

## New Zealand Crown Financial Institutions:

New Zealand Superannuation Fund  
 Accident Compensation Corporation  
 Government Superannuation Fund  
 National Provident Fund

Q4 2025

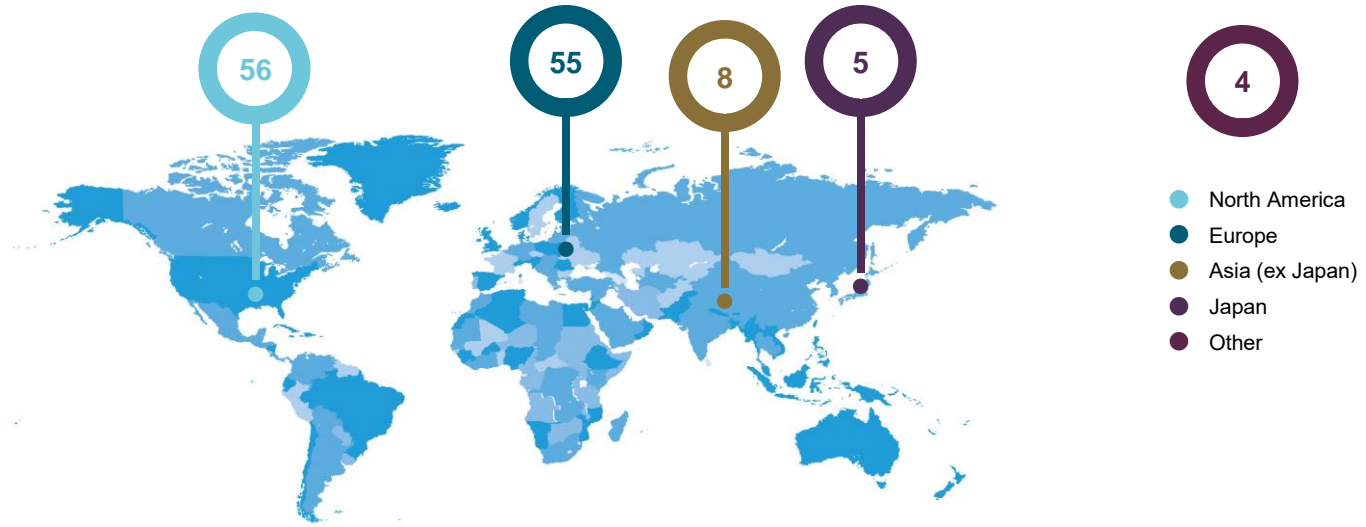
\*Companies represented in this report may not be held by each Crown Financial Institution.

The purpose of the *reo*<sup>®</sup> (responsible engagement overlay) service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The *reo*<sup>®</sup> approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

