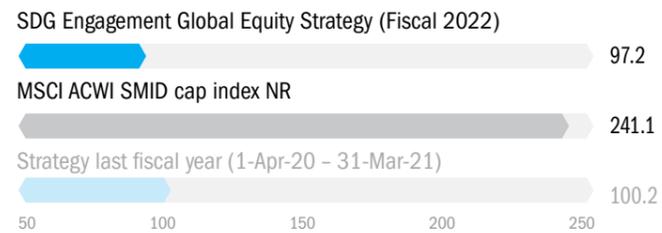
2021 saw a wave of companies take on net zero targets, as the pressure rose ahead of the Glasgow climate conference. In all, over 5000 companies globally now have net zero targets, and over 400 investors¹. The year also saw important new commitments by governments – with nations including India and Australia setting net zero targets for the first time, countries with net zero targets now represent over 90% of global GDP².

With the progress also came some degree of scepticism, as far-off targets did not always translate into short-term actions, both at governmental and corporate level.

As we engage our investee companies in line with our own net zero commitment, we look not only at whether they have a net zero target, but also at strategy and implementation.

Scope 1 + 2 Intensity

(tCO₂e/USD million sales)



Source: MSCI ESG

The Strategy's overall carbon intensity remains low relative to its benchmark, and slightly reduced from last fiscal year, falling from 100 to 97 tonnes per \$m sales.

¹ Race To Zero Campaign | UNFCCC

² Progress Tracking - Net Zero Climate



COP26 was held in Glasgow in 2021.

Assessing net zero alignment

The methodology we use to implement our net zero commitment is based on the Net Zero Investment Framework, developed by the Paris Aligned Investment Initiative.



The focus of our approach is on real-world change, using stewardship to encourage our Strategy companies to improve their own alignment to a net zero emissions future.



We use a selection of data sources to rate companies on their alignment to a net zero pathway, enabling us to analyse portfolios, and identify companies in need of engagement. We aim to have companies representing at least 70% of portfolio emissions either rated as Aligned or under engagement, as recommended by the Framework.

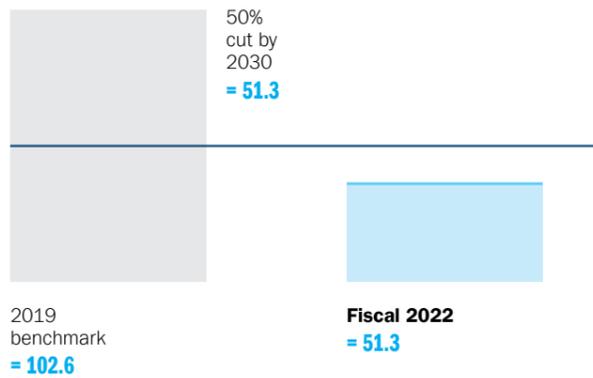


We also compare the Strategy's overall carbon intensity with a net zero aligned trajectory, based on taking emissions intensity for the Strategy's benchmark in 2019, and applying a 50% reduction by 2030. We use this as a reference pathway to track and monitor progress, but not as a binding target.

Financed emissions intensity

As part of our net zero commitment, we are shifting our focus to the Financed Emissions Intensity measure, expressed as tonnes CO2e per \$m invested. On this metric too, our Strategy's intensity is well below its benchmark. We use a reference pathway to compare the Strategy's emissions intensity to a net zero aligned trajectory for its benchmark, based on a 50% cut in emissions from a 2019 base year to 2030. Due to the limitations of looking at Scope 1 & 2 emissions in isolation we view this data as a way to track progress rather than a target. We hope to see our Strategy's metric reflect real-economy emissions cuts as our companies take action.

The Strategy's financed emissions intensity



Source: Columbia Threadneedle Investments, as at 31-Mar-22

The three largest contributors to the Strategy's financed emissions were **ComfortDelGro**, **Waste Connections** and **Smurfit Kappa**, which together make up over 60% of financed emissions intensity.

ComfortDelGro, a global land transportation firm, has set an ambitious target to cut Scope 1 and 2 emissions by 54.6% by 2032, which has been accredited by the Science-based Targets Initiative (SBTi) as consistent with a 1.5 degree pathway.

Waste Connections is the highest emitter in the Strategy, with over 5m tonnes of Scope 1 and 2 CO2e emissions. It has made significant progress in cutting these emissions, and calculates its 'avoided emissions' (emissions saved through the use of its products and services) at over 18 million tons. However, it lacks some other important elements including an overall net zero target, and we rate the company as Not Aligned. This will be a focus area for our engagement going forward.

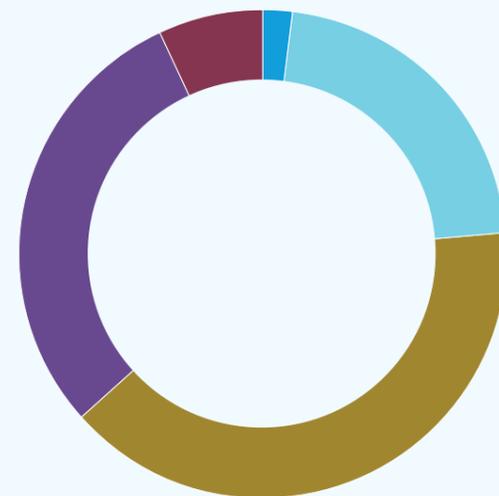
We have engaged with paper-based packaging firm **Smurfit Kappa** on its climate strategy, along with related areas such as water. It now has a target verified by the SBTi consistent with a well-below 2 degree global trajectory.



The Atlantic Ocean Road, Norway

Net zero alignment

Overall, companies representing **64%** of portfolio financed emissions are rated as Committed, Aligning or Aligned.



Aligned	2%
Aligning	22%
Committed	40%
Not aligned	30%
Not assessed	7%

Source: Columbia Threadneedle Investments, as at 31-Mar-22

ALIGNED: 1 COMPANY

2% of financed emissions.

So far only one company meets all the criteria in the model – food producer **Kerry Group**. We have engaged this company intensively in recent years both on climate change, and on related issues such as water.

ALIGNING: 13 COMPANIES

22% of financed emissions.

These companies meet expectations on ambition, interim targets, strategy and disclosure.

COMMITTED: 5 COMPANIES

40% of financed emissions.

This defines companies with a net zero ambition, but lacking sufficient implementation.

NOT ALIGNED: 15 COMPANIES

30% of financed emissions.

These companies do not meet our minimum expectations on targets, disclosure and strategy.

NOT ASSESSED: 11 COMPANIES*

7% of financed emissions.

This includes companies in the finance sector, which we do not currently give a rating.

*We have excluded **ICON** from our analysis due to a lack of available emissions data.

We hope to achieve improvements in the alignment status of our investee companies through impactful and targeted engagement.

Going forward, climate change will remain a key part of the engagement agenda, and our alignment analysis will help us to focus on the companies making the biggest contribution to the Strategy's emissions, which have gaps in their performance. We target 70% of financed emissions intensity to be represented by companies that are either Aligned or under engagement, and our aspiration is to see the alignment status of investee companies improve over time as more take on key elements of a good-quality transition strategy.

Engagement in focus

During the reporting period, 10% of our total engagement aligned to SDG 13 – Climate Action. The majority of this engagement linked specifically to target 13.2 – integrate climate change plans into policies and strategies – as we focused on encouraging companies to turn their aspirations into concrete business strategies. Companies engaged during the reporting year include **Aptiv**, who we asked to set intermediate emission reduction targets and improve their offset disclosures; **Waste Connections**, who we encouraged to place more emphasis on actual emissions reduction rather than offsetting through the conversion of landfill gases in to fleet fuel; and **Win Semiconductor**, who we encouraged to develop science-based emissions reduction targets. We have also engaged more widely on CDP disclosure participation (Carbon Disclosure Project), and measurement and disclosure of Scope 3 emissions. For companies who are further advanced in this area, we are requesting forward looking carbon emissions reductions targets which are ratified by the SBTi.

Positive development

Emissions management was a key topic discussed in our dialogue with **Halma**, a group of life-saving technology companies. We were pleased to see the company set a Scope 1 & 2 emissions reduction target to reduce by 42% by 2030 from a 2020 baseline. Moreover, Halma has set a target to achieve net zero emissions by 2040. These developments represent a significant increase in ambition in the company's response to climate change. We also encouraged vision care provider **Hoya** to set an emissions reduction target in line with the SBTi's criteria. The company set a medium-term target to achieve a 16% reduction in carbon dioxide emissions per unit of net sales between fiscal 2021-2025 (compared with fiscal 2019). We have engaged **Tractor Supply Co** on its emissions management strategy for a number of years, and during the reporting period the company committed to reduce carbon emissions by 20% by 2025 and 50% by 2030. It has also committed to achieve net-zero emissions across its operations by 2040.

Thematic updates and Strategy benchmarking

Discover how the Strategy ranks relative to various sustainability-oriented metrics, as well as highlights from our related engagement.



Favela on the slopes of Rio de Janeiro, Brazil

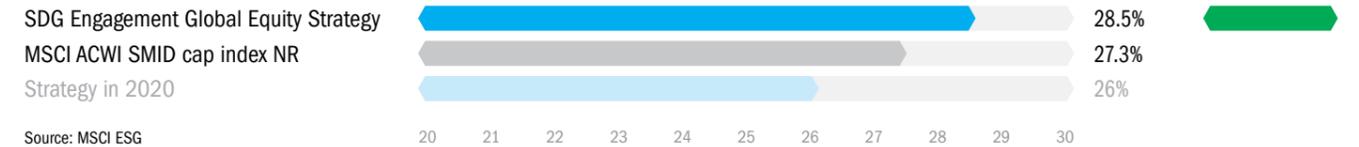
Diversity & Inclusion

Targets engaged: 5.1, 5.2, 5.5, 10.2



Gender

% female directors on company board



Source: MSCI ESG

█ Strategy better than the benchmark
 █ Strategy in line with the benchmark
 █ Strategy worse than the benchmark

Our Strategy slightly outperforms the benchmark in terms of the proportion of women serving on boards. We highlight that 20 of our companies, which represented close to 43% of portfolio weight at financial year-end, have boards where women account for one third or more of the total number of directors. Both **Halma** and **DNB** are leading the way within the Strategy, with 50% female representation.

We continued to see some improvements following our engagement. For example, Irish-based packaging company **Smurfit Kappa** appointed its fourth female non-executive director, bringing the percentage of female directors on the board up to 33%, and therefore meeting our minimum expectations for gender diversity at a company of this size. Meanwhile, Japanese manufacturing company **Shimadzu** appointed its first female to its executive management board. We welcome this development as improving board diversity can help enhance board effectiveness. However, despite market and investor pressure, progress on board diversity continues to be overall underwhelming across Asia. **Makita** currently has no female board representation and a handful of other companies within the Strategy still have low female representation. We will continue to address these shortcomings through active engagement.

We recognise that the metric we showcase is a simple outcome metric that does not provide the depth of view that we would like. As such, we seek to conduct a deeper analysis of diversity metrics on the holdings in our Strategy to assess performance and inform our engagement, where the data is available.

Our Diversity & Inclusion project

In March 2021, we launched our Diversity & Inclusion (D&I) project. This project's aim is to ensure that D&I issues are covered by our engagement across all companies in the Strategy, regardless of a company's core engagement agenda. We feel that pervasive global, societal inequalities need tackling through focused meetings, with standardised asks across all firms (for

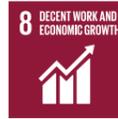
example, gender pay gap reporting – target 5.5, parental leave policy disclosure – targets 5.5/10.2, and disclosure of female representation at different levels of seniority throughout the company – target 5.5). We have also asked for progress on target 10.2 (Reduced Inequalities) at many companies primarily relating to employees and customers from minority ethnic communities and underrepresented groups. Where applicable (particularly in firms with manufacturing footprints), we have been asking about policies as they relate to health & safety for women in the supply chain (target 5.2). We also engage on D&I in hiring, training, promotions, and succession planning. Each company has a different profile to the next, which requires investment research, pertinent D&I knowledge, and a trusting relationship to discuss the challenges around these societal problems.

We have been in the process of running targeted, 30-minute D&I calls with our companies and have, to-date, completed 21 of these meetings. Fourteen of these meetings were held in fiscal 2022, with companies held in the Strategy at year end. By running these focused meetings, we aim to ensure that some of the world's most pressing inequalities are not ignored in our engagement. We are supplementing these meetings with additional engagement on 5.2, 5.5 and/or 10.2 in our regular engagement meetings, where the core agenda is discussed. We feel both investors and companies have a role to play in eradicating inequities and are dedicated to progressing sustainability in Goals 5 and 10 of the SDGs.

20 investee companies had one third or more female representation on their boards, as at Strategy year-end.

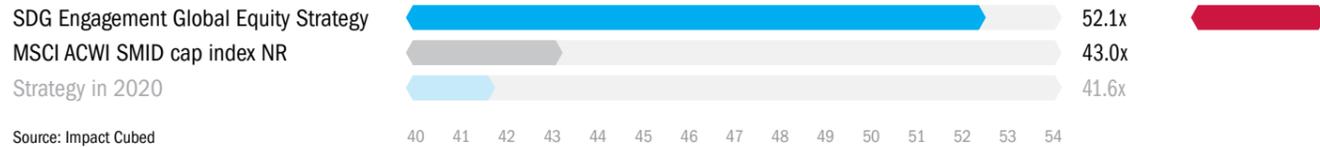
Labour standards

Targets engaged: 8.2, 8.5, 8.7, 8.8



Executive pay

CEO pay relative to average employee compensation



Source: Impact Cubed

Right on the coattails of the Covid-19 pandemic, or perhaps as a result of it, people across the world are coming to terms with a new crisis: the cost of living. Wealthy nations such as the UK and the US are experiencing inflation highs, but the most severe impact is once again borne by developing nations. This, coupled with increased scrutiny over corporate sustainability disclosures, has once again heightened the need for companies to be transparent about their mitigation of adverse impacts and their positive contribution to people and the planet.

