

# Pædagogernes Pension

Q2 2023

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
108	75	8	20

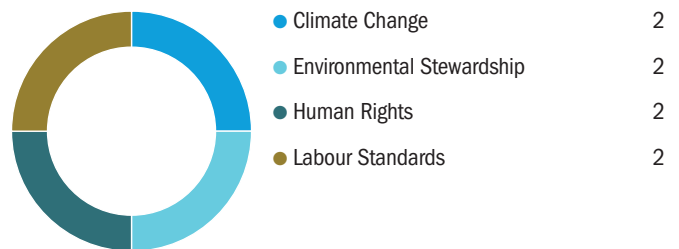
## Companies engaged by region



## Engagement by theme \*



## Milestones achieved by issue

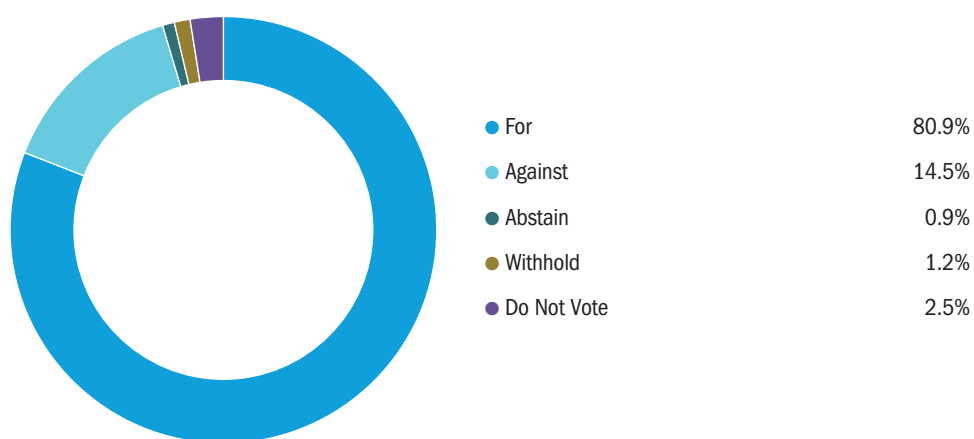


\* Companies may have been engaged on more than one issue.

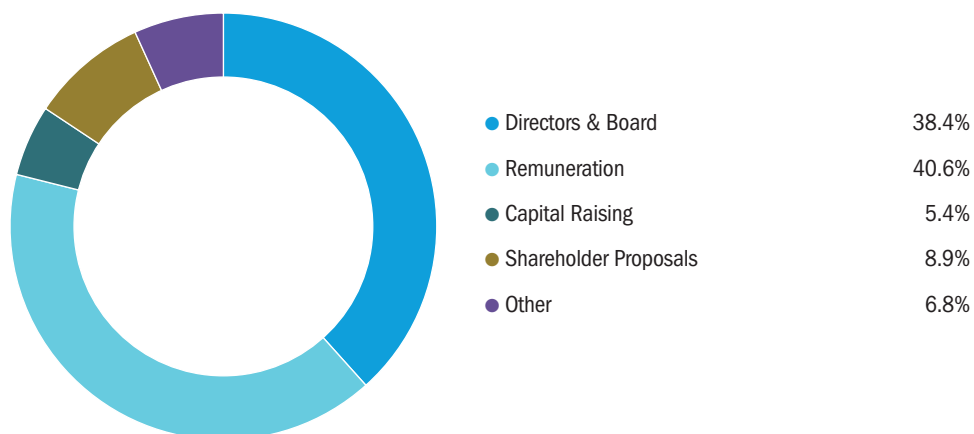
## Share voting results \*\*

Company meetings voted	288
Items voted	3998

### Items voted



### Votes against and abstentions by category



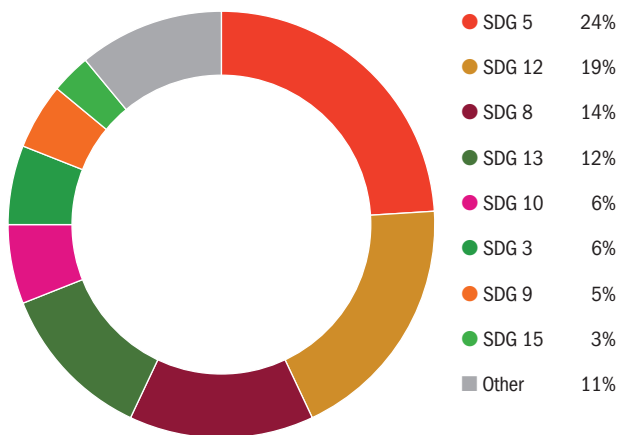
\*\* This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots with zero shares and re-registration meetings. Meetings/ ballots/proposals are not considered voted if: ballots have been rejected by voting intermediaries (e.g. where necessary documentation (such as Powers of Attorney, beneficial owner confirmation, etc.) was not in place); instructed as "Do not vote" (e.g. in share-blocking markets); or left uninstructed.

