

Title: 8 October 2024 - Changes to tobacco-related exclusions for CT Responsible and Sustainable Funds

Applying to “Responsible and Sustainable Funds”.

E-cigarette use has grown rapidly in recent years and our Responsible Investment team noted the lack of a criteria point in the Responsible and Sustainable Funds’ exclusions covering so-called Next Generation ‘smoke-free’ products, including e-cigarettes.

‘Next Generation’ products is a term widely used by tobacco companies (alongside “Reduced-Risk products”). There is no standard definition of this term, but it generally includes e-cigarettes, heated tobacco products, snus and nicotine pouches. These products do not burn tobacco nor produce smoke, but they still deliver nicotine to users.

Although there is convincing evidence that e-cigarettes can help to reduce smoking prevalence, the unknown long-term health effects associated with their usage and their undeniably negative environmental impact mean that our Responsible Investment team is in favour of a conservative approach to screening companies which manufacture e-cigarettes. Therefore, we have introduced a 5% revenue threshold capturing the manufacture of e-cigarettes (and other Next Generation products) and their components, as follows:

Previous tobacco criteria	New tobacco criteria
<p>Exclude companies that derive:</p> <ul style="list-style-type: none">• >0% of their revenue from the manufacture of tobacco products• >5% of their revenue from the wholesale trading of tobacco products• >10% of their revenue from the sale of tobacco products• >10% of their revenue from the supply of products which are essential to the tobacco industry, e.g. machinery and packaging materials	<p>Exclude companies that derive:</p> <ul style="list-style-type: none">• >0% of their revenue from the manufacture of tobacco products• >5% of their revenue from the manufacture of Next Generation products (including e-cigarettes) and their components• >5% of their revenue from the wholesale trading of tobacco products• >10% of their revenue from the sale of tobacco products• >10% of their revenue from the supply of essential products to the tobacco industry

We remain committed to a 0% revenue threshold for companies manufacturing traditional tobacco products and will continue to implement the existing criteria points encompassing wholesale trading, sale and supply.

This change was effective 8 October 2024 and does not result in any material change to the how the Responsible and Sustainable Funds are run, their risk/return objectives, nor their risk profiles.

More information on the exclusion policies of these Responsible and Sustainable Funds, including this change, can be found in the attached ‘Responsible Investment Strategies - Summary Criteria’ or ‘Sustainable Investment Policy’ document. These documents are also available from the relevant Fund pages or Documents Library on our website.