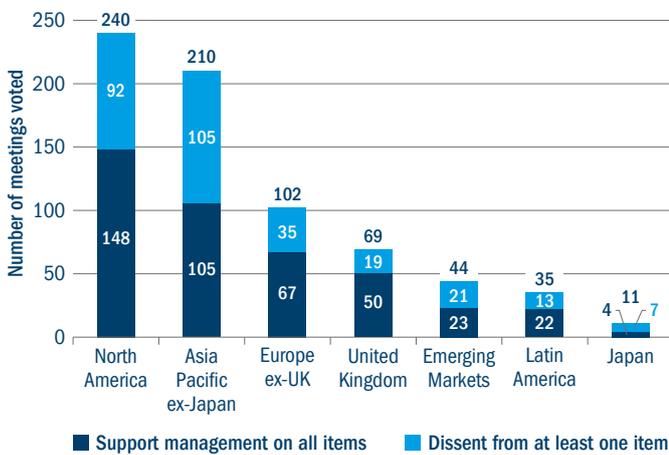


Voting and engagement highlights Q4

Between October and December 2020, we voted at 711 meetings across 47 global markets. This compares to 688 meetings voted across 41 global markets in the third quarter. Of the 711 meetings, 378 were annual general meetings, 300 special meetings, eight court, seven combined annual/special, and six each for proxy contests, written consent and bondholder meetings. We cast at least one dissenting vote in 311 meetings (44%).

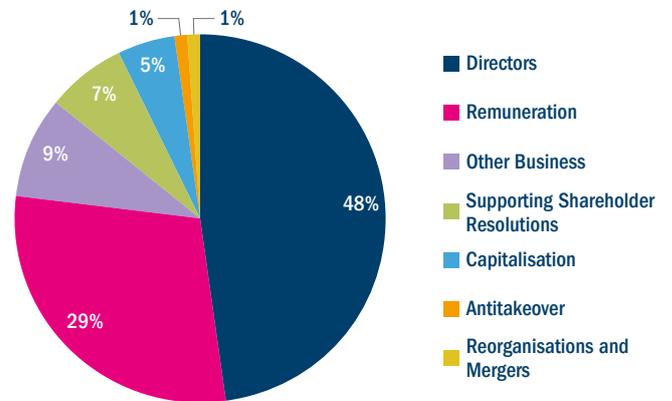
Figure 1: Meetings voted by region



Source: Columbia Threadneedle Investments, ISS ProxyExchange, 30 December 2020.

We voted in 47 separate markets in the fourth quarter. Most meetings were voted in the United States (238), followed by Australia (83) and United Kingdom (64). The majority of the voting items that we did not support throughout the quarter continue to be related to directors followed by remuneration and non-salary compensation-related proposals.

Figure 2: Proportion of dissenting votes per category



Source: Columbia Threadneedle Investments, ISS ProxyExchange, 30 December 2020.

Between October and December we engaged with 72 issuers,¹ some on multiple occasions.

Specific sustainability focus

Atlas Copco, Baxter International, Cisco Systems Inc, Croda International plc, DS Smith, Epiroc, Essentra plc, Morgan Sindall Group plc, Nemetschek, Premier Oil, Rio Tinto plc, Royal Dutch Shell, Tesco plc, Uber Technologies Inc, Weir.

Environmental, social and governance discussions

10X Genomics, Inc, 3i Group, Abbott Laboratories, Anhui Conch Cement Ltd, Barrick Gold Corp, BP plc, Canadian Natural Resources Ltd, Caterpillar Inc, CNOOC Ltd, Freeport McMoran Inc, GoDaddy Inc, Heritage Insurance Holdings Inc, IQVIA Holdings Inc, Keyence Corp, Lyondell Basell Industries NV, Marathon Petroleum Corp, Serco Group plc, Stanley Black & Decker Inc, Takeda Pharmaceutical Ltd, Ubisoft Entertainment SA

Specific environmental focus

DTE Energy Inc, Eastman Chemical, Livent Inc.

Specific social focus

Kingspan Group, Ubisoft, Walmart Inc.

Specific governance focus

Agco Corp, AstraZeneca plc, Avon Rubber plc, BAE Systems plc, BancFirst Corporation, Cardinal Health Inc, Compass Group plc, CRH, Elementis, Exterran Corp, GlaxoSmithKline, Grenke AG, Hunting plc, Imperial Brands plc, Informa plc, IQGEO Group plc, ITV plc, JD Wetherspoon plc, Knights Group Holdings plc, Marks and Spencer plc, Mears Group plc, Melrose Industries plc, Nevro Corp, Newpark Resources Inc, Rank Group plc, Rentokil Initial plc, Restaurant Group, Royal Dutch Shell, RSA, SSP Group plc, The Children's Place Inc, WM Morrison Supermarkets.

Case studies

The case studies overleaf describe company engagement over the past quarter:

¹ The mention of specific stocks should not be taken as a recommendation to deal.

Company	Canadian Natural Resources
Location and sector	Canada, Energy
<i>Topics</i>	<i>Environmental strategy</i>
Why did we engage?	We engaged as part of our broader ESG risk assessment of the company, where our research showed leading practices in certain areas but significant and risky gaps in others.
How did we engage?	Equity and credit fundamental analysts, the RI team and portfolio managers met with company sustainability managers by conference telephone.
What did we learn?	The company has considerable and advanced capital allocation strategies and emissions abatement technologies in key areas, including in the carbon-heavy oil sands segment. While present performance and practices lead in the space, the company could not articulate its targets or path to manage and mitigate future emissions, nor is it positioned to address carbon reduction planning across all its segments, which heightens investor and regulatory concern and scrutiny.
What was the outcome?	We requested additional data from the company to address unanswered questions and will organise a subsequent meeting for further investigation.