### Engagements and Sustainable Development Goals (SDGs)

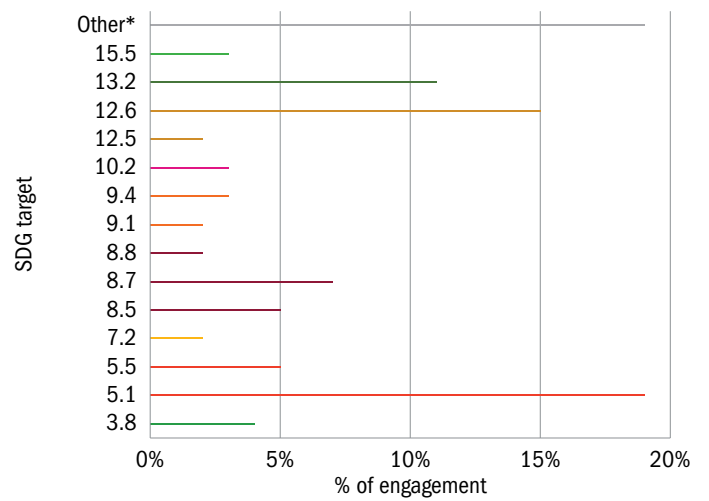
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

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.

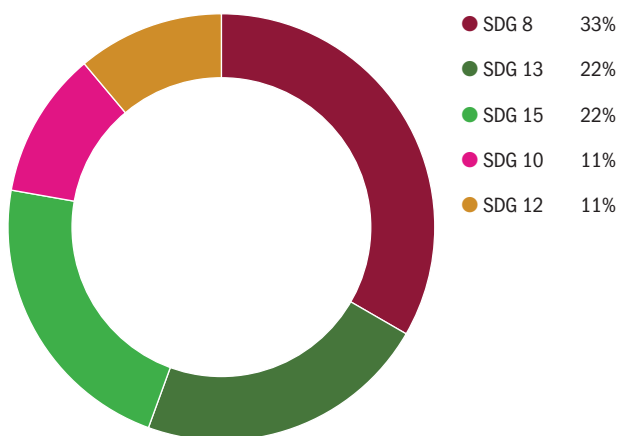
#### Engagement: SDG level



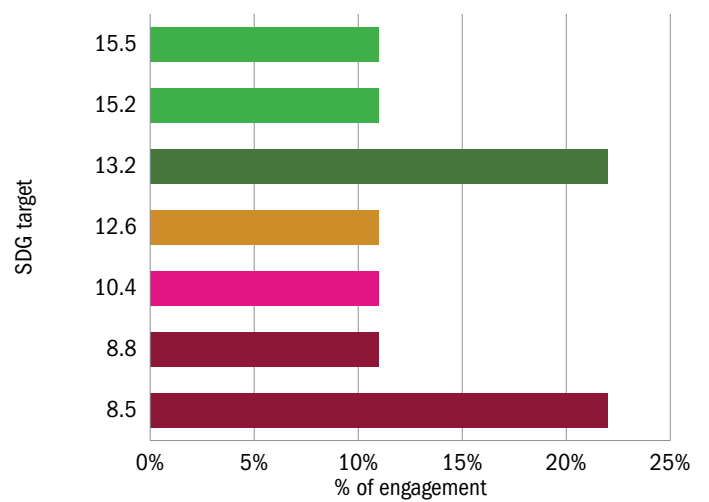
#### Engagement: SDG target level



#### Milestone: SDG level



#### Milestone: SDG target level



\*Other represents SDG targets less than 2% of the relevant SDG Goal.

## Engagement case studies

**Company:** TotalEnergies SE

**Country:** France

**Sector:** Energy

**Priority Company:** -

**ESG Risk Rating:**

**Response to engagement:** Good

**Theme:** Climate Change, Environmental Stewardship **Issue:** Engaging holistically on the climate-nature nexus

**SDG:**

	13.2		15.5		7.2
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### Background

The French energy company Total was one of the first in the oil and gas sector to set a scope 3 target in 2020. They remain a global leader, although their strategy can seem unclear at times due to an apparent “two speed” approach between European operations and the rest of the world. We believe their approach still has room for improvement, as highlighted below.