We look at the ratio between top executive pay and average employee pay, as a measure of inequality. For the market as a whole, we tend to find a high ratio in industries characterised by high executive pay – such as banking – as well as those with a workforce of relatively low-income workers, such as retail. During 2021, we saw executive pay levels increase as companies rewarded their CEOs for navigating them through the worst of the pandemic. For our Strategy, the average ratio for fiscal 2022 was higher than the benchmark. Various companies within the industrials sector were among those with the highest ratios, such as manufacturers **Rotork** and **Makita**, and lighting and building management firm **Acuity Brands**.

Our engagement on labour standards

During the reporting period, SDG 8 – Decent Work & Economic Growth – was a key theme of our engagement, representing nearly 10% of all engagement. We targeted our engagement to companies in the Industrials, Retail, Health Care, IT and Real Estate sectors, where key discussion topics included company efforts to realise living wages, supply chain due diligence, health & safety as well other human capital related themes. Specifically relating to target 8.5, on corporate contribution to the achievement of full and productive employment and decent work for all women and men, we leveraged our involvement with the Platform Living Wage Financials to encourage **Kontoor Brands** to improve its grievance mechanisms and use qualitative and quantitative indicators to monitor the effective implementation of its Living Wage programme. With regard to target 8.8, on the protection

of labour rights and the promotion of safe and secure working environments, we spoke to **Tractor Supply** and highlighted the importance of oversight and due diligence into the company's extended supply chain. We also encouraged disclosure of its supply chain partners, which would help investors identify suppliers and regions at risk of negative human rights and labour standards practices.

Positive Development

A key element of labour standards best practice is a company's efforts to engage with stakeholders, including its employees. Engagement surveys can be very useful to gauge employee sentiment, and be used as a tool to highlight areas that may have a negative impact on a company's ability to attract and retain staff. As such, it is important for companies to be transparent about the concerns raised by employees and provide narrative on their remediation efforts. At **Tecan Group**, we were pleased to note the Company's participation in the Trust Index Employee Survey, by Great Place to Work, for the first time in 2020. At Halma, we learned this past year that the company has now become a Living Wage Employer for its UK operations; we believe our engagement with Halma on this subject, as part of the Good Work coalition, helped to contribute to this milestone. The company disclosed that it had achieved a score of 70% and published information about the key findings of the Survey, which we had encouraged through our engagement.

“Sustained and inclusive economic growth can drive progress, create decent jobs for all and improve living standards.”

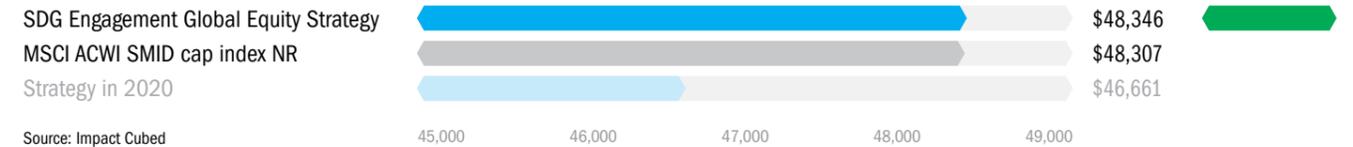
United Nations

Economic development and employment



Economic development

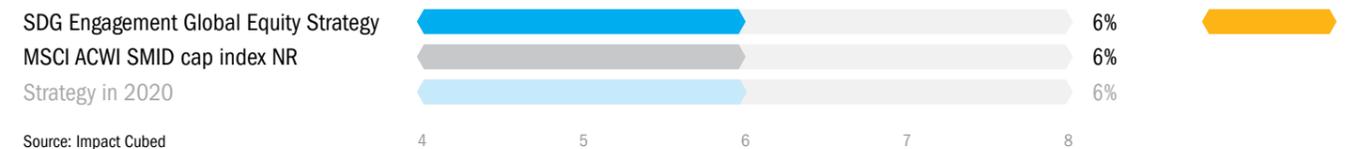
Company geographical spread of operations matched against GDP per capita*



Source: Impact Cubed

Employment

Company geographical spread of employment against unemployment rates provided by the ILO**



Source: Impact Cubed

To gain a fuller understanding of impact, we consider here the effect of our investments on global inequality, by looking at how companies support economic growth in parts of the world with the greatest needs. The two metrics compare the location of companies' operations and employment with local GDP and unemployment rates, respectively.

Our Strategy is very similar to the benchmark in terms of economic development, and in line in terms of employment. Examples of companies operating in emerging market countries with lower GDP include **Bank Mandiri** in Indonesia, **Kasikornbank** in Thailand, and **Clicks Group**, the South African pharmacy chain and medicines distributor. Clicks Group also stands out in the employment data, as a major employer in a country suffering very high local unemployment rates. Note that this data only covers direct operations, and does not cover companies' supply chains or contractors – meaning that the total economic contribution is an understatement of the full impact.

* A higher figure indicates that the companies in the portfolio register less economic activity in low GDP/capita countries, in aggregate, than the benchmark, and hence has a lower impact on development.

** A higher figure indicates that the companies in the portfolio register more activity in high unemployment countries, in aggregate, than the benchmark, and hence has a higher impact on employment.

RP90,043,185 million

given to micro, small and medium-sized enterprises in 2021

Bank Mandiri

R217 million

invested in employee training and development in 2021

Clicks Group



Swirling water patterns at a waste management facility, Arizona, US

Our lack of exposure to fossil fuel extraction industries helps lower the Strategy's overall waste intensity.

Circular economy

Targets engaged: 6.3, 6.4, 11.6, 12.2, 12.4, 12.5, 12.6, 12.c, 14.1, 14.4



The concept of a circular economy, where resources and materials are reused and waste and pollution eliminated, is a key aspect of environmental stewardship. Ensuring sustainable use of water resources and addressing plastic waste supports SDG 12 in ensuring sustainable consumption and production patterns, and SDG 6 to realise clean water and sanitation. Plastics consumption is increasing but less than one-tenth is currently recycled, and 8 million tonnes pollute our oceans every year.¹ Capturing plastic waste and reintegrating it into the economy supports SDG 14 – Life under Water.

Water stress and pollution are also key drivers of biodiversity loss. A circular approach of reduce, reuse and recycle is key to the goal of halting biodiversity loss by 2030, as described in the outcome of COP15 of the Convention on Biological Diversity in October 2021.

Plastic is a highly usable material, and therefore its substitution could actually increase energy and material use. A circular approach where waste is re-integrated into feedstocks and reducing the amount of plastics is key. Increasing pressure to address climate change adds another imperative, as recycled materials reduce emissions by avoiding fossil fuels and incineration. 2021 saw increasing regulatory developments in the US, including packaging taxes levied on brand owners and targets for recycling plastic packaging, while India banned plastic bags. These regulations join earlier legislation across several markets including the UK, EU, and China.

Water is fundamental to business operations and supply chains. However, water outtakes can contribute to water stress, which is also exacerbated by climate change. Measuring water use and increasing efficiency and recycling, as well as wastewater

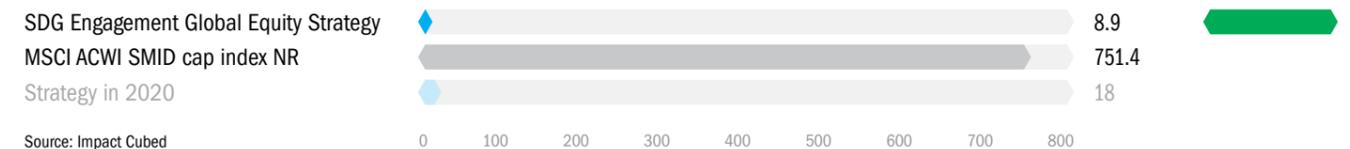
treatment is key for sustainable water stewardship. 2021 saw initiatives like the WBCSD's Wastewater Zero² kick off to drive improved water management in businesses by adopting principles of circularity, establish metrics and targets, and valuing water to incentivise reuse.

Our engagements on plastic waste and water use

During the reporting period, we engaged with **Daiseki** on encouraging its end-cycle partners to find solutions to reduce environmental impacts, as the company seeks to limit the amount of waste sent to landfill. We encouraged setting targets and improving its disclosure of its environmental sustainability approach. We engaged **Clicks Group** to deepen efforts to reduce plastic packaging and were happy to see it make a series of commitments and moves to improve its approach to reducing plastic use and waste, including becoming one of the founding and steering committee members of the South Africa Plastics Pact. It also committed to ensuring 100% of plastic packaging used in stores to be reusable, recyclable or compostable, and launched a private label brand that uses packaging designed to be recyclable. We had encouraged **Hoya Corp** to increase transparency on water consumption and saw it improve its disclosure on water resources management. We asked **Dali** to introduce time-bound goals on issues such as carbon emissions, energy and water consumption to sharpen the company's supply chain engagement on water consumption. We engaged **International Flavors & Fragrances** on water use as the company refreshed its baseline assessment after the merger with DuPont's Nutrition & Biosciences business. We discussed **Unicharm's** recycling technologies and explored how this could be scaled up and commercialised to save raw materials and water on a material scale. Finally, in conversation with **Tecan**, we flagged that we remain concerned about plastic waste and encouraged the company to continue to explore initiatives to reduce plastic use and increase disclosure of its approach.

Waste intensity

Tonnes of solid waste generated to create one unit of revenue



Water intensity

Thousands of cubic metres of fresh water used per \$1 million revenue



The waste profile of the portfolio is very low compared with its benchmark, largely due to the sector composition of our Strategy, particularly the lack of exposure to the waste-intensive fossil fuel extraction industries. The two companies with the largest waste intensity, in terms of tonnes of waste generated per \$1m revenue, are **Mohawk Industries** and paper packaging company **Smurfit Kappa**. As the world's largest flooring manufacturer, Mohawk Industries does have

significant waste products. We are pleased to see that the company has reduced the amount of waste going to landfill by over 50% since 2010, and during the year we engaged the company to highlight that further disclosure on their waste management efforts would be appreciated. Smurfit Kappa set out a goal to decrease the level of waste sent to landfill by 30% per tonne of product produced by its mill system compared with 2013 levels by 2025. We are encouraged that it has already achieved a 29.2% reduction.

As with waste, the water profile of our Strategy is low compared with the benchmark, with sector allocation again playing a significant role. The most water-intensive company we hold in the Strategy is **Mowi**, the world's largest producer of Atlantic salmon. The majority of freshwater use relates to smolt production, using systems that allow a very high level of recirculation, rather than at processing plants. Nevertheless, in 2021 Mowi set a new to reduce water intensity at its processing plants by 10% by 2025 from 2018 levels, and implemented a number of related water saving initiatives over the year, in geographies ranging from Poland to Miami.

>50%

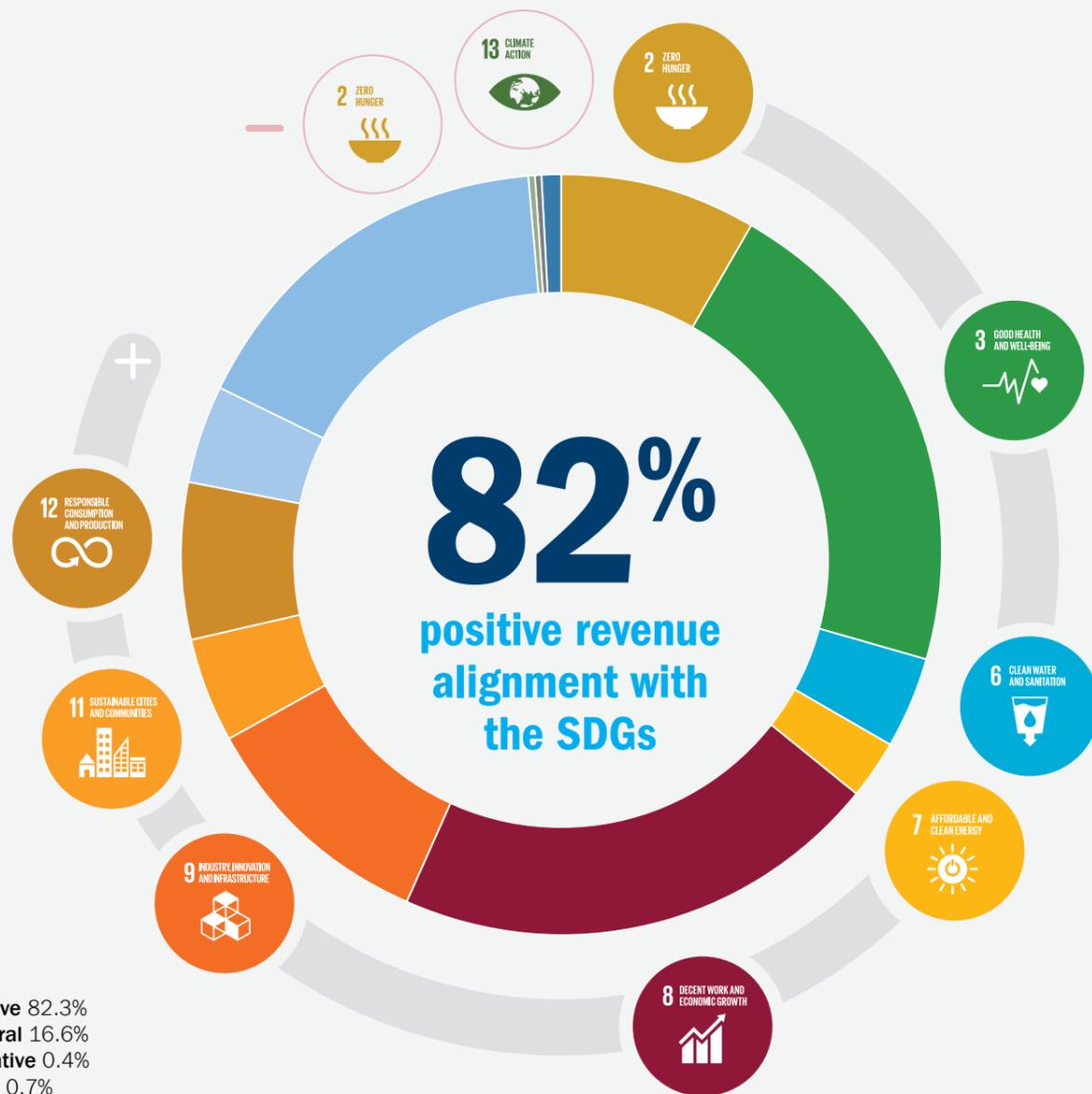
Reduction in waste going to landfill since 2010.