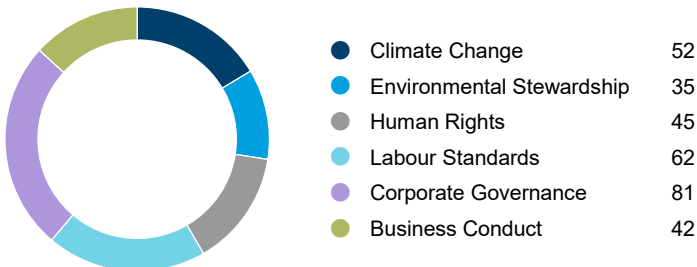
### Companies engaged this quarter

Engagement	Companies Engaged	Milestones achieved	Countries covered
187	128	26	26

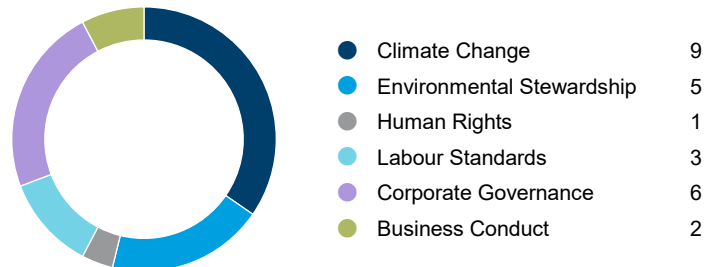
### Companies engaged by region



### Engagement by theme



### Milestones achieved by theme



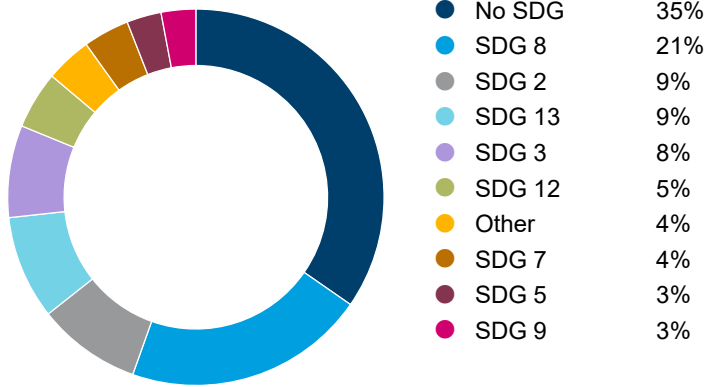
Source: Columbia Threadneedle Investments

## Engagements and Sustainable Development Goals (SDGs)

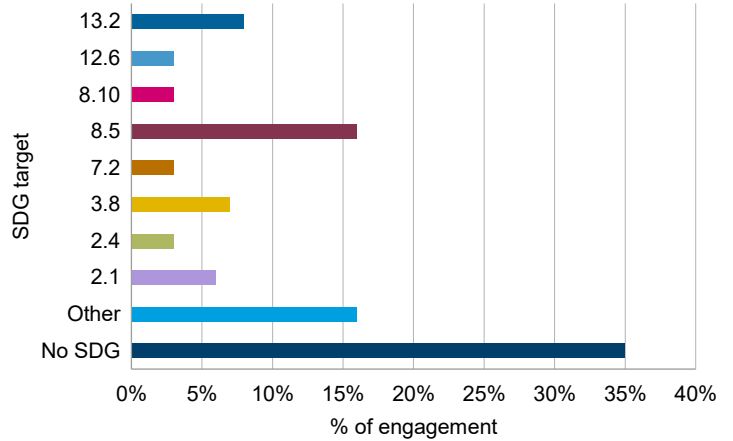
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

