Shropshire County Council

Q3 2026

The purpose of the ***reo***® (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***® approach focuses on enhancing long-term investment performance by encouraging commercial success at companies through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

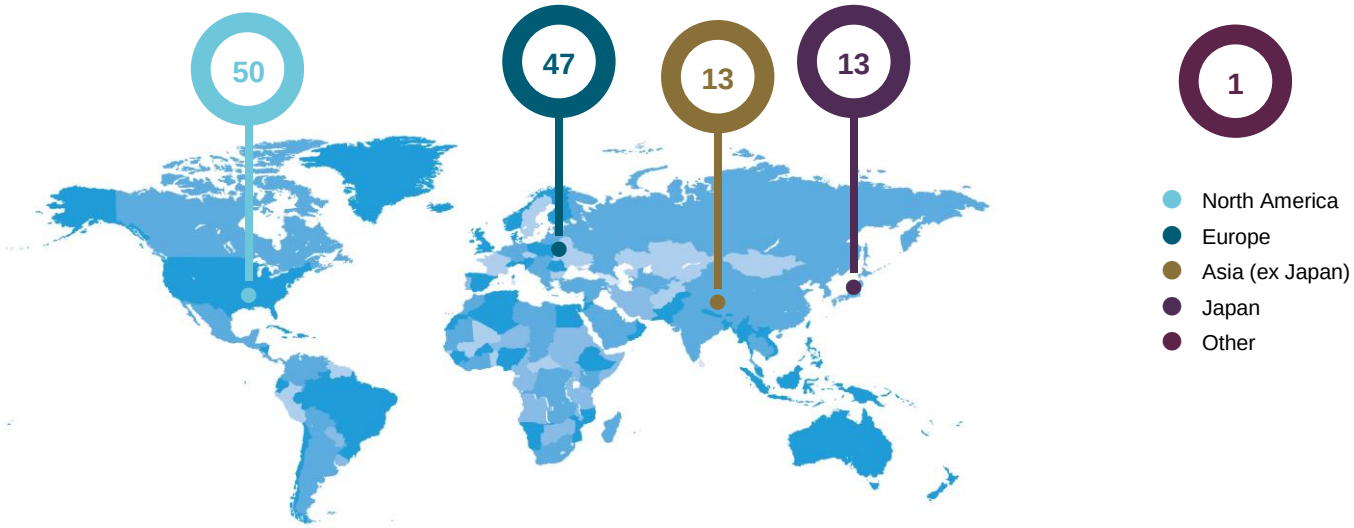
Engagements

Interactions	Companies	Countries covered
124	90	19

Milestones

★	★★	★★★
12	8	1

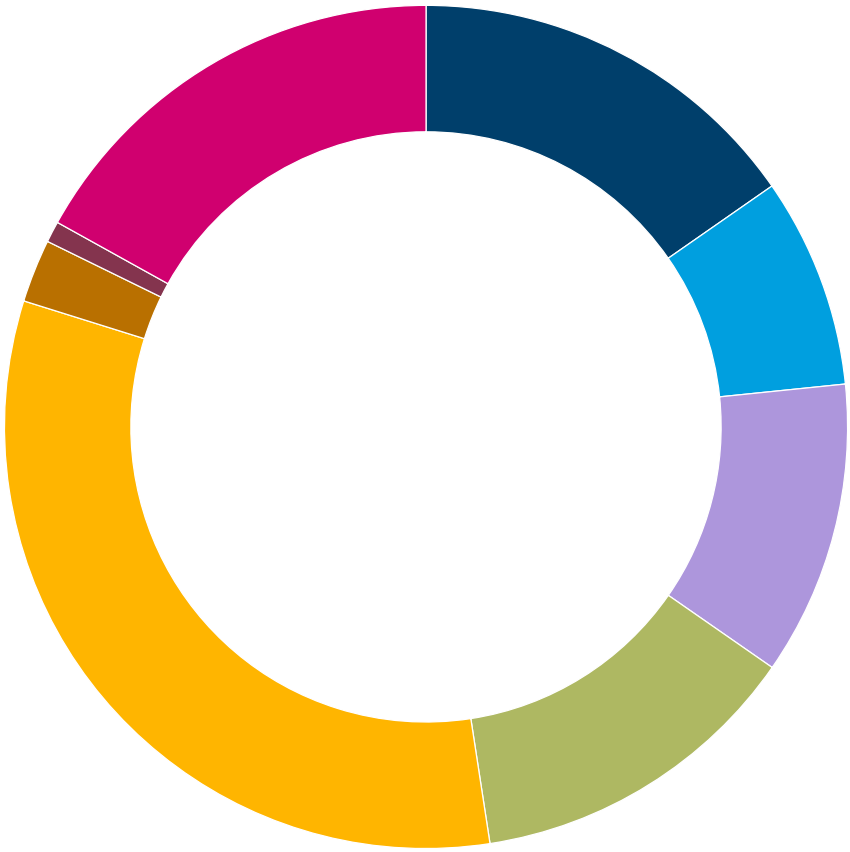
Companies engaged by region



Source: Columbia Threadneedle Investments

Engagements by theme

Your engagements by theme



Climate and Energy Transition	15%
Natural Capital	8%
Sustainable Infrastructure	11%
Health	13%
Human Capital & Demographics	32%
Human Rights	2%
Sustainable Finance	1%
Corporate Governance	17%

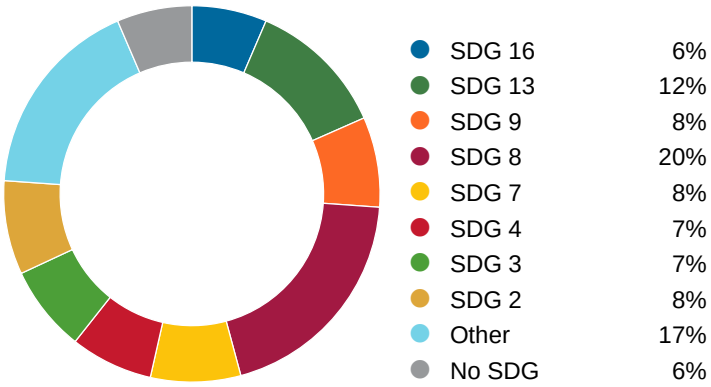
Source: Columbia Threadneedle Investments

Engagements and Sustainable Development Goals (SDGs)