Mohawk Industries

¹ <https://www.nationalgeographic.com/environment/article/plastic-pollution>
² <https://www.wbcsd.org/Programs/Food-and-Nature/Water/Resources/Wastewater-Zero-Commitment-Guidance-document>

Investing for a better future

We assess the connection between our Strategy and the SDGs, based on an analysis of the sources of revenue for each of the companies in our Strategy.



This lets us clarify the degree to which the businesses we own help facilitate and enable the accomplishment of these SDGs, which helps us make better and more informed decisions.

Specifically, we measure how the individual sources of revenue for each company correspond to the 169 targets that underlie the goals – so that one company, depending on its mix of goods and services, may have links to more than one goal. This methodology only captures one part of a company’s enterprise impact, that which is specific to its products and services and how they contribute to the SDGs (positively, negatively or neutrally). It therefore does not reflect a company’s enterprise impact through its footprint/conduct, which is captured in the previous chapter.

The strongest connections remain with SDG 3 – Good Health and Well-being, SDG 8 – Decent Work and Economic Growth, and SDG 9 – Industry, Innovation and Infrastructure. Several healthcare companies within the Strategy support target 3.8, which aims to achieve universal health coverage. For example, **Encompass Health** provides inpatient rehabilitation services, using advanced technology and innovative treatment, while medical equipment company **Steris** provides products and services that focus on infection prevention for patients. Our investments in technology and industrial companies providing sustainability solutions align with target 8.2, which calls for technological innovation to support increased productivity and economic growth. Examples

include **Cognex**, which provides machine vision technology to enhance manufacturing automation, and **Win Semiconductor**, a foundry of compound semiconductors, which enables advances in communication infrastructure such as cellular, Wi-Fi networks, satellites and 3-D sensing. Our Strategy also holds several companies that support target 9.3 in providing financial services to small and medium-sized companies in emerging as well as developed countries, such as **Bank Mandiri** in Indonesia and **Kasikornbank** in Thailand. Meanwhile, both **Umicore** and **Aptiv** are aligned with target 9.4, by providing sustainable solutions to the mobility industry.

Negative links

Additionally, we have identified some of our companies’ negative contributions to the SDGs. That is, those products or services that companies in our Strategy offer which might hinder the achievement of some of the SDGs. These include exposure to unhealthy food through **Dali Foods Group** and to oil and gas through **Shimadzu’s** involvement in the aviation industry and **ComfortDelGro’s** car rental business.

Whilst we continue to evolve our reporting process, we hope this provides even deeper disclosure into investee companies’ contribution to society and the environment; both positive and negative.

Revenue alignment breakdown

SDG 2: Zero Hunger	8.4%	SDG 11: Sustainable Cities and Communities	4.4%
2.1 End hunger and ensure access to safe and nutritious food	6.5%	11.2 Provide access to safe and affordable transport systems	1.8%
2.4 Implement climate-resilient and sustainable food production	1.9%	11.6 Reduce the negative environmental externalities of cities	2.6%
SDG 3: Good Health and Well-Being	21.3%	SDG 12: Responsible Consumption and Production	6.8%
3.3 End AIDS, TB, malaria and other water-borne and communicable diseases	1.9%	12.3 Halve global food waste at the production and consumer level	2.1%
3.6 Halve deaths and injuries from road traffic accidents	0.6%	12.4 Manage chemical usage and waste throughout their life cycle	1.2%
3.8 Access to medicines and health-care	17.0%	12.5 Reduce waste through prevention, reduction, recycling and reuse	3.2%
3.9 Reduce deaths and illnesses from pollution and contamination	1.9%	12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting	0.3%
SDG 6: Clean Water & Sanitation	3.8%	Other (SDGs less than 2%)	4.0%
6.4 Increase water-use efficiency to address water scarcity	3.8%	Total positive	82.3%
SDG 7: Affordable and Clean Energy	2.6%	Neutral	16.6%
7.3 Double the global rate of improvement in energy efficiency	2.6%	Negative	0.4%
SDG 8: Decent Work and Economic Growth	20.7%	Cash	0.7%
8.2 Achieve greater productivity through innovation	13.9%		
8.10 Increase access to finance	6.8%		
SDG 9: Industry, Innovation and Infrastructure	10.4%		
9.1 Develop resilient and sustainable infrastructure	2.5%		
9.3 Increase access to finance for SME’s	4.5%		
9.4 Upgrade and retrofit industries to increase sustainability	3.3%		

Source: Columbia Threadneedle Investments, as at 31-Mar-22, designed for illustrative purposes. Cash excludes accrued income.

Enterprise impact

Discover examples from companies in the Strategy that report impact-related metrics or outcomes to illustrate the real-world effect of their operations, products or services on the environment or on the lives of stakeholders.

Star field at Mount Pilchuck State Park, Washington, US



Spotlight on: Smurfit Kappa



Contributing to: Circular Economy

First packaging solution to receive a Vegan trademark

€90 million invested in projects optimising fibre use and reducing waste

29.2% reduction of waste to landfill from paper mills between 2013-2021

Handled 7.4m tonnes of recovered paper in 2021

6.2% reduction in water usage annually

45 paper recycling depots globally

€1.74 million invested in circular business in Scotland

We believe the SDGs are a robust framework for goal-setting, measuring and reporting, given its common language to major stakeholders. To make progress towards the SDGs, meaningful outcomes that contribute to making a real-world impact should be measured and reported. However, many companies still focus on their own actions as a proxy for impact (e.g. 5,000 new microloans disbursed), rather than applying metrics to demonstrate the extent to which these actions have had a positive effect (e.g. new microloans improved borrowers' income by x%).

Our engagement

We recognise this type of impact reporting is no easy feat, and expectations of companies' measuring and reporting on the impacts of their businesses continue to grow. While significant progress has been made, challenges remain, in part given the unique nature of certain impact metrics. We have been engaging to discuss these challenges and offer our support in identifying best practices.

Drawing upon the Impact Management Project³ 5 dimensions of impact, we encourage companies to consider not just what type of impact they have but also how much; who is affected globally; the contribution their actions have beyond what would have happened anyway; and, where they are forecasting future impacts, the risk that these may not materialise as planned. We log our requests for impact-metric disclosure under SDG 12.6, which surrounds enhanced sustainability reporting at companies. We also recognise that reporting the impact of our investee companies at the Strategy level continues to be a challenge - and has more to develop - as the metrics are far from being standardised.

The following metrics reflect enterprise impact, originating from the companies' own initiatives, and thus are separate to the investor impact that our engagement generates.

As you will see on the following pages, the nature of the impact reported can vary wildly from one company to another. Efforts are being made industry-wide to make impact reporting more intuitive and homogeneous, and we will do our part to refine our impact reporting in the years to come.

Enterprise impact

We have selected examples from companies in the Strategy which report impact-related outcomes to illustrate the real-world effect of their operations, products or services on the environment and society. We present these under eight sustainability themes and highlight the impact generated by **Smurfit Kappa**, **Clicks Group** and **Bank Mandiri**.

Biodiversity

26 biodiversity-related projects aimed at understanding and minimising Mowi's potential impact on biodiversity, focusing on water quality, benthic monitoring, and interactions with wild populations

Mowi

⁴ In a joint venture with Engie SE Asia

Energy efficiency

289,110 tonnes of GHG emissions offset by the sales of A.O. Smith's high-efficiency boilers in North America in 2019

A.O. Smith

>1,086 million litres of fuel a year saved by technology solutions to help reduce fuel consumption

Descartes Systems

Energy transition

>NOK 7 billion contributed to the financing of green property development in 2020

DNB

NOK 72.5 billion contributed to the financing of renewable energy and infrastructure in 2020

DNB

479 EV chargers to be introduced into public carparks across Singapore in 2022

ComfortDelGro⁴

4,955 metric tonnes of materials recycled at distribution centres and internal manufacturing

Kontoor Brands

1,615,536 metric tonnes of materials recycled in 2020

Waste Connections

827 million litres of water recycled by Kontoor's supply chain in 2020

Kontoor Brands

Spotlight on: Clicks Group



Contributing to: Health and wellbeing

1.5 million Covid-19 vaccinations administered by the end of October 2021

417 million units of medicine distributed by UPD during 2021⁶

R23 million invested in socio-economic development projects that align with health and well-being during 2021

>500 000 free healthcare consultative and treatment services for conditions including diabetes, HIV/AIDS, blood pressure and cholesterol over the past 6 years

3,000 reusable and >150,000 disposable sanitary pads to schoolgirls across South Africa as part of the Girls on the Go programme

100 bursaries awarded to pharmacy students in 2021

“The best insurance for resilient economies and communities, as well as pandemic preparedness for the future, is strengthening health systems before a crisis arrives.”

UN Secretary General António Guterres, 2021

Spotlight on: Bank Mandiri



Contributing to: Inclusive finance

Rp13,431 million in loans given to micro businesses in 2021

60,357 student savings accounts opened in 2021, free of charge

9.8 million users on banking App, with transaction value amounting to Rp1,630 trillion as at December 2021 – a 52% increase compared with 2020

162,416 branchless banking agents in 2021, who serve low-population areas and economically disadvantaged customers, representing a 20.7% increase from 2020

1,151 Indonesian migrant workers educated on entrepreneurship through a series of online training sessions during 2021. Since the beginning of the programme in 2011, more than 14,900 individuals have received the training.

Involvement in several financial literacy programmes aimed at increasing public awareness of financial management

106,291 food crop farmers and

9,155 fishermen provided with business support and capital.

Health and wellbeing

>197,000 patients cared for in inpatient rehabilitation hospitals, and >213,000 patients in home health and hospice agencies, in 2021.

Encompass Health

>£600 million saved by patients and governments every year thanks to MediceL annually implanting over 5 million intraocular lenses

Halma

92 MedCare vehicles, making Comfortdelgro MedCare the largest wheelchair transport service provider in Singapore

ComfortDelGro

>1 billion consumers provided with positive or balanced nutrition solutions through Taste & Nutrition portfolio

Kerry Group

⁵ Million British Thermal Units

⁶ UPD is a pharmaceutical wholesaler in South Africa

Waste reduction

2.84 billion sheets of paper a year saved through automation of manual processes

Descartes Systems

>8 billion litres of water saved in the manufacturing process since 2008, and 577 million in 2020 alone

Kontoor Brands

22,939,938 MMBYu⁵ of total landfill gas recovered in 2020

Waste Connections

Access to clean water

4.1 million people 'at the base of the global economic pyramid' given access to clean water and sanitation solutions in 2020

Xylem

>2.6 billion cubic metres of polluted water prevented from flooding communities or entering local waterways

Xylem

Diversity & inclusion

At least 20 weeks of gender-neutral, paid parental leave for all DNB employees

DNB

\$60 million direct investment in VHG Capital, who will seed investments in minority-owned firms

Principal Financial Group

134,700 people educated on first menstruation. In 2020, Unicharm reached 174 schools in India with their menstruation educational programme

Unicharm

4,879 entrepreneurs and growth companies received advice from DNB's start-up pilots in 2020

DNB

\$850 million invested in affordable housing since 2002

SVB

Inclusive finance

Baht 1,124 million in outstanding low-interest loans for small and medium-sized businesses, focused on upgrading machinery and production efficiency

KasikornBank

31,554 women-owned micro/small businesses in 35 countries supported by PFG through Kiva's International Women's Day match campaign and their Gender Equality Access to Capital campaign

Principal Financial Group

\$336 million in loans supporting small businesses⁷

SVB

32,734 members of online platform promoting financial literacy and related training for youths. All youths in Thailand can access the programme, and the number of beneficiaries now totals 559,588.

KasikornBank

\$4.2 billion invested in custom-screened socially responsible investments

Principal Financial Group

⁷ A small business loan is defined as a loan amount less than or equal to \$1 million to businesses with gross annual revenue less than or equal to \$1 million.

Our Strategy at a glance

Discover a snapshot of our holdings as at
31st March 2022

	Strategy weight		Strategy weight		Strategy weight
Waste Connections	3.4%	ComfortDelGro	2.3%	Umicore	2.0%
Steris	3.3%	Kasikornbank	2.3%	Kofoort Brands	2.0%
Cognex	3.2%	Shimadzu	2.2%	A. O. Smith	1.9%
WEX	3.2%	Zebra Technologies	2.2%	Smurfit Kappa Group	1.9%
Alleghany	3.1%	Halma	2.2%	Hoya	1.8%
ICON	2.9%	Japan Exchange Group	2.2%	Kerry Group	1.8%
Encompass Health	2.9%	Win Semiconductors	2.2%	Aptiv	1.7%
NetApp	2.8%	Tractor Supply	2.2%	Clicks Group	1.5%
Acuity Brands	2.7%	Wolters Kluwer	2.2%	Descartes Systems Group	1.4%
Bank Mandiri	2.7%	Unicharm	2.2%	Mohawk Industries	1.3%
Principal Financial Group	2.6%	International Flavors & Fragrances	2.2%	Daiseki	1.2%
Mettler-Toledo International	2.5%	Tecan Group	2.2%	Rotork	1.1%
SVB Financial Group	2.4%	Kubota	2.1%	Vitasoy International Holdings	0.9%
Mowi	2.4%	DNB	2.1%	Dali Foods Group	0.8%
Americold Realty Trust	2.4%	Xylem	2.0%	Genus	0.5%
Makita	2.3%				

Source: Columbia Threadneedle Investments, as at 31-Mar-22

Engagement progress profiles

Discover an overview of our engagement with each company held within the Strategy, tracked against the SDGs.

