CT Sustainable Global Equity Income Strategy

Quarterly non-financial report
For the quarter ending 31 March 2025

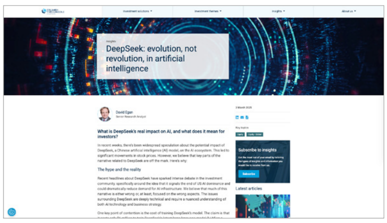
Contents of this report:

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements and investors may not get back the original amount invested. Screening out sectors or companies may result in less diversification and hence more volatility in investment values. Investments in smaller companies carry a higher degree of risk as their shares may be less liquid and investment values can be volatile.

1. High Level Summary

- A tumultuous quarter to start 2025: we knew President Trump would look to assert his authority on the global stage, but equity markets were caught on the back foot regarding the scale of sweeping tariff implementation. This manifested itself fully at the start of Q2, but Q1 also saw intense volatility ahead of 2nd April. Preceding that, in February, the release of a Chinese artificial intelligence (AI) model – DeepSeek – sparked intense debate in the investment community, specifically around the idea that it signals the end of US AI dominance and could dramatically reduce demand for AI infrastructure. Whilst we believe these assertions are misplaced, there was material volatility in some of the largest market capitalisation companies (and therefore large constituents within the benchmark).
- Ultimately the portfolio maintains its differentiated style exposure relative to most sustainability funds, thereby providing clients with a diversifying balance within their sustainable investments' exposures, whilst not compromising on sustainability focus. This has proved invaluable this quarter, given the volatility and "risk-off" nature of the quarter; this **portfolio outperformed the falling benchmark during the quarter**.
- In terms of portfolio action, we are concerned by the impact tariffs will have on the consumption patterns of US consumers, and could drive a material economic slowdown, and this is before we start to consider the potential for retaliatory tariff actions against the US. As a result, we derisked the portfolio further, cutting some US cyclical exposure (selling Union Pacific as we could see carload volumes decline), and boosted defensive positions in Consumer Staples and Healthcare.
- From a mapping perspective, the portfolio maintains strong sustainability alignment, and a healthy balance between **Environmental** and **Social** issues.
- During the quarter we engaged with **2 companies** across various sustainability issues, as detailed later in this document, and were pleased to see a milestone achieved by **ComfortDelGro** relating to their ongoing switch of vehicle fleet to hybrid and electric powertrains, proving a good base for carbon emission reduction.

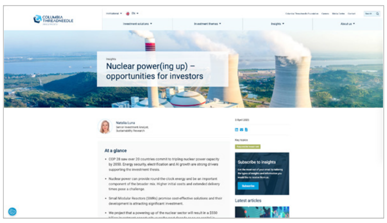
During the quarter, we also published various thought leadership articles, including:



Viewpoint: DeepSeek: evolution, not revolution, in artificial intelligence

- What is DeepSeek's real impact on artificial intelligence, and what does it mean for investors?

Visit here



Viewpoint: Nuclear power(ing up) – opportunities for investors

- We project that a powering up of the nuclear sector will result in a $550 billion investment opportunity over the next decade

Visit here

2. SDG revenue mapping

A summary of the strategy's SDG exposures is displayed in the chart and table below:

Leveraging long standing analysis and proprietary mapping that we've established with our 40+ responsible investment experts; we are able to provide a summary of the SDG exposures within the Strategy. Whilst assessing the fund's exposure at the goal-level gave us a useful starting point, we found that the high-level mapping against the 17 goals was not granular enough to provide sufficient insight into our portfolio holdings. We have therefore extended our analysis by going to a deeper level, and consequently now consider the underlying 169 SDG targets.