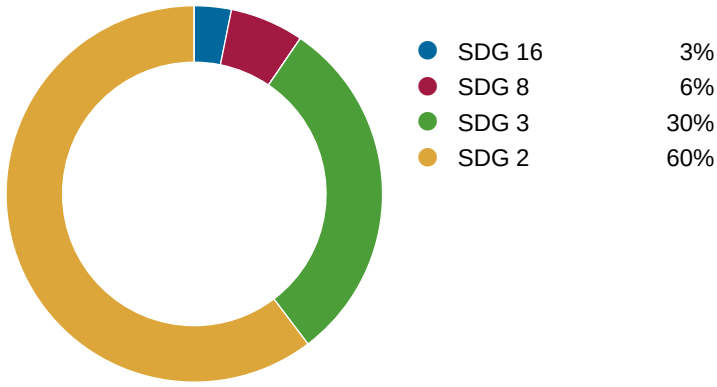
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed SDG goals to report company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement.

Engagement: SDG level



Milestone: SDG level





Source: Columbia Threadneedle Investments

Engagement case studies

Climate and Energy Transition

Eaton Corp PLC

Country: Ireland
Sector: Industrials
Objective group: Grid
Exposure rating: High Opportunity
Milestone:







Rising power and data-centre demand drives grid investment

Why we engaged

To understand how Eaton is translating unprecedented data-centre and electrification demand into capacity, sales and margins; test the durability of the US data-centre pipeline; and assess technology shifts and development constraints that could change the long-term revenue opportunity.

How we engaged

We met virtually in a 1:1 with Investor Relations and industrials fundamental analyst.