Solar panels on factory rooftop

Our profiles explained

A profile table for each company held in the Strategy is shown across the following pages. We first introduce the company by name, its sector, country, and its SDG revenue alignment in the top row of each table. Positive, neutral, and negative revenue links are shown through green, yellow, and red icons, respectively. We then detail the engagement we have held with each company across the second row, including engagement summary, number of engagements, and then a breakdown of these engagements by method (how we engaged), and leadership level (whom we contacted).

We then highlight the key SDG targets we engaged this past year, which were core to our engagement agenda, as well as other supplementing targets.

Finally, in the last row, we detail our milestones. We report the positive impact our engagement contribution has made, linking it to a relevant SDG target, as well as a milestone rating, using our three-star approach. The information in the following tables reflects our engagement across the Strategy from 1st April 2021 to 31st March 2022.

Engagement method

We engaged across eight different methods this past fiscal year: meetings, emails, letters (including Letters on VAM), company consultation, conference/ seminars, onsite visits, CDP outreach, and an investee outreach survey ('survey'). Below, we clarify three of these methods:

'Letters on VAM' are letters we sent to a company to explain our specific votes against management at the company's general meeting. We log these engagements under our outreach programme, with No SDG target (corporate governance).

'CDP outreach' reflects us reaching out, in writing, to an investee company asking it to submit data to the Carbon Disclosure Project.

'Survey' refers to the investee outreach survey that we sent, in May 2021, to each Strategy holding, asking them to provide feedback on our engagement and its impact. We log this outreach under SDG 12.6. This target is excluded from the "Key SDG targets engaged" section in the tables below if 12.6 occurred solely in relation to our survey request.

A.O. Smith	+ SDG revenue alignment: 6.4 - 100% o SDG revenue alignment: - - SDG revenue alignment: -		
Industrials, United States	A.O. Smith produces water heaters and boilers, which play into energy efficiency and water conservation thematics. Water filtration systems replace the need for single-use plastic bottles. A.O. Smith's investment thesis also holds an attractive linkage to a rising middle class in China.		
Engagement summary	Engagements	Method	Leadership level
Engagement with the company has primarily focused on governance topics on board refreshment and the quality of disclosure on sustainability issues to stakeholders. We have continued to push for better carbon emissions reporting and for disclosure to be provided to the CDP annually. We also discussed employee health and safety and its disclosure in the company's sustainability report. Overall we are comfortable with the steps taken to address concerns, particularly around the structure of the board and also executive pay practices.	4	Survey 1 Meeting 1 Letter on VAM 1 CDP outreach 1	Investor relations 2 Senior executives 2
Key SDG targets engaged			
8.8 Protect and promote safe working environments for all workers; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; No SDG (corporate governance). Other: 8.2; 12.2			
Milestones achieved	Total milestones achieved		
-	-		

Acuity Brands	+ SDG revenue alignment: 7.3 - 95%, 8.2 - 5% o SDG revenue alignment: - - SDG revenue alignment: -		
Industrials, United States	Acuity Brands is a distributor of energy efficient indoor and outdoor lighting and control systems, delivering energy savings through higher efficiencies, longer source life and smaller form factors.		
Engagement summary	Engagements	Method	Leadership level
In Spring 2021 we had a call with the CEO, CFO, and a number of key senior executives, on Diversity & Inclusion and sustainability disclosures. We encouraged disclosure on racial diversity along with gender and ethnicity pay gaps. We discussed the importance of ensuring that sustainability disclosures provide a clear picture of Company practices. We recommended disclosure under the Workforce Disclosure Initiative (WDI). We continued our D&I discussion in the autumn. Another key issue that we engaged on related to the independence of the board, particularly involving the long serving outside directors. We are pleased to note that this concern has been largely addressed in the past 18 months and improvements in sustainability disclosure have also been achieved.	4	Survey 1 Meeting 3	Corporate secretary 1 Investor relations 1 Senior executives 2
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; No SDG (corporate governance). Other: 5.1			
Milestones achieved	Total milestones achieved		
-	-		

Alleghany	+ SDG revenue alignment: 9.3 – 16% o SDG revenue alignment: 84% - SDG revenue alignment: -		
Financials, United States			
As a specialist provider of property & casualty insurance and reinsurance, Alleghany is a part of the financial system helping society distribute the costs and risks of climate change, the increased instances of extreme weather, and energy transition. It balances the net exposure they take and the fees that they charge clients so as to try to limit the capital cost of catastrophe losses.			
Engagement summary	Engagements	Method	Leadership level
We focused our engagement with Alleghany on its climate risk management practices. During several interactions, we highlighted the need for enhanced climate metrics, improved governance structures around ESG topics, and overall sustainability disclosure. We also led engagement for the company as part of the CDP-non-disclosure campaign, underlining the link to our proxy voting guidelines which require major financial institutions to be transparent about their climate risk management practices.	4	Meeting 1 Survey 1 Letter on VAM 1 CDP outreach 1	Corporate secretary 1 Investor relations 2 Senior executives 1
Key SDG targets engaged			
12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; 13.a Address climate change mitigation for developing countries; No SDG (corporate governance). Other: n/a			
Milestones achieved	Total milestones achieved		
-	-		

Americold Realty Trust	+ SDG revenue alignment: 12.3% – 85% o SDG revenue alignment: 15% - SDG revenue alignment: -		
Real Estate, United States			
Americold Realty Trust is the largest listed cold and frozen food storage and logistics firm, structured as a REIT. It is sustainably focused on reducing global food waste and switching facilities to use renewable power.			
Engagement summary	Engagements	Method	Leadership level
Our engagement this past year focused on labour conditions and Diversity & Inclusion. In a meeting with senior executives we discussed human capital management concerns, the vast majority of which relate to its Californian operations. Litigation in California for alleged labour rights abuses is commonplace and often relate to minor breaches of legislation. We have welcomed the level of access given during our engagement and have found comfort in the human capital management environment in place, such as a strong emphasis on developing existing talent through the Americold University scheme. On Diversity & Inclusion we asked for greater gender and ethnicity diversity disclosure, succession planning, diversity on the Board, training, supply chain safety, and asked for pay gap reporting. We also have asked about the opportunity in emerging markets in regards to tackling food waste. On wider sustainability issues, the company recognises its journey ahead and has recently appointed a sustainability manager to develop better operational oversight systems, particularly around carbon emissions.	6	Email 1 Survey 1 Company consultation 1 Meeting 2 Letter on VAM 1	Investor relations 3 Operational specialist 1 Senior executives 2
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 8.8 Protect and promote safe working environments for all workers; 10.2 Empower and promote inclusivity for all. Other: 5.1; 5.2; 7.3; 8.7; 10.2; 12.2; 12.3; 13.2; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
-	-		

Aptiv	+ SDG revenue alignment: 9.4 – 74%, 3.6 – 26% o SDG revenue alignment: - - SDG revenue alignment: -		
Consumer Discretionary, Ireland			
Aptiv is a provider of mission critical software and hardware into the auto industry, particularly into structurally growing end markets of EVs and autonomous driving.			
Engagement summary	Engagements	Method	Leadership level
This year we engaged with the company on a range of environmental and social issues. They responded well to our engagement on science-based targets and climate risk scenario analysis, and are progressing on both fronts in 2022. We engaged multiple times on responsible sourcing, where we believe Aptiv could be looking to improve their risk management systems for materials such as cobalt, lithium and aluminium, and on safety disclosures, where Aptiv could better report on how their products improve safety.	5	Email 1 Survey 1 Meeting 2 Letter on VAM 1	Investor relations 4 Operational specialist 1
Key SDG targets engaged			
8.7 Eradicate forced labour, modern slavery & human trafficking; 12.5 Reduce waste through prevention, reduction, recycling and reuse; 13.2 Integrate climate change plans into policies and strategies. Other: 16.5; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
-	-		

Bank Mandiri	+ SDG revenue alignment: 8.10 – 77%, 9.3 – 12% o SDG revenue alignment: 11% - SDG revenue alignment: -		
Financials, Indonesia			
As a leading Indonesian private bank, Bank Mandiri has the capacity to extend financial services to a growing number of individuals and companies that have previously had no access to finance.			
Engagement summary	Engagements	Method	Leadership level
In our interactions with Bank Mandiri, we focused on general sustainable finance topics, and lending to the palm oil sector, where we see still substantial room for enhanced due diligence. We also participated in a consultation on the bank's sustainability reporting, and flagged the need for alignment with CDP and TCFD, plus further details on their environmental and social risk policies.	3	Company consultation 1 Survey 1 Meeting 1	Investor relations 2 Operational specialist 1
Key SDG targets engaged			
12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; 13.2 Integrate climate change plans into policies and strategies. Other: n/a			
Milestones achieved	Total milestones achieved		
-	-		

Clicks Group	+ SDG revenue alignment: 3.8 – 100% o SDG revenue alignment: - - SDG revenue alignment: -		
Consumer Staples, South Africa			
Clicks Group is the largest personal goods retailer and pharmacy chain in South Africa. It has a strong, dedicated management team which serves customers via its Clicks (health and beauty, including pharmacy) and UPD (pharmaceutical wholesale) channels. Clicks Group has a store presence in many townships across South Africa and has a key role to play in improving access to medicine and reducing communicable diseases.			
Engagement summary	Engagements	Method	Leadership level
We held a call with the new CEO to communicate our belief that the company has an important role to play in supporting the government, including health authorities, to improve safe and equitable access to health care in South Africa. We believe there is room for further collaboration on health care initiatives to tackle issues like communicable disease threats, in addition to what the company already has in place. On corporate governance, we spoke with the company on the level of board independence due to the presence of long-tenured non-executive directors. We requested better disclosure on the outgoing CEO's compensation, and remuneration in the future.	3	Email 1 Survey 1 Meeting 1	Investor relations 2 Senior executives 1
Key SDG targets engaged			
3.3 End AIDS, TB, malaria and other water-borne and communicable diseases; 3.8 Access to medicines and health-care; No SDG (corporate governance). Other: n/a			
Milestones achieved	Total milestones achieved		
Improved diversity at executive level Target 10.2 ★ Actions to address plastic use issues Target 12.5 ★★	2		

Cognex	+ SDG revenue alignment: 8.2 – 100% o SDG revenue alignment: - - SDG revenue alignment: -		
Information Technology, United States			
Cognex provides technology solutions facing structural drivers: installing machine vision systems leads to manufacturing productivity gains, which in turn reinforces good sustainability side-effects including reduced wastage, improved accuracy, lower energy consumption and higher quality assurance.			
Engagement summary	Engagements	Method	Leadership level
We have met senior management to discuss concerns around board refreshment, diversity, company culture, and potentially reputationally damaging issues involving the company's founder. Discussions are ongoing in many areas, although progress is noted at board level with the recent appointment of two female outside independent directors. We encouraged greater disclosure in diversity as well as responsible consumption and production metrics. We also discussed social considerations within their supply chain. Disclosure on sustainability is still a work in progress, although resource and focus are being given to this area which is pleasing to see.	6	Email 1 Survey 1 Meeting 2 Letter on VAM 1 CDP outreach 1	Investor relations 3 Operational specialist 1 Senior executives 2
Key SDG targets engaged			
10.2 Empower and promote inclusivity for all; 12.2 Sustainably manage and make efficient use of natural resources; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 5.1; 5.5; 8.2; 8.8; 12.5; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
Improved board gender diversity Target 5.5 ★★	1		



Dam at the end of Fassa Valley, the Dolomites, Italy

ComfortDelGro	<ul style="list-style-type: none"> + SDG revenue alignment: 11.2 - 80%, 3.6 - 5% o SDG revenue alignment: 12% - SDG revenue alignment: 13.2 - 2% 						
Industrials, Singapore							
ComfortDelGro is a provider of land transportation across Singapore, the UK, Australia and China, with the potential for long-term structural growth in passenger numbers as people move towards mass transportation.							
Engagement summary	<table border="1"> <thead> <tr> <th>Engagements</th> <th>Method</th> <th>Leadership level</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Email 1 Survey 1 Company consultation 1 Meeting 1</td> <td>Investor relations 2 Operational specialist 2</td> </tr> </tbody> </table>	Engagements	Method	Leadership level	4	Email 1 Survey 1 Company consultation 1 Meeting 1	Investor relations 2 Operational specialist 2
Engagements	Method	Leadership level					
4	Email 1 Survey 1 Company consultation 1 Meeting 1	Investor relations 2 Operational specialist 2					
We discussed ComfortDelGro's sustainability programme across a range of ESG topics. On climate, CDG has responded positively to our engagement, and has submitted a science-based target for approval and is evaluating setting a net zero target. We still believe there is room to improve on their climate lobbying, decarbonisation strategy and CapEx planning. We queried how the company addresses forced labour and trafficking risks in its operations and joint ventures. We also asked for more details on Board ESG oversight, improved safety disclosures (and quantitative targets for driver health & safety), and establishment of a gender action plan.							
Key SDG targets engaged							
5.5 Ensure full equality of opportunity for women, including at leadership levels; 8.8 Protect and promote safe working environments for all workers; 13.2 Integrate climate change plans into policies and strategies. Other: 8.5; 8.7; 9.4; 10.2; 12.6; 13.3							
Milestones achieved	Total milestones achieved						
Science-Based Target Initiative commitment and climate transition strategy announced Target 13.2 ★ Sustainability board committee established Target 16.6 ★	2						