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

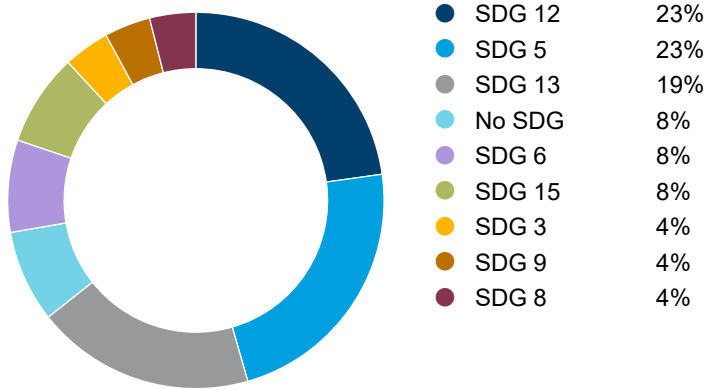
### Engagement: SDG level



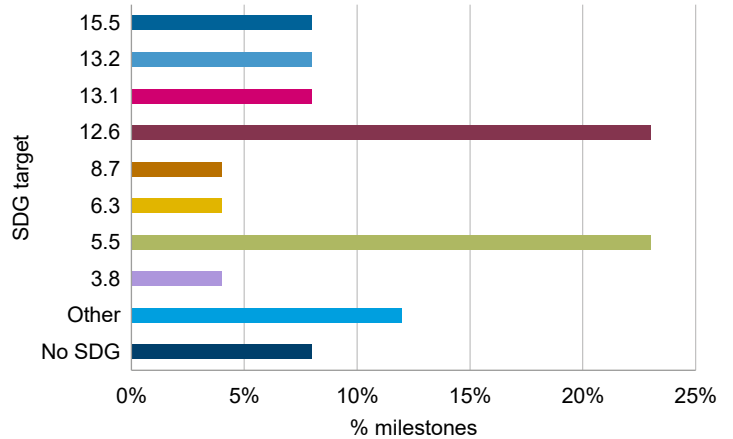
### Engagement: SDG target level



### Milestone: SDG level



### Milestone: SDG target level



Source: Columbia Threadneedle Investments

## Engagement case studies

**Company:** Amazon.com Inc

**Mailing country:** United States

**Sector:** Consumer Discretionary

**Priority company:** ✓

**ESG risk rating:** ●

**Response to prior engagement:** Good

**Theme:** Human Rights; Labour Standards

**Engagement case study name:** Amazon's Labour Standards and Community Engagement in their Supply Chain

**SDG:**  **6.6**  **8.8**

### Background

Amazon's scale makes its labour practices and community impact a focal point for stakeholders. Public concerns around warehouse working conditions, repetitive strain injuries, and the social implications of automation are often raised. AWS's rapid expansion also raises questions about water use, energy demand, and local community engagement. Against this backdrop, engagement is critical to assess alignment with international labour standards and responsible infrastructure development. We aimed to evaluate workforce wellbeing in high-volume fulfilment centres and assess how Amazon manages community relations in areas affected by its data centres.

### Action

We visited the Dartford, UK fulfilment centre. It processes c6 million packages weekly with c2,500 staff, all full-time and with corporate-equivalent benefits, flexible shift options, and stretch breaks. Cross-training mitigates repetitive strain injuries, and health & safety incidents are logged. Employee voice mechanisms include HR kiosks, an app, and peer feedback boards. Recognition systems support promotion pathways but are not financially incentivised. Accessibility features for staff and targeted areas to gather staff feedback were noted. Robotics integration has reduced manual strain and are generally well received, though repetitive strain injuries still occur. Regarding its community engagement approach for AWS infrastructure, Amazon conducts hyper-local risk assessments and partners with community leaders to address water and energy challenges. Examples include utility investments in Mississippi, leak detection technology in Mexico, and irrigation efficiency projects in Spain. Engagement focuses on educating communities about electrification impacts, communicating economic benefits, and embedding social license into strategy. Amazon engages across federal, state, and city levels to anticipate regulatory shifts.

### Verdict

Amazon demonstrates strong operational transparency and proactive workforce practices, including health & safety protocols, cross-training, and employee voice mechanisms. Robotics adoption appears to enhance job design rather than displace labour, though monitoring repetitive strain injuries remains critical. Community engagement reflects a strategic approach, with tangible investments and upstream solutions to mitigate water and energy impacts. We will continue engagement to track workforce transition programs as automation scales and validate community impact outcomes in high-growth regions.

**ESG Risk Rating:**

**Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.**

● Top quartile ● Second quartile ● Third quartile ● Bottom quartile

For illustrative purposes only. The mention of any stocks or securities is not a recommendation to deal.

## Engagement case studies

**Company:** HDFC Bank Ltd

**Mailing country:** India

**Sector:** Financials

**Priority company:** ✓

**ESG risk rating:** ●

**Response to prior engagement:** Adequate

**Theme:** Climate Change; Labour Standards

**Engagement case study name:** Improving climate risk governance, advancing financial inclusion and diversity

**SDG:** 13.2



### Background

HDFC Bank is India's leading private sector bank actively engaging with the Reserve Bank of India (RBI) regarding draft framework for climate-related financial risk disclosures. They expect final guidelines by the end of 2025 and plan to align disclosures with RBI requirements. The bank has strengthened board oversight through ESG and CSR Committee meeting three to four times annually, with carbon neutrality as a top priority alongside benchmarking against peers. Currently disclosing Scope 1 and 2 emissions, they find Scope 3 disclosure challenging due to the need for absolute certainty. Financed emissions have grown from 5%-7% of book, with improving data availability but accuracy remaining critical. The bank has made significant strides in financial inclusion with half of branch operations in rural areas and 35% of total book dedicated to private sector lending including retail, joint liability, and micro-lending.

### Action

We engaged to understand their climate transition plan, biodiversity mapping, and workforce diversity progress. HDFC has started mapping nature dependencies in loans and investments, with updated materiality analysis showing biodiversity most material within shipping and salmon farming portfolios. The bank developed an ESG agent to collect better customer data on ESG issues from corporate clients. On workforce diversity, attrition reduced by 30% with junior attrition following the same trend. Gender diversity improved, reaching 25% representation one year ahead of schedule, remaining on track for 27% by FY27. Artificial intelligence became central to growth strategy, particularly enhancing customer experience and digital onboarding, while maintaining human oversight to mitigate algorithmic bias risks.

### Verdict

HDFC demonstrates a systematic approach to climate risk management while preparing for evolving regulatory requirements. Their comprehensive financial inclusion efforts and improved workforce diversity metrics position them well for sustainable growth. The bank's proactive ESG integration and technology adoption support both operational efficiency and social impact objectives.