Company	Cardinal Health, Inc.
Location and sector	USA, Healthcare
<i>Topics</i>	<i>Corporate governance</i>
Why did we engage?	We sought to engage ahead of finalising our proxy vote on executive compensation following the company's decision to take a \$5.7 billion pre-tax charge related to opioid litigation that was not reflected in executives' bonus determination.
How did we engage?	The RI team met with senior managers and compensation executives by telephone.
What did we learn?	The board's compensation committee awarded bonuses based on performance metrics, including exercising upward discretion in the CEO's bonus to a level above target, consistent with a policy change made in recent years to disregard opioid-related settlements and charges. Investor feedback was not solicited prior to pay determination, nor was any supplementary or clear rationale presented for the decision.
What was the outcome?	We voted against a "say on pay" proposal, which received only 61% of shareholder support, and voted for a shareholder proposal seeking an independent board chair to signal dissatisfaction with the present board's independence and leadership.

Company	JD Wetherspoon plc
Location and sector	United Kingdom, Restaurants
<i>Topics</i>	<i>Board composition</i>
Why did we engage?	We are a shareholder and wanted to better understand its non-standard board composition and corporate governance structures.
How did we engage?	Members of the RI and UK equity teams met the company's non-executive directors.
What did we learn?	Although the composition of the board does not comply with the recommendations of the UK Corporate Governance Code, the directors explained this well in terms of aligning with company culture and history while ensuring oversight is robust. Succession planning – both short and long-term – is a key focus, as is ensuring relevant skills are represented around the board table. Morale across the group is strong despite the Covid-19 pandemic; the board has been impressed with the workforce's ability to adapt to changes.
What was the outcome?	Better understanding of governance risks. We will continue to engage with the company's board as appropriate.

Company	Linde plc
Location and sector	Ireland, Industrial Gases
<i>Topics</i>	<i>Climate risk, sustainable outcomes</i>
Why did we engage?	As one of the most intensive carbon emitters among our investments, it is important to engage with Linde to assess its carbon reduction plans.
How did we engage?	The European equities team held a virtual meeting with the VP of Sustainability.
What did we learn?	The company is aware of its emissions profile and is proactively improving it: by 2028 the company plans to double the rate of renewable energy sourced, from 30% today. Emissions are monitored on a granular level, down to the individual plants with associated targets. The focus on return on capital employed (ROCE) will continue as the strategy moves towards green hydrogen and its associated infrastructure.
What was the outcome?	We gained comfort in the ESG and sustainability credentials of the investment; its products will be crucial for a successful energy transition. We will continue to engage with the company as it attempts to quantify the positive climate impact of its products for the end user.

Company	Rio Tinto
Location and sector	United Kingdom, Diversified Metals and Mining
Topics	<i>Corporate governance, social risk management</i>
Why did we engage?	Rio Tinto's destruction of Juukan Gorge in Australia raised many questions around the company's conduct, governance mechanisms and management of relationships with local communities and traditional owners.
How did we engage?	The RI team led virtual meetings with the company's chairman and Investor Relations team during the second half of 2020, attended by representatives from multiple investment desks.
What did we learn?	There have been multiple process changes following the destruction of Juukan Gorge, with more to come over the longer-term. Efforts are focused on reviewing sites and agreements in place with the traditional owner groups. The site-specific risk register has been made more dynamic and institutional memory more robust. An internal employee review is ongoing and a programme is in place to ensure risks around culture are perceived to be as important as risks around health and safety.
What was the outcome?	We are continuing to monitor the situation and review

Company	3i Group plc
Location and sector	United Kingdom, Asset Management and Custody Banks
Topics	<i>General material ESG risk management</i>
Why did we engage?	Our proprietary RI ratings model looks at how well companies manage their material environmental and social risks, in line with the framework of the Sustainability Accounting Standards Board. Our model's assessment of 3i Group led to our engagement, driven by underperformance in two material factors: incorporating ESG into its investment process, and talent management.
How did we engage?	Members of the RI and European equities teams spoke to the company's Investor Relations department.
What did we learn?	The company has a robust approach to incorporating ESG. Only non-heavy industry/polluting sectors in Northern Europe and North America are in scope for investment, lowering the risk. All investments must abide by the Responsible Investment Policy, which has been in place for more than 10 years, and investments are actively monitored with targeted improvement plans. Similarly, talent management seems strong - lines of communication are short and direct; the organisation is flat; and the CEO has an open-door policy. Turnover is low and significant efforts are made to develop employees.
What was the outcome?	We concluded that our quantitative model has not captured all the relevant information; we are happy with 3i's approach to ESG risk management.

Company	Uber Technologies, Inc.
Location and sector	USA, Technology
Topics	<i>General material ESG risk management</i>
Why did we engage?	The assessment of our RI ratings model suggested enhanced ESG risks, plus impending California legislation on employee classification threatened to upend the company's business model.
How did we engage?	During the quarter the RI team organised and led four video conferences alongside fundamental analysts and portfolio managers with company management, plus the chair of the board of directors, each with a different primary focus and objective.
What did we learn?	The company has recently placed considerable effort around initiatives and programs to manage and measure ESG risk, which will reduce the company's overall risk profile and may contribute to multiple expansion over time. Interest in investor feedback is high, as is sincerity in improving outcomes for employees and society.
What was the outcome?	We concluded the engagements with increased comfort in the company's prospects and business model, and the board's commitment to continue enhancements to ESG initiatives and executive compensation.

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