Daiseki	<ul style="list-style-type: none"> + SDG revenue alignment: 12.4 - 100% o SDG revenue alignment: - - SDG revenue alignment: - 						
Industrials, Japan							
Daiseki is a leading player in Japan in the treatment and recycling of waste oil, waste water, and industrial sludge. Based in Nagoya, central Japan, Daiseki has a track record of steadily growing its market share through both organic growth and tuck-in deals. Recovering usable materials from industrial sludge, water and oil places Daiseki as a key player in the pivot to a more circular, sustainable economy.							
Engagement summary	<table border="1"> <thead> <tr> <th>Engagements</th> <th>Method</th> <th>Leadership level</th> </tr> </thead> <tbody> <tr> <td>6</td> <td>Email 3 Survey 1 Meeting 2</td> <td>Senior executives 4 Investor relations 2</td> </tr> </tbody> </table>	Engagements	Method	Leadership level	6	Email 3 Survey 1 Meeting 2	Senior executives 4 Investor relations 2
Engagements	Method	Leadership level					
6	Email 3 Survey 1 Meeting 2	Senior executives 4 Investor relations 2					
This year, our engagement focused on diversity, environmental risk management and climate action plans. On diversity, whilst we acknowledged the appointment of a female independent board director, we continued to encourage the implementation of female leadership programmes and improved disclosure on the effectiveness of their efforts to improve diversity in the business. On managing end-cycle waste, we appreciate efforts to limit the waste sent to landfill and for incineration, but encouraged the company to set long-term reduction targets for its own waste streams and engage service providers to do the same. On climate action, the company has started disclosing its Scope 1 & 2 emissions and has an intention to set science-based targets for emissions reduction. We questioned how this would be achieved without significant capital expenditure and encouraged better disclosure on its plans to reduce emissions, including use of alternative fuels, electrification, and driver training. Climate action will be a focus for our engagement going forward.							
Key SDG targets engaged							
5.5 Ensure full equality of opportunity for women, including at leadership levels; 8.8 Protect and promote safe working environments for all workers; 13.2 Integrate climate change plans into policies and strategies. Other: 5.2; 6.3; 8.5; 11.6; 12.4; 12.6							
Milestones achieved	Total milestones achieved						
Sustainability report released in English Target 12.6 ★	1						

Dali Foods Group	<ul style="list-style-type: none"> + SDG revenue alignment: 2.1 - 14% o SDG revenue alignment: 56% - SDG revenue alignment: 2.1 - 29% 						
Consumer Staples, China							
Dali is a market leader in snack foods and other beverages in China. It has a multibrand approach and strong, nationwide distribution. In recent years it has become the number one player in soy milk. Whilst the portfolio is skewed more towards snack foods, new innovations have been in healthier categories and improving the composition of existing products.							
Engagement summary	<table border="1"> <thead> <tr> <th>Engagements</th> <th>Method</th> <th>Leadership level</th> </tr> </thead> <tbody> <tr> <td>3</td> <td>Survey 1 Meeting 1 CDP outreach 1</td> <td>Investor relations 2 Board director(s), non-executive(s) 1</td> </tr> </tbody> </table>	Engagements	Method	Leadership level	3	Survey 1 Meeting 1 CDP outreach 1	Investor relations 2 Board director(s), non-executive(s) 1
Engagements	Method	Leadership level					
3	Survey 1 Meeting 1 CDP outreach 1	Investor relations 2 Board director(s), non-executive(s) 1					
We encouraged continued work on the ESG agenda, in particular the adoption of targets for carbon emissions, water, and packaging. We also discussed about their offerings of nutritional products and enquired about target setting towards healthier items. In addition, we wrote to the Chair and CEO to make the case for improving reporting on climate and environmental impacts to CDP and align with the recommendations of the Taskforce for Climate-related Financial Disclosures. We also engaged on Diversity & Inclusion, including around pay practices, parental leave, and diversity disclosures. While Board level gender diversity is good, we urged a broader perspective to address inclusion in senior management, the overall workforce, and the supply chain.							
Key SDG targets engaged							
2.1 End hunger and ensure access to safe and nutritious food; 5.5 Ensure full equality of opportunity for women, including at leadership levels; 13.2 Integrate climate change plans into policies and strategies. Other: 5.2; 6.4; 10.2; 12.6 - survey request, CDP outreach request. Request of target around packaging							
Milestones achieved	Total milestones achieved						
-	-						

Descartes Systems Group	<ul style="list-style-type: none"> + SDG revenue alignment: 8.2 - 100% o SDG revenue alignment: - - SDG revenue alignment: - 						
Information Technology, Canada							
Descartes is a provider of logistics and supply chain management solutions to drive a more efficient logistics network - enabling products to reach customers faster and with a lower carbon footprint.							
Engagement summary	<table border="1"> <thead> <tr> <th>Engagements</th> <th>Method</th> <th>Leadership level</th> </tr> </thead> <tbody> <tr> <td>4</td> <td>Email 1 Survey 1 Meeting 1 CDP outreach 1</td> <td>Investor relations 1 Senior executives 3</td> </tr> </tbody> </table>	Engagements	Method	Leadership level	4	Email 1 Survey 1 Meeting 1 CDP outreach 1	Investor relations 1 Senior executives 3
Engagements	Method	Leadership level					
4	Email 1 Survey 1 Meeting 1 CDP outreach 1	Investor relations 1 Senior executives 3					
We engaged with a senior executive on environmental and social issues who was very open to our recommendations. The company has made strides on its ESG oversight and reporting by establishing an ESG committee and publishing its inaugural sustainability report. However, there is still room for improvement, particularly in understanding the environmental impact of its product and Scope 3 emissions disclosure and target-setting. We also discussed diversity and inclusion issues and sent recommendations to increase gender and racial diversity.							
Key SDG targets engaged							
10.2 Empower and promote inclusivity for all; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; 13.2 Integrate climate change plans into policies and strategies. Other: 5.5 Ensure full equality of opportunity for women, including at leadership levels							
Milestones achieved	Total milestones achieved						
-	-						

DNB	<ul style="list-style-type: none"> + SDG revenue alignment: 9.3 - 56%, 8.10 - 28% o SDG revenue alignment: 15% - SDG revenue alignment: - 						
Financials, Norway							
DNB is the largest financial services provider in Norway. It is at the forefront of digital banking, making it one of the most efficient global banks.							
Engagement summary	<table border="1"> <thead> <tr> <th>Engagements</th> <th>Method</th> <th>Leadership level</th> </tr> </thead> <tbody> <tr> <td>2</td> <td>Meeting 1 Survey 1</td> <td>Investor relations 1 Operational Specialist 1</td> </tr> </tbody> </table>	Engagements	Method	Leadership level	2	Meeting 1 Survey 1	Investor relations 1 Operational Specialist 1
Engagements	Method	Leadership level					
2	Meeting 1 Survey 1	Investor relations 1 Operational Specialist 1					
We held one engagement meeting with DNB's sustainability directors in 2021, focusing on the Poseidon Principles, energy efficiency in property financing, and climate change (particularly around decarbonising shipping vessels). We discussed aquaculture and biodiversity within salmon farming, in addition to waste run-offs. It is evident that DNB are established in its involvement in the Poseidon Principles, and it sees its influence as growing, as well as driving change with other industry verticals considering the adoption of similar principles.							
Key SDG targets engaged							
7.2 Substantially increase the global share of renewable energy; 13.2 Integrate climate change plans into policies and strategies; 14.4 Regulate harvesting and end overfishing to restore fish stocks. Other: n/a							
Milestones achieved	Total milestones achieved						
-	-						

Encompass Health			
Health Care, United States		+ SDG revenue alignment: 3.8 - 100% ○ SDG revenue alignment: - - SDG revenue alignment: -	
Encompass Health is a key provider of post-acute healthcare services in the United States. It runs inpatient rehabilitation facilities as well as home health and hospice services. Encompass Health is well positioned to benefit from shifting healthcare provision trends among an aging US demographic.			
Engagement summary	Engagements	Method	Leadership level
Our dialogue has focused on Diversity & Inclusion, human capital management and access to healthcare. We have enquired about how the company factors in socio-economic considerations, as it pertains to patient needs, for market research for their new-build IRF facilities. We have continued to encourage Encompass Health to be more transparent about the composition of its workforce and employee satisfaction, and have highlighted the importance of setting a target to improve ethnic diversity in its hospital leadership teams. Overall, the company has been receptive to our suggestions, but we are yet to see meaningful progress.	4	Email 1 Survey 1 Meeting 1 Letter on VAM 1	Investor relations 4
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 8.5 Achieve full and productive employment for all; 10.2 Empower and promote inclusivity for all. Other: 3.8			
Milestones achieved	Total milestones achieved		
-	-		

Genus			
Health Care, United Kingdom		+ SDG revenue alignment: 2.4 - 100% ○ SDG revenue alignment: - - SDG revenue alignment: -	
Genus is a world-leading animal genetics company that breeds, and helps farmers to breed, genetically superior animals to improve the efficiency of bovine and porcine production. Hence they are a unique play in the animal protein industry. Its genetic knowledge, data collection and tech IP create a strong moat around the business. As farmers face increased pricing pressures, growing meat demand, and a need to decarbonise, Genus have a critical role to play in developing and globalising sustainable protein production.			
Engagement summary	Engagements	Method	Leadership level
Our dialogue has focused on enhanced reporting on climate-related risks and opportunities, emissions management, human capital management and responsible antibiotic use. We have encouraged Genus to disclose its employee turnover rate and Scope 3 emissions, and to set an emissions reduction target in line with the Science Based Targets initiative's criteria. Overall, our discussions have been productive, and the company continues to make good progress.	2	Survey 1 Meeting 1	Operational specialist 2
Key SDG targets engaged			
3.3 End AIDS, TB, malaria and other water-borne and communicable diseases; 8.5 Achieve full and productive employment for all; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: n/a			
Milestones achieved	Total milestones achieved		
-	-		

Halma			
Information Technology, United Kingdom		+ SDG revenue alignment: 9.4 - 34%, 3.8 - 28%, 3.9 - 23%, 8.2 - 14% ○ SDG revenue alignment: - - SDG revenue alignment: -	
Halma holds global, niche competitive positions in a wide range of non-discretionary, environmental protection, hazard detection and healthcare-related products. Its various companies develop technologies which save lives and protect critical infrastructure and services. Halma covers some of the world's most pressing problems, from air quality and clean water to fire safety and eyecare.			
Engagement summary	Engagements	Method	Leadership level
In our two in-depth calls with Halma this past year, our dialogue has focused on emissions management, sustainable waste management, diversity and discrimination and mitigating social risks in the supply chain. We discussed gender diversity in its senior management tier, and asked for greater disclosure on ethnic diversity at different levels of seniority. We encouraged Halma to disclose information about the uptake of parental leave following the introduction of its gender-neutral parental leave policy, which offers all employees 14 weeks of paid leave. We also encouraged the company to set a renewable energy target, and we will continue to engage as the company develops its circular economy strategy and corresponding targets. We also discussed supply chain risk management. Overall, Halma continues to make very good progress and we have been impressed by the company's willingness to show leadership on a variety of ESG issues.	5	Survey 1 Meeting 2 Letter on VAM 1 CDP outreach 1	Investor relations 3 Operational specialist 1 Senior executives 1
Key SDG targets engaged			
10.2 Empower and promote inclusivity for all; 12.5 Reduce waste through prevention, reduction, recycling and reuse; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 5.5; 7.2; 8.7; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
Became Living Wage Employer Target 1.1 ★ Set emissions reduction target Target 13.2 ★★☆☆	2		

Hoya			
Health Care, Japan		+ SDG revenue alignment: 3.8 - 62%, 8.2 - 37% ○ SDG revenue alignment: 1% - SDG revenue alignment: -	
Hoya has two major verticals: its lifecare business focuses on supporting the vision of people around the world through production of eyeglass lenses, contact lenses and intraocular lenses used for cataract operations, combatting the leading cause of blindness worldwide. Its IT business has dominant market positions in HDD glass disks and semiconductor mask blanks, helping store data and push cutting edge chip technology.			
Engagement summary	Engagements	Method	Leadership level
Our dialogue has focused on emissions management, water resources management and human capital management. We have encouraged Hoya to set an emissions reduction target in line with the Science Based Targets initiative's criteria, to publish its water usage reduction targets and the high-level results of employee engagement surveys. Overall, Hoya is making good progress, and the recent appointment of a Chief Sustainability Officer is a clear signal of the company's positive trajectory.	2	Survey 1 Meeting 1	Investor relations 2
Key SDG targets engaged			
6.4 Increase water-use efficiency to address water scarcity; 8.7 Eradicate forced labour, modern slavery & human trafficking; 13.2 Integrate climate change plans into policies and strategies. Other: 4.6; 5.5; 8.5			
Milestones achieved	Total milestones achieved		
Entered into partnerships to bridge vision care gaps Target 3.8 ★★ Enhanced disclosure on water resources management Target 6.4 ★ Set a new emissions reduction target Target 13.2 ★	3		

ICON			
Health Care, Ireland		+ SDG revenue alignment: 3.8 - 100% ○ SDG revenue alignment: - - SDG revenue alignment: -	
ICON is a leading Contract Research Organisation, providing outsourced services to help pharmaceutical and biotechnology companies run clinical research trials. Its trials span from very early stage development through to phases I-IV of drug trials. It also manages outsourced development for medical device companies. ICON aids the research and development of critical medicines and vaccines in an efficient and safe way.			
Engagement summary	Engagements	Method	Leadership level
Our dialogue has focused on diversity and discrimination, human capital management and energy efficiency. We have encouraged ICON to be more transparent about its progress towards using 100% renewable electricity and to introduce targets to increase the representation of employees from ethnic minorities, on a combined company basis, post the acquisition of PRA Health Sciences. We asked for gender and ethnicity pay gap reporting for its North America workforce. We also continued our discussions around diversity in clinical trials. Overall, ICON is making good, albeit not particularly rapid, progress.	3	Survey 1 Email 1 Meeting 1	Investor relations 1 Senior executives 2
Key SDG targets engaged			
3.8 Access to medicines and health-care; 10.2 Empower and promote inclusivity for all; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 5.5; 7.2; 8.5			
Milestones achieved	Total milestones achieved		
-	-		