### Action

We have engaged the company bilaterally and through CA100+, and they have gradually improved the clarity of their reporting on their future energy mix and forecast capex across green and brown assets, in line with our engagement. The company’s approach touches all of the constituent parts of our proprietary net zero model, showing a strong foundation. Total upgraded their interim targets earlier in 2023: · Improved 2025 scope 1, 2 and 3 intensity reduction target to 15% from 10%, and 2030 target to 25% from 20% · Upgraded targets to reduce scope 3 emissions from oil sales by 30% by 2025 and 40% by 2030 · Maintaining scope 3 total emissions at <400 mt in 2025 and 2030 Despite these improvements their strategy is still misaligned with a 1.5C scenario, primarily due to the absence of significant absolute emissions reductions. Carbon Tracker, an energy focused financial thinktank, has highlighted several projects that Total are supporting which are misaligned with even a 2.5C scenario, such as their oil and gas expansions in Uganda, Angola and Norway. We also engaged the company specifically on their project in Uganda, highlighting the reputational importance of living up to their claims around community engagement and biodiversity protection. In addition, Total’s plans to significantly scale up Nature Based Solutions (NBS) is a concern due to questions around their permanence and additionality as well as the reputational risks from accusations of land grabbing for some projects.

### Verdict

Despite clear disclosure on where the company intends to be in 2030, Total is misaligned with a 1.5C path and were the subject of a case brought under the French Duty of Vigilance law regarding the EACOP (East African Crude Oil Pipe Line) project. Based on their plans to increase gas production, we expect Total to become the largest EU hydrocarbon producer by 2030. With their low carbon capex projected to be a third of their total spending by 2030, they lag peers including bp, Shell and Equinor, who all aim for 50%. We will continue to engage Total to encourage capex alignment and consistency between their actions in Europe and elsewhere, as well as on ensuring their NBS plans are implemented responsibly from a climate, nature and community perspective.

### 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:  GREEN    Second quartile:  YELLOW    Third quartile:  ORANGE    Bottom quartile:  RED

## Appendix



SDG	Target	Target Summary
SDG2	2.1	End hunger and ensure access to safe and nutritious food
SDG2	2.2	End all forms of malnutrition, particularly for children and women
SDG3	3.3	End AIDS, TB, malaria and other water-borne and communicable diseases
SDG3	3.4	Reduce mortality from non-communicable diseases and promote mental health
SDG3	3.8	Access to medicines and health-care
SDG5	5.1	End all forms of discrimination against women and girls
SDG5	5.5	Ensure full equality of opportunity for women, including at leadership levels
SDG6	6.3	Improve water quality by reducing pollution
SDG6	6.5	Implement water resource management at all levels
SDG7	7.2	Substantially increase the global share of renewable energy
SDG7	7.3	Double the global rate of improvement in energy efficiency
SDG8	8.5	Achieve full and productive employment for all
SDG8	8.7	Eradicate forced labour, modern slavery & human trafficking
SDG8	8.8	Protect and promote safe working environments for all workers
SDG9	9.1	Develop resilient and sustainable infrastructure
SDG9	9.4	Upgrade and retrofit industries to increase sustainability
SDG10	10.2	Empower and promote inclusivity for all
SDG10	10.3	Ensure equal opportunity and legislation for all
SDG10	10.4	Adopt policies to progressively achieve greater equality
SDG10	10.7	Facilitate safe migration through managed policies
SDG10	10.a	Implement the WTO's special rights provisions
SDG11	11.5	Reduce social and economic losses caused by disasters
SDG11	11.6	Reduce the negative environmental externalities of cities
SDG12	12.2	Sustainably manage and make efficient use of natural resources
SDG12	12.4	Manage chemical usage and waste throughout their life cycle
SDG12	12.5	Reduce waste through prevention, reduction, recycling and reuse
SDG12	12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting

## Appendix (continued)



SDG	Target	Target Summary
SDG13	13.1	Strengthen adaptive capacity to climate-related events
SDG13	13.2	Integrate climate change plans into policies and strategies
SDG14	14.1	Prevent and reduce marine pollution of all kinds
SDG15	15.2	Promote the implementation of sustainable management of forests
SDG15	15.5	Take urgent action to reduce degradation of natural habitats
SDG16	16.6	Develop effective, accountable and transparent institutions
SDG16	16.10	Ensure public access to information and protect fundamental freedoms

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