What we learned

Capacity and demand: The full capacity ramp is now reflected in sales. Demand remains ahead of supply and Americas organic growth reached 65% in the quarter; strength included data centres but was broad based. As the comparison base rises, Eaton expects the growth curve to moderate. US data-centre pipeline: Announced capacity increased by 16 GW in the quarter, taking the ~15-year pipeline to ~200 GW. Installed capacity is expected to rise from ~38 GW in 2025 to 54 GW, reach the high-70 GW range in 2027 and 100–110 GW in 2028. The build-out is running slightly ahead of prior expectations. Revenue and backlog: Eaton is repricing the backlog and sees upside to its target of ~US$11bn of incremental Electrical segment revenue by 2030, supported by stronger data-centre and wider power-infrastructure demand. Constraints and technology: Moratoriums remain a watch item and Eaton has already haircut its five-year data-centre growth assumptions. Developers and suppliers are strengthening their sustainability message, including water. Eaton is investing in 800V transformers, targeting commercialization in 2H next year across three facilities;800V does not imply all UPS equipment disappears.

Outcome and next steps

Thesis: Eaton has a high opportunity exposure to grid/power infrastructure theme which is likely to increase as a global leader in electrical equipment for power infrastructure. Capacity additions are converting into sales while demand remains ahead of supply. Growth should moderate from exceptional current rates, but broad electrification and accelerating data-centre activity support potential. Next Steps: To support a milestone upgrade, we would expect Eaton to demonstrate that the ~US$11bn incremental Electrical revenue opportunity by 2030 is materialising through sustained backlog conversion and profitable growth; show that the ~200 GW US data-centre pipeline is translating into committed projects without material delays; and successfully execute the commercial rollout of its 800V transformer offering in 2027 2H as guided.

Source: Columbia Threadneedle Investments

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

Engagement case studies

Natural Capital

Taiwan Semiconductor Manufacturing Co Ltd

Country: Taiwan
Sector: Information Technology
Objective group: Water risk
Exposure rating: Medium Risk
Milestone:





Fast growth continues to outpace water recycling progress

Why we engaged

To probe TSMC's assumptions around water supply resilience across key geographies, to share our view on water as a potential challenge to the pace of expansion, and to understand under what conditions its water reuse and recycling investments may decouple freshwater demand from production growth.

How we engaged

We met with the Deputy Director of TSMC's Green Manufacturing division as part of a group meeting.

What we learned

In Arizona TSMC is managing water availability through diversification of sources, and a near-zero liquid discharge recycling plant is under construction. Water remains a risk in our view, considering the live discussions on reducing Arizona's allocations from the Colorado River. In Taiwan TSMC acknowledged El Niño-related rainfall impacts but expressed confidence water poses no risk to production ramps. We asked about stress-testing assumptions but TSMC did not address this beyond stating that they do not see water as a risk to expansion. On potential for absolute reduction in freshwater withdrawals, TSMC confirmed this is not currently feasible given expansion, and it will remain focused on water intensity targets. We asked about a timeline when this may be feasible but the company is not yet willing to contemplate this, with technology still developing. This is consistent with our view that the pace of TSMC's growth makes progress extremely challenging.

Outcome and next steps

Thesis: We expect TSMC to maintain a medium water risk rating for several years given its rapid growth and concentration of fabs in areas with high and / or seasonal water stress. While it is making sizeable investments in water recycling and reclamation, this cannot outpace its growth in the near term. Next steps: TSMC's hesitancy to comment on stress-testing and the absence of a potential timeline for freshwater reduction reinforces our view that TSMC remains at Milestone 1. Though it is moving to rapidly scale-up water tech and diversify sourcing, there is not yet a path to stabilise freshwater withdrawals in water-stressed areas. We will continue to engage to encourage faster progress.