International Flavors & Fragrances			
Materials, United States		+ SDG revenue alignment: 2.1 - 74%, 3.8 - 7% ○ SDG revenue alignment: 19% - SDG revenue alignment: -	
Following the merger with Dow Dupont's Nutrition & Biosciences business, IFF is now the largest specialist ingredient provider to the food, beverage, home care and personal care end markets with unparalleled portfolio breadth. IFF acts as an R&D outsourcer and supplier of innovative solutions to address challenges such as lowering sugar, salt and fat content and cleaning up labels, whilst also lowering the environmental impact of end products.			
Engagement summary	Engagements	Method	Leadership level
Our engagement touched on a range of topics including workforce diversity, climate change, and nature impacts. We inquired about the impact of the recent merger on sustainability agenda as some targets were missed and the company needed to reassess its climate goals. We also wanted to understand the implications of corporate governance on the new entity, and how the previous high standards would be upheld. The company has strong commitments on diversity, but we sought more disclosure on pay gaps and measures to include staff with disabilities.	4	Email 1 Survey 1 Meeting 1 Letter on VAM 1	Investor relations 3 Senior executives 1
Key SDG targets engaged			
10.2 Empower and promote inclusivity for all; 13.2 Integrate climate change plans into policies and strategies; 15.2 Promote the implementation of sustainable management of forests. Other: 5.1; 5.5; 12.2; 12.6; 12.c; 13.1; 15.1; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
-	-		

Japan Exchange Group			
Financials, Japan			
Japan Exchange Group provides stable backdrop to facilitate efficient capital raising for Japanese corporates. It is also in a strong position to promote sustainability practices and bridge the gap between governance standards in Japan.			
Engagement summary	Engagements	Method	Leadership level
Japan Exchange Group asked us to opine on English disclosures by Japanese listed companies, materiality of different reporting formats and what impacts our analysis, engagement focus and general investment decision taking. We shared that in particular Annual and ESG reports should be available in English and that we are interested as well in TCFD, CDP and WDI reporting.	2	Survey 1 Company consultation 1	Investor relations 1 Company consultant 1
Key SDG targets engaged			
12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: n/a			
Milestones achieved		Total milestones achieved	
-		-	

Kasikornbank			
Financials, Thailand			
As a leading private bank in Thailand, Kasikornbank has the capacity to extend financial services to a growing number of individual and corporate customers, who have previously had no access to finance.			
Engagement summary	Engagements	Method	Leadership level
We have a well-established relationship with the bank, and our engagement this year centred on repeated interactions around its climate risk management practices – a topic we have been developing for a while now. We explained the relevance of stepping up TCFD implementation and encouraged again enhanced reporting on environmental and social risk (ESR) policies and their implementation. The latter has seen some good progress in the last few years. We also spoke about data privacy, as well as the need to consider human rights in their lending practices.	3	Email 1 Survey 1 Meeting 1	Investor relations 2 Senior executives 1
Key SDG targets engaged			
10.7 Facilitate safe migration through managed policies; 13.2 Integrate climate change plans into policies and strategies; 13.a Address climate change mitigation for developing countries. Other: n/a			
Milestones achieved		Total milestones achieved	
-		-	

Kerry Group			
Consumer Staples, Ireland			
Kerry Group is a leading specialty ingredients company supplying key nutritional solutions. Based in Ireland, it primarily services the food and beverage end markets where its customers depend on their innovative solutions to drive better nutrition, clean up labels and lower their ingredients' environmental footprint. It targets lower sugar, salt and calorie levels, as well as improving nutrition properties in general. With regards to SDG alignment, revenues of Kerry Group's Taste & Nutrition business segment link to SDG target 2.1 of the goal "Zero Hunger".			
Engagement summary	Engagements	Method	Leadership level
Our engagement with Kerry this year comprised a mix of 1-on-1 and investor collaborative engagements. In a company consultation (to inform the company's materiality assessment and reporting), we communicated our expectation of supply chain engagement to carry out assessments of biodiversity impacts and dependencies on water and land. We further encouraged a review of the current climate change commitments so as to align with the focus on 1.5-degree pathways. A particular focus of our engagement this year was on corporate governance. We spoke with the remuneration committee about the proposed increases in payouts for earlier awards due to effects of COVID-19. Furthermore, through investor collaborations, we sent letters to the company relating to climate risk management and farm animal welfare.	6	Survey 1 Meeting 1 Letter 3 Company consultation 1	Investor relations 2 Senior executives 1 Company consultant 1 Board director(s) non-executive(s) 2
Key SDG targets engaged			
12.2 Sustainably manage and make efficient use of natural resources; 13.2 Integrate climate change plans into policies and strategies; No SDG. Other: 13.1			
Milestones achieved		Total milestones achieved	
Sale of Consumer Foods' Meats and Meals business Target 2.1 ★★☆☆		1	

Kontoor Brands			
Consumer Discretionary, United States			
Kontoor Brands is the owner of Lee and Wrangler jeanswear brands. Now an independent business (previously part of VF Corp), Kontoor Brands has a focused capital allocation plan for these fashion brands.			
Engagement summary	Engagements	Method	Leadership level
Leveraging our involvement with The Platform Living Wage Financials (The Platform), we contacted the company about its performance under The Platform's framework. We highlighted areas for improvement relating to its grievance mechanisms and the use of qualitative and quantitative indicators to monitor the effective implementation of its Living Wage programme. We have encouraged Kontoor Brands to disclose a Living Wage Policy that defines a fair wage inclusive of workers and their family unit. Additionally, we have encouraged it to conduct a wage gap assessment in its operations. We are about to commence the 2022 assessment and will reach out to the company with feedback and points of improvement once again.	2	Email 1 Survey 1	Investor relations 2
Key SDG targets engaged			
1.1 Eradicate poverty and ensure a living wage for all. Other: n/a			
Milestones achieved		Total milestones achieved	
-		-	

Kubota			
Industrials, Japan			
Kubota is a leading global producer of agricultural equipment. Its products improve food production and security, through more efficient technology, raising farming yields and significantly contributing towards SDG 2, Zero Hunger. Kubota is at the forefront of mechanising farming in South East Asia, which will be essential for supporting an increasing global population, with heightened global demand for food. Kubota's water infrastructure products help protect, transport and minimise wastage of water, one of the world's most vital resources.			
Engagement summary	Engagements	Method	Leadership level
We met company representatives to discuss progress made in terms of sustainability practices and disclosure. The company has continued to face challenges throughout COVID but has managed to strengthen sustainability disclosure in some areas and is now able to provide detail on future areas of focus and plans to achieve these. The company has improved diversity and inclusion disclosure in its reporting. However, this disclosure has resulted in it becoming clear that diversity policies applied in Japan are not applied globally. We have asked for this to be reviewed. During our meeting we stressed the value we place on agricultural products that help farmers become more economical with water, as well as farming products that protect biodiversity.	2	Survey 1 Meeting 1	Investor relations 1 Senior executives 1
Key SDG targets engaged			
5.1 End all forms of discrimination against women and girls; 6.4 Increase water-use efficiency to address water scarcity; 15.5 Take urgent action to reduce degradation of natural habitats. Other: n/a			
Milestones achieved		Total milestones achieved	
-		-	

Makita			
Industrials, Japan			
As the global leader in battery-powered, cordless power tools, Makita is at the forefront of pushing environmental sustainability and social inclusion (it products risk less physical damage to labourers using the tools), in both power and gardening equipment.			
Engagement summary	Engagements	Method	Leadership level
During the year we met company representatives to discuss a range of topics, including product development, emissions management and cyber security, along with structural board issues (gender diversity and board independence). In regards to carbon emissions, we encouraged the company to be ambitious in reduction targets. We asked about supply chain auditing in regards to labour human rights risks. Whilst the company continues to improve in terms of disclosure and the ability to share its sustainability strategy, there is still some way to go to achieve good disclosure overall.	3	Meeting 2 Letter 1	Senior executives 1 Operational specialist 1 Investor Relations 1
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 13.2 Integrate climate change plans into policies and strategies; No SDG (corporate governance). Other: 5.1; 8.7; 10.2; 12.2			
Milestones achieved		Total milestones achieved	
-		-	

Mettler-Toledo International			
Health Care, United States			
Mettler-Toledo is a quality provider of precision weighing scales, analytical instruments and product inspection equipment. It provides products and services to a variety of end markets, including laboratories, industrials and food retail. It is globally diversified and decentralised, with manufacturing footprints in Europe, the USA and China. The company has a reputation for innovation and strong return on invested capital, and is increasingly turning its efforts towards sustainability.			
Engagement summary	Engagements	Method	Leadership level
Our dialogue has focused on access to high-quality laboratory equipment in emerging markets, diversity and discrimination and human capital management. We have encouraged Mettler-Toledo to incorporate diversity and inclusion metrics into its employee satisfaction surveys and to publish the high-level results. We also discussed the representation of women in senior management positions and the importance of targets. Overall, our dialogue has been constructive.	3	Meeting 1 Survey 1 Letter on VAM 1	Investor relations 3
Key SDG targets engaged			
3.8 Access to medicines and health-care; 5.5 Ensure full equality of opportunity for women, including at leadership levels; 8.5 Achieve full and productive employment for all. Other: 5.2,10.2;12.6; No SDG			
Milestones achieved		Total milestones achieved	
-		-	

Mohawk Industries			
Consumer Discretionary, United States			
As one of the largest flooring providers in the world, including hardwood, carpet, laminates and vinyl, Mohawk Industries can use recycled PET bottles as a feedstock, making it one of the largest consumers of plastic waste. This places them at the forefront of demands for a more circular economy.			
Engagement summary	Engagements	Method	Leadership level
Key engagement with Mokawk surrounded company's approach to biodiversity, waste management and circularity efforts. Here, we appreciate the company's aim to source wood sustainably, through certified suppliers and their investment into R&D to improve the circularity performance of products at the design phases, which positively impacts their waste management efforts. During the year, social topics also rose up the agenda. On human rights, we recognised the publication of the company's human rights policy but encouraged it to strengthen wording around its commitment to international human rights conventions such as the UNGPs and to better articulate the due diligence process. Further, given Mohawk's extensive Russian operations, we also discussed their response to the Ukraine conflict. The company has ensured additional support for Ukrainian workers to receive their wages, the provision of aid to refugees and have committed not to invest further in Russia.	5	Email 2 Survey 1 Meeting 1 Letter on VAM 1	Investor relations 3 Senior executives 2
Key SDG targets engaged			
8.7 Eradicate forced labour, modern slavery & human trafficking; 12.5 Reduce waste through prevention, reduction, recycling and reuse; 15.2 Promote the implementation of sustainable management of forests. Other: 5.5; 8.7; 10.4; 12.4; 12.6; No SDG (corporate governance)			
Milestones achieved		Total milestones achieved	
-		-	

Mowi			
Consumer Staples, Norway			
Mowi is the global leader in salmon aquaculture. Salmon is a more sustainable alternative to other animal based proteins, in that not only is it healthier for human health, but it also carries a lower impact on the environment. The supply of salmon is biologically and geographically constrained globally as a highly regulated industry with high barriers to entry. Coupled with the rising demand for more sustainable sources of food protein, the long-term economics for high quality operator Mowi look very well underpinned.			
Engagement summary	Engagements	Method	Leadership level
We continued our engagement with Mowi this year, primarily focused on animal welfare including mortality rates and environmental impacts on water bodies through fish farming and land used in feed sourcing. The sector's reputation also came under scrutiny in the documentary Seaspiracy which we discussed in the context of communicating the pros and cons of fish farming on the environment, health, and climate. While the company's approach is sophisticated, we urged improved disclosure on key indicators such as survival rates and waste circularity.	3	Survey 1 Meeting 1 Letter 1	Investor relations 1 Operational specialist 1 Senior executives 1
Key SDG targets engaged			
12.5 Reduce waste through prevention, reduction, recycling and reuse, 14.4 Regulate harvesting and end overfishing to restore fish stocks, No SDG (regarding animal welfare). Other: 2.4; 8.7; 14.1			
Milestones achieved		Total milestones achieved	
-		-	

NetApp			
Information Technology, United States			
NetApp is a data storage and management provider and are seeing a growing contribution from the move to hybrid cloud storage solutions. NetApp performs a critical role for its customers as it helps them securely manage their digital data; it is a trusted partner of the major Cloud hosting companies. Unlike many cloud companies, NetApp is profitable and has a reliable cash flow a portion of which is returned to shareholders as dividends.			
Engagement summary	Engagements	Method	Leadership level
This year, we discussed environmental and social issues with the company. It is making strides on emissions management with its science-based target submission, and it is working with a third party to conduct a life cycle assessment of its products and calculate Scope 3 emissions. We encouraged the establishment of a Scope 3 emissions reduction target, given that this is the largest source of the company's carbon footprint. We have asked for greater disclosure on supplier risk screening and have encouraged participation in the Workforce Disclosure Initiative (WDI). NetApp has made progress on its diversity and inclusion efforts with its multi-year strategy. We are encouraged NetApp has linked diversity & inclusion metrics to executive compensation; however, it has yet to set quantitative targets to increase women and underrepresented minorities in its workforce.	6	Meeting 3 Email 2 Letter on VAM 1	Investor relations 3 Operational specialist 3
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; 13.2 Integrate climate change plans into policies and strategies. Other: 8.5; 9.4; 10.2; No SDG (corporate governance)			
Milestones achieved		Total milestones achieved	
-		-	

Principal Financial Group			
Financials, United States			
Principal Financial Group provides broad range of financial services globally, with focus on health and savings products to underserved small businesses in North America and pension products to Latin America. PFG is developing its suite of ESG offerings.			
Engagement summary	Engagements	Method	Leadership level
Our engagement with Principal Financial Group focused on effective approaches for improving diversity and inclusion, and we encouraged enhanced disclosure around the representation of different ethnic minorities at various levels across the organisation. We indicated our interest in seeing enhanced disclosure around how PFG's products/services to small and medium businesses drive impact among the SMBs' own employees, customers and communities. We communicated our climate-related recommendations for financial institutions (for example, reporting and memberships). We also focused on governance practices, and alerted the firm that by having engaged the same audit firm for more than 20 years they are missing new perspectives on finances and controls, and encouraged them to consider a plan or tender process for bringing in a new auditing firm.	4	Survey 1 Email 1 Meeting 1 Letter on VAM 1	Board director(s), non executive(s) 1 Investor relations 3
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 10.2 Empower and promote inclusivity for all; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 8.5; 13.2; No SDG (corporate governance)			
Milestones achieved		Total milestones achieved	
-		-	