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## Engagement case studies

**Company:** Mercedes-Benz Group AG

**Mailing country:** Germany

**Sector:** Consumer Discretionary

**Priority company:** ✓

**ESG risk rating:** ●

**Response to prior engagement:** Good

**Theme:** Climate Change; Environmental Stewardship

**Engagement case study name:** Strategic EV adjustment balancing regional realities with decarbonization goals

**SDG:** 9.4



### Background

Mercedes-Benz Group AG is a German multinational vehicle manufacturer. The company has significantly adjusted its electrification strategy, abandoning the previous 2030 "all-electric" target in favour of a more measured 50% EV share by 2030, with full electrification potentially by 2035. Mercedes acknowledges regional adoption disparities with the US expected at only 40-50% by 2030 compared to Europe and Asia. Management explained their "tactical flexibility" approach for combustion engines while strategically preparing for an all-electric future, with electrified high-tech combustion engines expected to remain in their portfolio until well into the 2030s to align with varying regional infrastructure and consumer demand patterns. Mercedes faces significant challenges with their ACC battery joint venture, recording a EUR350 million impairment in 2024.

### Action

We engaged with the sustainability team to understand their revised EV strategy, cost reduction initiatives, and investment plans as they navigate complex transition to electrification across different regional markets. It was good to note Mercedes achieved significant progress in battery cost reduction with 30% per kWh improvement on their MMA platform through chemistry changes, though margin parity between EVs and ICE vehicles isn't expected until 2030. The company also detailed their new all-electric CLA launching in Q2 2025, delivering 790+ km range and 320 km charging capability within 10 minutes.

### Verdict

We see that Mercedes continues to progress on its EV strategy, though view the company as behind peers such as BMW. In particular, we continue to have concerns around Mercedes' battery strategy and see that the company is behind peers in moving towards a zonal architecture. We continue to encourage stronger upstream value chain emissions management and raise our concerns around how Mercedes can mitigate ACC's weakness as a strategic battery supplier.

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## Engagement case studies

**Company:** PPG Industries Inc

**Mailing country:** United States

**Sector:** Materials

**Priority company:** ✓

**ESG risk rating:** ●

**Response to prior engagement:** Good

**Theme:** Corporate Governance

**Engagement case study name:** Governance modernization amid board independence and compensation scrutiny

**SDG:** 16.6



### Background

PPG Industries is a leading global supplier of paints, coatings, and specialty materials serving customers in construction, consumer products, industrial, and transportation markets worldwide. The company is implementing governance improvements including granting shareholders owning 25% of outstanding shares the right to call special meetings and providing officer exculpation to the fullest extent permitted under Pennsylvania law. Board independence concerns center on Guillermo Novo, who serves as Chair & CEO of Ashland Inc., with Ashland being a supplier to PPG, with 2022 sales volumes exceeding independence thresholds. Novo serves on the Human Capital Management & Compensation Committee, with the company considering him fully independent when applying NYSE independence standards. The company notes Ashland transactions have declined significantly with procurement decisions being independent, while average board tenure has been reduced from 10 years to 4 years.

### Action

We engaged with PPG Industries management to discuss governance modernization efforts, board independence concerns, and strategic positioning amid ongoing scrutiny of their governance practices. A strong Lead Independent Director role is emphasized for agenda-setting and governance balance, with an updated skills matrix used to ensure relevant expertise. Their governance guidelines have been revised to support longer tenure flexibility while maintaining independence. Compensation practices are under review, with governance focus on aligning pay with performance and maintaining independence in compensation decisions. The company remains open to M&A opportunities subject to antitrust considerations, continuing to monitor competitive landscape and governance implications of potential transactions.

### Verdict

PPG demonstrates governance improvements while facing legitimate concerns about board independence and compensation alignment that require continued attention. The company's modernization efforts through special meeting rights and officer exculpation show responsiveness to shareholder concerns. However, their board independence issues, and related-party transactions warrant our ongoing monitoring and scrutiny for governance effectiveness.