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Engagement case studies

Health

Kraft Heinz Co/The

Country: United States
Sector: Consumer Staples
Objective group: Food and Nutrition
Exposure rating: High Risk
Milestone:





Engaging on a healthier product portfolio

Why we engaged

Kraft Heinz generates much of its revenue from categories exposed to changing nutrition standards, ingredient expectations and consumer behaviour. Our research estimates that approximately 16% of revenue is currently health-aligned, while roughly 77% of US retail sales are exposed to ultra-processed food concerns. We engaged to understand whether work on healthier products is becoming material to sales and investment or mainly supporting existing brands. A consistent measure of healthier sales would help investors assess that change.

How we engaged

We met representatives from investor relations, global nutrition and the growth organisation. We asked how the company defines healthier products, whether it would disclose the share of sales meeting a consistent standard, and whether its nutrition targets consider ingredients as well as nutrients. We also discussed practical reformulation examples, the allocation of additional investment and how changing eating patterns might affect the portfolio. Our aim was to distinguish individual product improvements from a lasting shift in the core business.

What we learned

The Company highlighted its focus on adding functional benefits such as protein or fibre and reducing added sugar in some SKUs for key markets. They also noted that reducing sugar may sometimes require sweeteners (potentially increasing the need for other additives) and that it offers consumers choices rather than changing every recipe. They highlighted that, nutrition targets are under review but do not currently include ingredients or processing, though management acknowledged the increasing importance of this for some consumers. Also, there was no commitment to publish a healthier-sales share. Notably, of the $700m of additional investment ear-marked by the Company, roughly half goes to marketing, alongside an approximately 20% increase in R&D. Spend on changing core products was not quantified making it difficult to assess the contribution of the programme to long-term portfolio health-aligned transition.

Outcome and next steps

Outcome: The meeting clarified the scope of the company's nutrition approach but did not establish that healthier products are changing the overall portfolio. Reformulation remains selective, their share of healthier sales is limited based on our estimates, and dedicated investment and stronger growth in those products has not yet been demonstrated. Next Steps: Review the revised nutrition targets; seek an ingredient-level and portfolio-wide measure of progress; clarify how much investment is directed at healthier core products. We expect to see evidence that a growing share of sales comes from products meeting a consistent nutrition standard, accompanied by measurable investment in reformulating core products.

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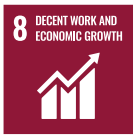
Engagement case studies

Human Capital & Demographics

JPMorgan Chase & Co

Country: United States
Sector: Financials
Objective group: Substitution
Exposure rating: N/A
Milestone:





AI adoption tested against workforce impact and reskilling

Why we engaged

Test whether JPMorgan can convert artificial intelligence (AI) investment into measurable productivity, workforce adaptability and durable value. Assess whether culture, talent and execution provide an advantage when the underlying technology is increasingly available to peers.

How we engaged

Across three engagements we met the CFO, the Global Head of Diversity, Opportunity & Inclusion and Head of HR Governance, then held a dedicated investor relations discussion on their use of AI on their employees, challenging them on productivity measurement, reskilling, redeployment and who captures the value created.

What we learned

AI is embedded across fraud detection, Know Your Customer, research support and internal workflows; ~200,000 employees use the internal LLM Suite monthly, with hundreds of use cases prioritised on savings, scale, customer impact and feasibility. Workforce effects are uneven - routine customer-service roles may contract, while hiring accelerates for developers, designers and AI governance specialists. Substitution is gradual rather than wholesale: slower net hiring and redeployment within a long-standing mobility culture, supported by extensive internal training. Management treats AI as "table stakes," benefits are expected to be competed away or passed to customers, leaving culture, talent and execution as the durable differentiator. Governance sits at full board level alongside cyber risk, with management describing cyber as the sector's greatest existential threat.

Outcome and next steps

Thesis: JPMorgan's scale, AI investment and large workforce make it a key test of how firms align skills and workforce strategy with technological change. Its ability to develop, attract and redeploy talent while embedding AI into business processes may support productivity, execution and competitiveness. Next steps: press management to quantify productivity gains in workforce terms and evidence that reskilling and mobility keep pace with changing roles; we will benchmark JPM's workforce transformation against banking peers. MS-3 requires sustained productivity gains, demonstrable workforce transition and evidence that value created is retained rather than competed away.

Source: Columbia Threadneedle Investments

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