Rotork			
Industrials, United Kingdom			
Rotork is a manufacturer of electronic, hydraulic and pneumatic actuators and valves for a wide range of customers in a large number of end markets. Its advanced flow technology reduces leaks that could damage the environment.			
Engagement summary	Engagements	Method	Leadership level
We engaged Rotork on various topics, including the revenue distribution of its services, its sustainability report, and wider sustainability initiatives within the group. The company has historically struggled emphasising its ESG credentials particularly in relation to Oil & Gas. We expect sustainability reporting will assist in changing some of these perceptions. There is clearly an opportunity under the new CEO to start highlighting a much greater sustainability angle from a product or end market perspective than they have traditionally done, particularly as Oil & Gas (still the dominant end market) declines in over all contribution to group profits. There is an opportunity for clearer disclosure.	3	Survey 1 Meeting 2	Operational specialist 1 Investor relations 1 Senior executives 1
Key SDG targets engaged			
8.8 Protect and promote safe working environments for all workers; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: n/a			
Milestones achieved		Total milestones achieved	
Published inaugural sustainability report Target 12.6 ★★		1	

Shimadzu	+ SDG revenue alignment: 3.9 – 63%, 3.8 – 17%, 9.1 – 11% ○ SDG revenue alignment: 1% - SDG revenue alignment: 13.2 - 7%		
Information Technology, Japan			
Shimadzu is a scientific tools and instruments maker. The company develops, manufactures, and sells analytical and measuring instruments, into various end markets, such as healthcare, food and pharma, as well as to check the purity of water and air to combat pollution. Its products help ensure the molecular integrity, quality and purity of products, protecting human health and the environment.			
Engagement summary	Engagements	Method	Leadership level
Shimadzu have a strong sustainability communication programme and clearly link their products' attributes to environmental benefits. Tightening regulation worldwide is a big tailwind for Shimadzu, and as Asia's biggest scientific instruments business, there should be opportunities to help improve product safety and environmental stewardship across the continent in coming decades. Engagement is focused on understanding the sustainability drivers for new business and on diversity within the company. We have also discussed cyber security, particularly given Shimadzu's markets of operation and R&D centres. We encouraged the company to increase female workforce participation, especially at the management level. The company remains a core sustainability-focused name in the market and continues to widen its product suite and disclosure on sustainability. We continued to request more disclosure on cross-shareholdings of Shimadzu and this is an ongoing project within the company.	2	Survey 1 Meeting 1	Investor relations 1 Senior executives 1
Key SDG targets engaged			
5.1 End all forms of discrimination against women and girls; 5.5 Ensure full equality of opportunity for women, including at leadership levels; 9.1 Develop resilient and sustainable infrastructure. Other: n/a			
Milestones achieved	Total milestones achieved		
Appointed a female to executive committee Target 5.5 ★★	1		

Smurfit Kappa Group	+ SDG revenue alignment: 12.5 – 100% ○ SDG revenue alignment: - - SDG revenue alignment: -		
Materials, Ireland			
Smurfit Kappa Group provides paper-based packaging solutions. It is exposed to a number of megatrends, such as eCommerce, and is leading the way in the shift from plastic packaging to paper, with a management that is committed to sustainability.			
Engagement summary	Engagements	Method	Leadership level
The company continues to show strong ESG performance, but recognises that as new issue emerge it needs to keep refining its approach. Our engagement included urging restraint in executive remuneration in the context of COVID's impact on the economy. We provided feedback on the company's chair succession planning. We asked if the company would consider in participating in the Workforce Disclosure Initiative (WDI). We also engaged on climate change and the company's progress towards validated science-based targets. This past February, we visited the company's Dublin headquarters to discuss different aspects of its decarbonisation strategy, and also noted our concerns about coal usage at two of its mills. Furthermore, we engaged on biodiversity (for example, the company is managing forests in several countries and we questioned how biodiversity is considered for those environments; we also asked for clear biodiversity impact disclosures).	7	Onsite visit 1 Email 1 Survey 1 Meeting 2 Company consultation 1 Letter 1	Senior executives 2 Investor relations 2 Board director(s), non-executive(s) 3
Key SDG targets engaged			
13.2 Integrate climate change plans into policies and strategies; 15.2 Promote the implementation of sustainable management of forests; No SDG (corporate governance). Other: 5.5; 12.6; 15.1			
Milestones achieved	Total milestones achieved		
Improved board gender diversity Target 5.5 ★★	1		

Steris	+ SDG revenue alignment: 3.8 – 100% ○ SDG revenue alignment: - - SDG revenue alignment: -		
Health Care, United States			
Steris is a key source of infection prevention and sterilisation products, as well as surgical equipment critically needed within the health care industry. It serves hospitals, providers, pharmaceuticals and medical device companies in more than 100 countries. The COVID-19 pandemic has highlighted the importance of hygiene in healthcare; as such, Steris is well-placed to cater to long-term demand.			
Engagement summary	Engagements	Method	Leadership level
This past year, we continued to communicate the importance of ESG reporting to Steris, as the company currently maintains its sustainability data on its website. We indicated our interest in seeing more quantitative ESG data. We also had a call with the CEO, which focused on diversity and inclusion. We flagged that we would welcome at least one additional female Board member, and asked the company to consider publishing a gender pay gap report. We encouraged Steris to provide more detailed diversity statistics and include D&I questions in its employee engagement survey. The company's overall progress on ESG over the last three years has been comparatively slow.	4	Survey 1 Meeting 2 Letter on VAM 1	Investor relations 3 Senior executives 1
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 10.2 Empower and promote inclusivity for all; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 3.8; No SDG			
Milestones achieved	Total milestones achieved		
-	-		

SVB Financial Group	+ SDG revenue alignment: 9.3 – 62% ○ SDG revenue alignment: 38% - SDG revenue alignment: -		
Financials, United States			
SVB Financial Group is a specialist lender to the innovation economy is the key attraction whilst the company's impressive track record on delivering growth without meaningful loan losses speaks to its underwriting and relationship management skills.			
Engagement summary	Engagements	Method	Leadership level
Our interactions with the bank spun over a wide range of topics, including their laudable sustainable finance efforts, the lack of a net zero financed emissions commitment or enhanced environmental and social risk management frameworks, as well as their broader diversity, equity, and inclusion work. While the bank shows general openness to dialogue and a broad commitment to sustainable finance, we highlighted the need for more granular disclosure on all of the above.	2	Survey 1 Meeting 1	Investor relations 1 Operational specialist 1
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 8.10 Increase access to finance; 13.2 Integrate climate change plans into policies and strategies. Other: 10.2; 12.6			
Milestones achieved	Total milestones achieved		
-	-		

Tecan Group	+ SDG revenue alignment: 3.8 – 100% ○ SDG revenue alignment: - - SDG revenue alignment: -		
Health Care, Switzerland			
Tecan Group is a global life sciences company based in Europe and North America. It is well placed in the global growing diagnostics market, driven by an ageing population and improved technology via automation. Tecan's management team are increasingly focused on improving its sustainability strategy and ESG reporting.			
Engagement summary	Engagements	Method	Leadership level
We had several interactions with Tecan this past year, including a call with the CEO which focused on diversity and inclusion, such as women in senior management and D&I training. We also gave a presentation to senior managers at Tecan's Global Leadership Conference, about responsible investment and its significance, as well as the ESG issues which we have identified as material for the company. We also had an environment-focused meeting, in which we underscored the importance of publishing Scope 3 emissions data for the whole company, as well as generating improvement in its CDP score. An area we discussed, and where we think further engagement is needed, is plastic waste management, particularly packaging. We have encouraged dedicated takeback recycling programmes for medical waste. Overall, we think that Tecan is making very encouraging progress, with company leadership committed to advancing sustainability.	5	Survey 1 Meeting 3 Conference/Seminar 1	Investor relations 1 Operational specialist 2 Senior executives 2
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 12.5 Reduce waste through prevention, reduction, recycling and reuse; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 5.2; 8.5; 10.2			
Milestones achieved	Total milestones achieved		
Joined Advance to increase gender diversity in senior management Target 5.5 ★ Participated in the Trust Index Employee Survey Target 8.5 ★	2		

Tractor Supply	+ SDG revenue alignment: - ○ SDG revenue alignment: 100% - SDG revenue alignment: -		
Consumer Discretionary, United States			
Tractor Supply is a high quality farming and lifestyle retailer focused on rural consumers in the United States. It is seen as a destination store for a range of shopping requirements. Headquartered in Tennessee, it produces a variety of agricultural equipment, garden tools, pet care, clothing and consumer goods to customers based across 49 states. Its revenues are Neutral to the SDGs, but its solid business model, loyal consumer base, and overall conduct provide scope for concerted SDG engagement.			
Engagement summary	Engagements	Method	Leadership level
During the year we wrote to the Company for an update on its progress toward achievement of the UN Sustainable Development Goals. We enquired about its climate strategy: of particular interest are their efforts pertaining to climate-related scenario analysis and we asked about their status on the decision-making process towards setting science-based targets. We encouraged the company to disclose information on employee retention and responsiveness to engagement surveys. We continued to highlight that we would like to see greater disclosure on their framework for supply chain due diligence and how they mitigate the risk of untoward labour practices. We encouraged disclosure of the Company's supply chain and intend to encourage work to identify any wage gaps that may exist as it relates to living wage payments. On Diversity & Inclusion, we continued to highlight the close attention we pay to ethnic diversity & inclusion in the workforce, discussed representation of ethnic minority employees at different levels of seniority and asked about mentorship and programmes around career progression. We indicated our interest in seeing an ethnicity pay gap report, asked for greater diversity disclosures, and asked about succession planning as it pertains to gender diversity in core operational roles.	4	Email 1 Survey 1 Meeting 1 Letter on VAM 1	Investor relations 4
Key SDG targets engaged			
10.2 Empower and promote inclusivity for all; 8.8 Protect and promote safe working environments for all workers; 13.2 Integrate climate change plans into policies and strategies. Other: 1.1; 5.5; 12.6; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
Committed to 5 year diversity, equity and inclusion goals Target 10.2 ★ Established a net zero by 2040 commitment Target 13.2 ★★	2		

Umicore	+ SDG revenue alignment: 12.5 – 59%, 9.4 – 41% o SDG revenue alignment: - - SDG revenue alignment: -		
Materials, Belgium			
Umicore is a Belgian materials and technology company. From the manufacturing of automotive catalysts that deliver emission reductions, to the complex recycling of precious metals and the chemistry behind cathode materials required for EV batteries, Umicore is a sustainability leader.			
Engagement summary	Engagements	Method	Leadership level
Our engagement with the company centred on the sustainable management of hazardous chemicals. Though its “Let’s go for Zero” strategy, the company highlighted its commitment to minimizing impact on the environment and maximizing positive impact on society. However, we see plenty of scope for improvement in this area – underlined by Umicore’s poor ranking by ChemScore (41/50). This initiative ranks the world’s largest 50 chemical producers on their work to reduce their hazardous chemical footprint. Via an investor collaboration, our asks included greater transparency on the chemicals produced and for a timebound commitment to phase out those of which are most hazardous.	3	Survey 1 Letter 1 Letter on VAM 1	Investor relations 2 Senior executives 1
Key SDG targets engaged			
12.4 Manage chemical usage and waste throughout their life cycle; No SDG (corporate governance). Other: n/a			
Milestones achieved	Total milestones achieved		
-	-		

Unicharm	+ SDG revenue alignment: 3.3 – 87% o SDG revenue alignment: 13% - SDG revenue alignment: -		
Consumer Staples, Japan			
Unicharm is a leading adult and baby diaper and feminine care producer in Asia. Unicharm's responsibility for >30% Asian diapers makes it well-positioned to benefit from structural tailwinds such as rising incomes, while its product offerings across different life stages provide defensiveness. Management have a focused growth strategy that includes investment in emerging markets and the development of the Asian adult incontinence market. Unicharm's brand equity, high quality products and sustainability-related innovation will help maintain Unicharm's market position and track record of stable growth.			
Engagement summary	Engagements	Method	Leadership level
We engaged the company on its sustainability strategy including climate change and circularity. The company has promising recycling initiatives, and we urged exploring how these can be scaled to make a material impact. Water is a key input and we questioned the unambitious intensity reduction targets. We also discussed diversity targets which include 30% women in management positions by 2030. We encouraged quicker action, though recognised that root causes present a challenge.	1	Meeting 1	Senior executives 1
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 6.4 Increase water-use efficiency to address water scarcity; 12.5 Reduce waste through prevention, reduction, recycling and reuse. Other: 13.2; 15.2			
Milestones achieved	Total milestones achieved		
-	-		