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## Engagement case studies

<b>Company:</b> Renault SA	<b>Mailing country:</b> France	<b>Sector:</b> Consumer Discretionary
<b>Priority company:</b> ✓	<b>ESG risk rating:</b> ●	<b>Response to prior engagement:</b> Adequate
<b>Theme:</b> Corporate Governance	<b>Engagement case study name:</b> Well-managed CEO transition supports strategic expansion and evolution	
<b>SDG:</b> No SDG		

### Background

Renault SA is a French multinational automotive manufacturer with strategic partnerships including the Renault-Nissan-Mitsubishi Alliance and joint ventures with Geely. The company recently lost its CEO which had steered them quite successfully through a transition period, and appointed an internal candidate, François Provost. A crucial part of the new CEO's role will be managing international partnerships. The Nissan-Mitsubishi alliance continues despite reduced cross-shareholding, with the relationship now more focused on selective operational collaborations. The Geely partnership has proven particularly valuable, yielding significant benefits in Korea, electric vehicle powertrain development, and collaboration in Brazil.

### Action

We engaged with Renault's Board Chairman to understand the CEO succession process, and implications for the company's partnerships. The new CEO was appointed quite quickly after the old CEO left to join Kering, and we wanted to ensure that external candidates were suitably considered, and that the relationship with the CFO who acted as a the CEO for a short period was still strong. We were left reassured by the selection process. In particular, we think the experience of the new CEO in managing the multiple partnerships which are integral to Renault's strategy is very important. There is a strategy update planned for March 2026, with the Board aiming to conduct a comprehensive evaluation ahead of that. We asked for the strategy update to provide longer term clarity on the future of the Geely and Nissan partnerships.

### Verdict

Renault demonstrates systematic CEO succession planning with a clear timeline and rationale for leadership transition. The company's strategic focus on international expansion through partnerships, particularly successful Geely collaboration, positions them well for growth. Their balanced approach to alliance management provides a solid foundation for continued competitiveness.

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## Engagement case studies

**Company:** Tate & Lyle PLC

**Mailing country:** United Kingdom

**Sector:** Consumer Staples

**Priority company:** ✓

**ESG risk rating:** ●

**Response to prior engagement:** Good

**Theme:** Labour Standards

**Engagement case study name:** Undertaking a cultural transformation toward focusing on commercial growth

**SDG:**  8.3

### Background

Tate & Lyle PLC is a British-based multinational ingredient manufacturer. The company is working to align its portfolio with healthier food trends, focusing on clean-label reformulation and sugar reduction through natural sweeteners like stevia and allulose. Following a profit warning and prolonged underperformance, the company faces complex cultural transition as systematic leadership development and operational capabilities are tested by significant strategic missteps. The CEO demonstrated awareness of the transformation needed from operational precision to growth-focused commercial execution. The company achieved the lowest labour attrition rates ever despite a challenging environment, suggesting effective people management during integration.

### Action

We engaged to assess leadership effectiveness and strategic alignment, focusing on evolving culture from operational precision to growth-focused commercial execution in a challenging market environment. Strategic alignment appears to be improving with a clear focus on growth drivers (MAHA trends, GLP-1, cleaner labels) with supportive operational changes including distributor take-back and manufacturing rationalization. A cultural evolution focus was evident through the shift from "selling to procurement" toward "business development and innovation partnerships" indicating commercial transformation is desired. The company is streamlining commercial platforms and determining best leaders for roles through a "better of both" disciplined selection approach.

### Verdict

Tate & Lyle's CEO demonstrates awareness of transformation needed and is taking concrete steps that align with effective leadership during organizational change. However, the challenging market environment limits near-term visibility on execution success. In our view, regulatory-driven reformulation represents a key growth driver and the company's strategy supports a shift toward healthier products, but progress depends on innovation delivery and successful integration.

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## Appendix



SDG	Target	Target Summary
SDG2	2.1	End hunger and ensure access to safe and nutritious food
SDG2	2.4	Implement climate-resilient and sustainable food production
SDG3	3.8	Access to medicines and health-care
SDG5	5.5	Ensure full equality of opportunity for women, including at leadership levels
SDG6	6.3	Improve water quality by reducing pollution
SDG7	7.2	Substantially increase the global share of renewable energy
SDG8	8.5	Achieve full and productive employment for all
SDG8	8.7	Eradicate forced labour, modern slavery & human trafficking
SDG8	8.10	Increase access to finance
SDG12	12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting
SDG13	13.1	Strengthen adaptive capacity to climate-related events
SDG13	13.2	Integrate climate change plans into policies and strategies
SDG15	15.5	Take urgent action to reduce degradation of natural habitats

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