



Columbia Threadneedle Investments *reo*[®] Shropshire County Pension Fund (SCPF)

For professional investors only

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Presenters



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reo[®] – Responsible engagement overlay service

Manager-agnostic, market-leading engagement and voting

Through reo[®], clients enjoy greater influence to effect positive change by pooling assets to create one single, powerful voice

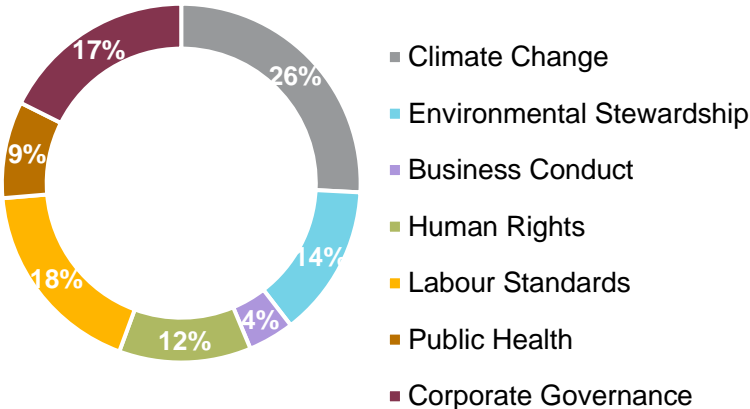


Engagement on SCPF holdings

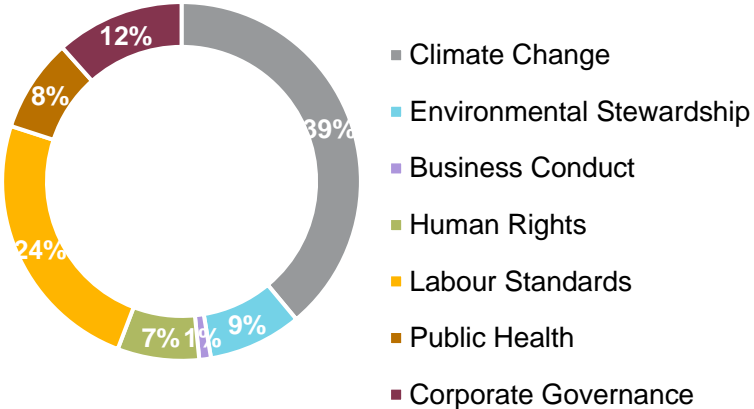
31 October 2022 – 1 November 2023

Engagement Activities	Companies Engaged	Milestones Achieved	Countries Covered
601	304	95	25

Engagement Activity by Theme



Milestone by Theme



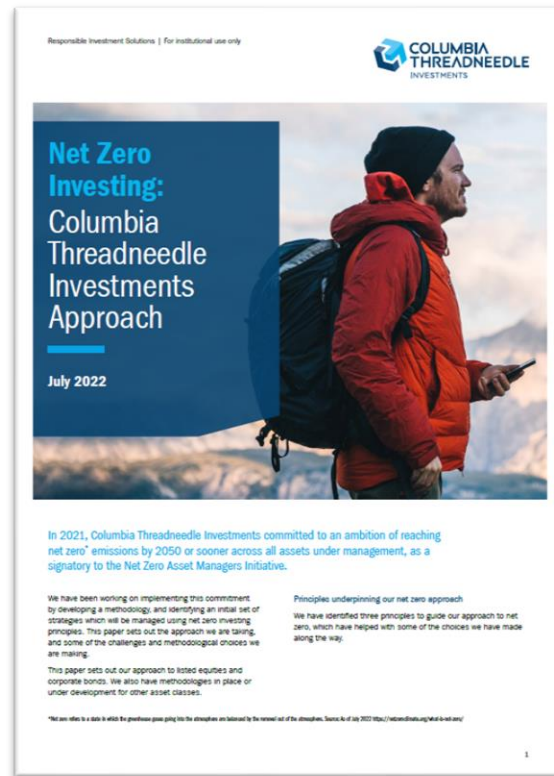
Note: Companies may have been engaged on more than one issue.

Our approach to Climate Change

A Stewardship-led Approach

- We are a signatory to the Net Zero Asset Manager initiative.
- Stewardship is at the heart of our approach.

- A clear engagement methodology:
 - We engage with issuers in companies and sectors where we believe climate risk is material.
 - Our objectives are closely aligned with the Climate Action 100+ benchmark.
 - We also have identified specific focus areas for key industries, recognising that there are unique circumstances that must be understood for individual companies in their transition pathway.



Materials sector and climate transition risks

- After water, concrete is the most consumed material globally.
- Cement and steel **has very low substitution risk**, due to the low price and mineral abundance.
- Demand for steel and cement is expected grow, particularly in emerging economies.

BUT..

- Cement production is a major source of CO2 about 8% of global emissions
- Cement production generates the most emissions per revenue dollar
- Iron ore demand is driven by steel sector – new steel may need less iron ore

HENCE...

- Sectors are exposed to high transition risks (customer demands and carbon pricing)
- Sector needs to find a way to decarbonize while sustaining growth
- Cement/steel/mining is a capital allocation puzzle for net-zero investors

Capital is needed for transition → growth is expected → few alternative investments = **need strategic allocation to companies ready to manage transition**



Research Briefing | Published: 05 January 2023

Europe's net-zero goal increases infrastructure investment needs

CRH and Holcim Engagement Case Studies



NZ score: Aligning
Meets core expectations

Engagement objectives

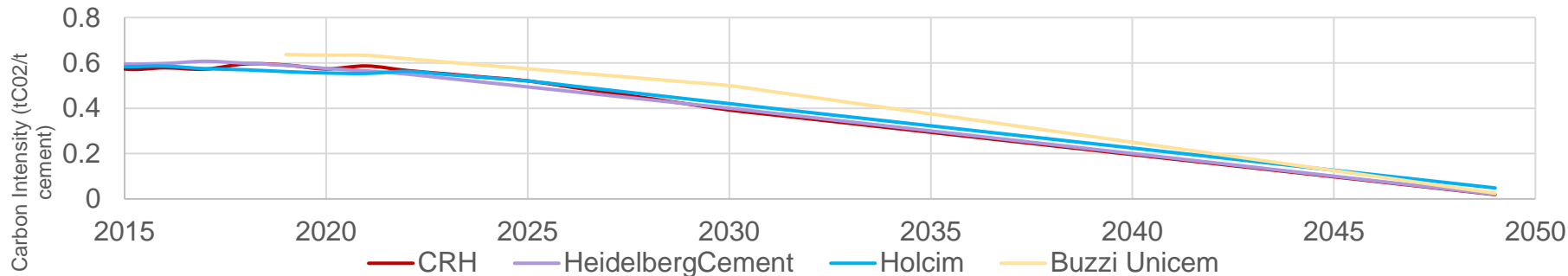
1. Align capex with 1.5C
2. Publish procurement strategy
3. Impact assessment 100% of assets



NZ score: Aligning
Meets core expectations

Engagement objectives

1. Improve climate accounting
2. Increased transparency on JV accounting
3. Impact assessment 100% of assets



Appendix

reo[®] coverage

SCPF holdings

- Statistics based on SCPF holdings
 - Engagement with 304 unique companies during the last 12 months
 - 29% coverage of SCPF holdings over 1 year
 - Engagement with 554 unique companies during the last 36 months
 - 53% coverage of SCPF holdings over 3 years

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