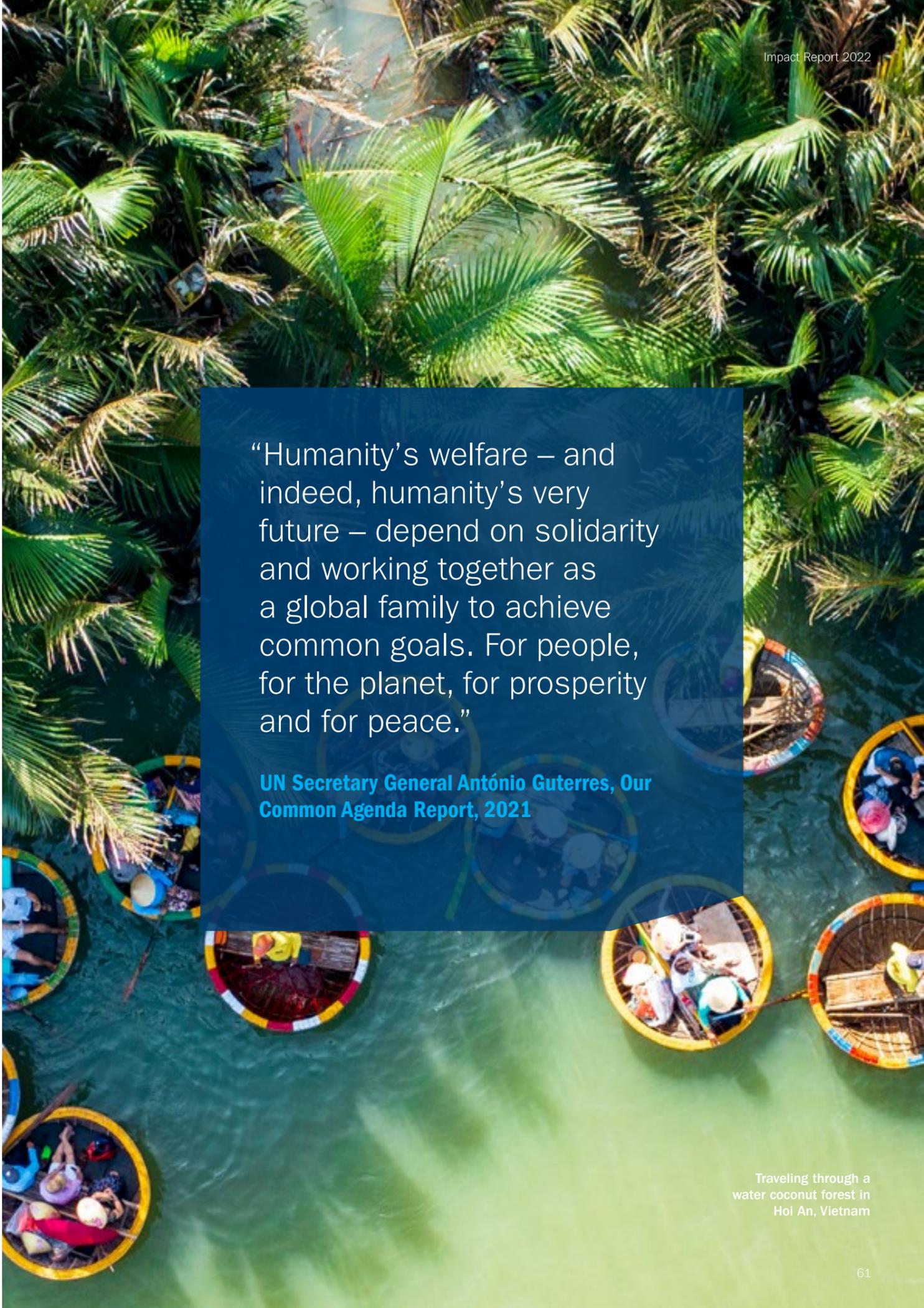
Vitasoy International Holdings	+ SDG revenue alignment: 2.1 – 100% o SDG revenue alignment: - - SDG revenue alignment: -		
Consumer Staples, Hong Kong (SAR)			
Vitasoy has the leading soy milk brand in HK and a strong presence in China. There is structural growth in the category coming from customer preferences switching to healthier options with lower environmental impact from plant-based food and beverages.			
Engagement summary	Engagements	Method	Leadership level
We continued the engagement on climate change and environmental impact through the company’s operations and supply chain and were pleased to see that despite the boycott on the China market, the ESG agenda has kept progressing. We advocated for efforts to increase raw material traceability to better assess nature impacts and dependencies. While the company has clear commitments to labour standards in the supply chain, we urged a clear strategy and quicker roll-out of supply chain assessments. We communicated our rationale for voting against certain directors mainly due to concerns over independence and overboarding of non-executive directors.	3	Survey 1 Meeting 1 Letter on VAM 1	Investor relations 2 Senior executives 1
Key SDG targets engaged			
12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; 13.2 Integrate climate change plans into policies and strategies; 15.2 Promote the implementation of sustainable management of forests. Other: 6.4; 8.7; 8.8; No SDG (corporate governance)			
Milestones achieved	Total milestones achieved		
Developed deforestation policy Target 15.2 ★★	1		

Waste Connections	+ SDG revenue alignment: 11.6 – 86%, 12.5 – 3% o SDG revenue alignment: 11% - SDG revenue alignment: -		
Industrials, United States / Canada			
Waste Connections is a large, full service waste management company in North America. It provides non-hazardous solid waste collection, transfer, recycling and landfill disposal services to municipalities across the United States and Canada. It has robust market positions in dedicated markets, a strong management team, and solid free cash flow generation.			
Engagement summary	Engagements	Method	Leadership level
The main focus of our engagement with Waste Connections has been on its climate action plans. We also provided feedback on the company’s 2021 sustainability report. We specifically questioned their approach to emissions management, whilst we recognise their efforts to offset their emissions through the conversion of landfill gases into fleet fuel (Compressed Natural Gas or CNG), we would prefer an approach that places more emphasis on actual emissions reduction. We also encouraged the company to seek SBTi verification of its emissions reduction strategy and to disclose to CDP. In terms of waste management, on treatment of their leachate waste by third parties, the company is committed to handling its own leachate on site, where a third-party is used they engage to ensure that their outflows don't exceed the plants treatment capacity. They also conduct audits to ensure appropriate environmental standards are maintained. We also engaged on Diversity & Inclusion, notably around representation of women and employees of ethnic minorities at the company as well as pay gap reporting. Overall, whilst we appreciate the company's level of disclosure, their emissions strategy could be improved as could their climate-related disclosure. Additionally, we asked about Health & Safety incidents and intend to follow up with Waste Connections as to their approach to reducing the number of recorded incidents.	6	Email 1 Survey 1 Meeting 2 Letter on VAM 1 CDP outreach 1	Investor relations 2 Senior executives 4
Key SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting; 13.2 Integrate climate change plans into policies and strategies. Other: 8.8; 10.2; 12.5; No SDG (VAM letter)			
Milestones achieved	Total milestones achieved		
Expanded a breakdown of diversity disclosure Target 10.2 ★	1		

WEX	+ SDG revenue alignment: 8.10 – 68% o SDG revenue alignment: 32% - SDG revenue alignment: -		
Information Technology, United States			
Wex provides innovative software solutions aimed at simplifying complex business payment systems, ranging from fleet management and corporate payments, to health and benefits plans.			
Engagement summary	Engagements	Method	Leadership level
We engaged WEX for an update on its ESG progress, and the company has come a long way regarding its approach to sustainability. We asked for disclosure on workforce diversity statistics and high-level employee survey results. We also discussed how its Health and Employee Benefits Solutions segment can support SDG3.8 (access to medicines and healthcare), as well as Board member tenureship. WEX has now assigned board oversight of its ESG programmes and has released its inaugural sustainability report aligned to the Sustainability Accounting Standards Board (SASB), which it plans to continue publishing annually. However, there is still ample room for improvement, particularly regarding emissions reporting, workforce disclosure, and their products' positive impact.	3	Survey 1 Meeting 1 Letter on VAM 1	Investor relations 3
Key SDG targets engaged			
3.8 Access to medicines and health-care; 8.5 Achieve full and productive employment for all; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 10.2; No SDG			
Milestones achieved	Total milestones achieved		
Published Inaugural sustainability report Target 12.6 ★ Introduced annual director elections No SDG ★★	2		

Win Semiconductors	+ SDG revenue alignment: 8.2 – 98%, 2.1 – 1% o SDG revenue alignment: 1% - SDG revenue alignment: -		
Information Technology, Taiwan			
Win Semiconductor is the world’s largest III-V group compound semiconductor foundry with a ~70% market share. The compounds’ electron mobility make them suitable for wireless and optoelectronic applications. The RF front end chips are used in smartphones, smart speakers, WiFi routers and base stations. The new but growing area for Win is in optoelectronics for light-emitting devices such as the Face ID scanner on the iPhone and industrial automation. With rising demand for IoT, there is a long runway for growth and Win has established market dominance.			
Engagement summary	Engagements	Method	Leadership level
Our dialogue with senior executives focused on water and energy efficiency, given the challenges that Taiwan has faced over the past year, and we felt confident that management is paying sufficient attention to addressing these issues. While we welcomed Win’s actions, we have asked the company to step up its efforts to manage current and future risks to its ability to source the water and energy required for its manufacturing operations. Specifically, we called for continued collaboration with authorities to evaluate water-related projects, continued investments in water storage solutions, an increase in the proportion of renewable energy use, and the development of science-based carbon emissions reduction targets. We also enquired on human capital management this past year, including automation integration and its effect on the workforce, as well as initiatives the company has to increase gender diversity in management. We’ve also enquired as to how sustainability KPIs are incorporated into executive remuneration.	2	Email 1 Meeting 1	Investor relations 1 Senior executives 1
Top 3 SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 12.2 Sustainably manage and make efficient use of natural resources; 13.2 Integrate climate change plans into policies and strategies. Other: 12.6			
Milestones achieved	Total milestones achieved		
-	-		

Wolters Kluwer			
Industrials, Netherlands Wolters Kluwer provides expert solutions and productivity tools to clients in the Health, Tax & Accounting, Governance, Risk & Compliance and Legal & Regulatory industries. These tools empower customers to make better decisions when it matters most. Of particular interest to us is Wolter Kluwer's work within the Health vertical, with UpToDate providing clinicians with the tools required to make quicker and more accurate diagnoses, Emmi enabling better patient engagement to drive better ongoing treatment, and Drug Data supporting safer medication decisions.			
		+ SDG revenue alignment: 4.4 – 77%, 8.2 – 9%, 16.3 – 8%, 4.6 – 3% o SDG revenue alignment: 3% - SDG revenue alignment: -	
Engagement summary	Engagements	Method	Leadership level
This year, our dialogue with senior management has focused on responsible artificial intelligence (AI), machine learning (ML) and its implementation, and some of the trends they are seeing in their workforce. We have seen enhanced reporting of the positive impact of its product portfolio, which includes customer and societal benefit, as well as alignment with the SDGs, which we previously pushed for. However, progress is lagging regarding disclosing its responsible AI/ML practices.	3	Survey 1 Conference/Seminar 1 Meeting 1	Investor relations 1 Operational Specialist 1 Senior executives 1
Top 3 SDG targets engaged			
10.2 Empower and promote inclusivity for all; 16.10 Ensure public access to information and protect fundamental freedoms. Other: 5.5; 10.4			
Milestones achieved		Total milestones achieved	
Enhanced disclosure on the positive impact of its product portfolio Target 12.6 ★★ Improved executive pay structure No SDG ★★		2	
Xylem			
Industrials, United States Xylem has a strong and diverse portfolio of industrial solutions addressing global water challenges, such as improving water efficiency and accessibility in local communities. Its end markets face structural growth, driven by the need to address scarcity by delivering operational efficiencies.			
		+ SDG revenue alignment: 6.4 – 64%, 9.4 – 28%, 3.9 – 8% o SDG revenue alignment: - - SDG revenue alignment: -	
Engagement summary	Engagements	Method	Leadership level
We are pleased to note that the company has utilised the SDG goals in its 2020 Sustainability Report. We had previously emphasised the wide utility of the SDGs as a reporting framework and we welcome the approach taken to reporting in its most recent report. As a result of the company having a strong sustainability profile, our engagements are more around understanding the future roadmap and offering constructive challenge rather than pushing for change. We also engaged on corporate governance items (such as Board member overboarding). Additionally, we engaged on different diversity & inclusion items, such as challenges around achieving their aspiration for 50% women in executive positions by 2025 (and how they are fostering career growth for women in the business), as well as gender and ethnicity pay gap reporting.	4	Survey 1 Meeting 2 Letter on VAM 1	Investor relations 2 Senior executives 2
Top 3 SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 10.2 Empower and promote inclusivity for all; No SDG (corporate governance). Other: n/a			
Milestones achieved		Total milestones achieved	
Utilised SDGs in reporting Target 12.6 ★		1	
Zebra Technologies			
Information Technology, United States Zebra Technologies is a global leader in design and manufacture of enterprise mobile computers, advanced data capture systems and specialty printers. Its products enable businesses in ecommerce /retail, logistics, manufacturing and health care to achieve greater accuracy and efficiency of both human capital and natural resource usage. The increasing shift to digitise the global economy plays right into Zebra Technologies' strengths.			
		+ SDG revenue alignment: 8.2 – 100% o SDG revenue alignment: - - SDG revenue alignment: -	
Engagement summary	Engagements	Method	Leadership level
We engaged with the company's head of sustainability on supply chain management, given the prevailing chip shortage, to understand the social impact on their suppliers. We were encouraged by the company's increased ESG reporting aligned with SASB; however, we believe the company can improve on its supplier audit disclosures and corrective actions. The sustainability characteristics of Zebra Technology's supply chain is a key focus. We also discussed waste management and its circular economy programme, and enquired about target setting. We also discussed diversity and inclusion, such as noting a lack of women in executive management, asking for gender and ethnicity pay gap information, and recommending initiatives to enhance underrepresented minorities into senior positions to reach their target.	5	Email 1 Survey 1 Meeting 2 Letter on VAM 1	Investor relations 3 Operational specialist 2
Top 3 SDG targets engaged			
5.5 Ensure full equality of opportunity for women, including at leadership levels; 12.5 Reduce waste through prevention, reduction, recycling and reuse; 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting. Other: 5.2; 8.5; 10.2; No SDG (corporate governance)			
Milestones achieved		Total milestones achieved	
-		-	



“Humanity’s welfare – and indeed, humanity’s very future – depend on solidarity and working together as a global family to achieve common goals. For people, for the planet, for prosperity and for peace.”

UN Secretary General António Guterres, Our Common Agenda Report, 2021

Traveling through a water coconut forest in Hoi An, Vietnam

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