SDG	Goal	Goal Weight	Target	Target Weight
	Positive	90.5%		90.5%
	SDG 3: Good Health & Well-being	3.6%	2.1: ensure access to safe, nutritious and sufficient food all year round	2.7%
			2.4: sustainable food production systems and implement resilient agricultural practices	0.9%
	SDG 3: Good Health & Well-being	24.9%	3.3: end epidemics of AIDS, tuberculosis, malaria and combat other communicable diseases	4.5%
			3.4 reduce mortality from non-communicable diseases and promote mental health	2.7%
			3.6: halve the number of global deaths and injuries from road traffic accidents	0.2%
			3.8: Achieve universal health coverage and affordable essential medicines for all	17.5%
	SDG 4: Quality Education	2.8%	4.6: ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy	2.8%
	SDG 6: Clean Water and Sanitation	1.7%	6.1: universal and equitable access to safe and affordable drinking water for all	0.1%
			6.2: achieve access to adequate and equitable sanitation and hygiene for all	0.6%
			6.3: improve water quality by reducing pollution, and substantially increasing recycling	0.4%
			6.4: increase water-use efficiency	0.7%
	SDG 7: Affordable and Clean Energy	3.0%	7.2: increase renewable energy in the global energy mix	3.0%
	SDG 8: Decent Work and Economic Growth	25.3%	8.1: sustain per capita economic growth in accordance with national circumstances	0.0%
			8.2: economic productivity through technological upgrading and innovation	19.4%
			8.3: Promote job creation, entrepreneurship, encourage growth of SMEs	2.1%
			8.10: financial institutions to encourage access to banking, insurance & financial services	3.8%
	SDG 9: Industry, Innovation and Infrastructure	14.7%	9.1: resilient infrastructure to support economic development and human well-being	7.8%
			9.3: Increase the access of SMEs to financial services	0.1%
			9.4: retrofit industries with increased resource-use efficiency	5.6%
			9.c: Universal access to information and communications technology	1.2%
	SDG 11: Sustainable Cities and Communities	4.9%	11.1: ensure access for all to adequate, safe and affordable housing	0.6%
			11.2: provide access to safe, affordable, accessible and sustainable transport systems for all	1.4%
			11.6: reduce environmental impact of cities, including air quality and waste management	2.9%
	SDG 12:Responsible Consumption and Production	5.4%	12.2: achieve the sustainable management and efficient use of natural resources	1.8%
			12.4: achieve the environmentally sound management of wastes throughout their life cycle	0.7%
			12.5: reduce waste generation through prevention, reduction, recycling and reuse	2.1%
			12.6: encourage companies to adopt sustainable practices	0.9%
	SDG 16: Peace, Justice and Strong Institutions	2.9%	16.3: promote the rule of law and ensure equal access to justice for all	0.0%
			16.10: ensure public access to information and protect fundamental freedoms	1.8%
			16.a: strengthen national institutions to prevent violence and combat terrorism & crime	1.1%
	Other	1.3%	SDG 13.2.	1.3%
	Neutral	8.2%		8.2%
	Negative	1.3%		1.3%
	SDG 2	0.8%	2.1 N: ensure access to safe, nutritious and sufficient food all year round	0.3%
	SDG 9	0.8%	9.1 N: resilient infrastructure to support economic development and human well-being	0.8%
	SDG 13	0.2%	13.2 N: integrate climate change measures strategies and planning	0.2%
	TOTAL	**100%**		**100.0%**

Source: Columbia Threadneedle Investments. The data is not indicative of future characteristics.

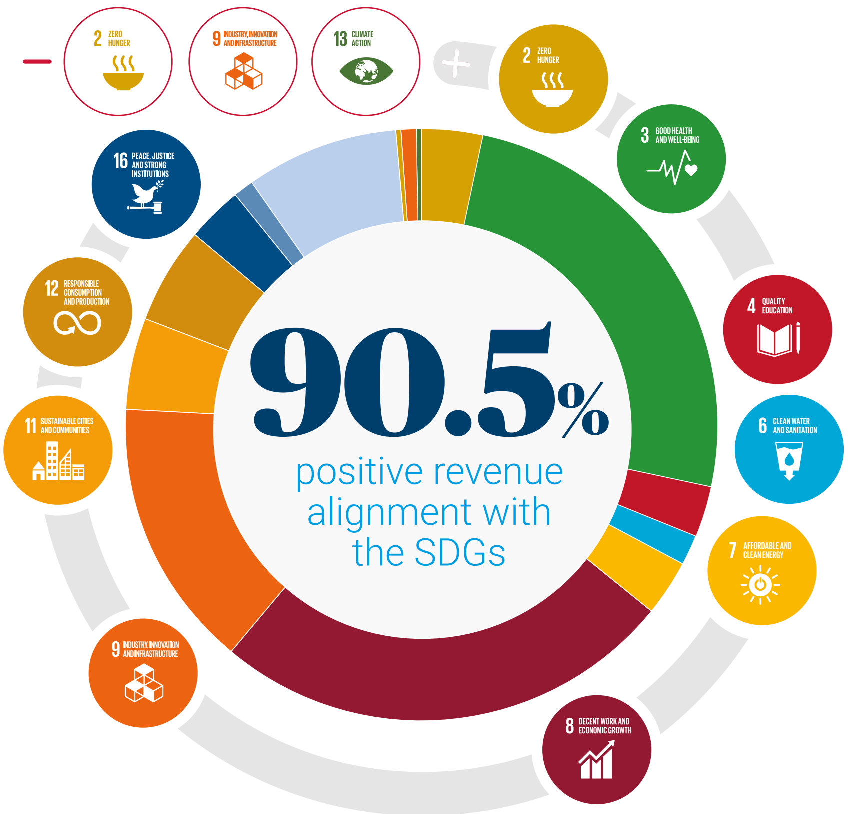
At a portfolio and company level, we measure and monitor the alignment to the UN SDG goals and targets. It is an important element of our investment process to ensure we are investing in sustainable companies.

In order to do so, we analysed the individual revenue streams of portfolio holdings and identified whether the products and services in those business segments have links to SDG targets, and if so, which ones. One company, depending on its breakdown by business segment, may have links to more than one goal and/or target; another company may have a business segment that is linked, and one that isn't. We developed an in-house methodology to do this, considering existing investor resources[1] but using our own interpretation of the many borderline cases that arose.

Through this analysis we have achieved a much deeper understanding of where the exposure lies, both to business areas that support the sustainable development agenda ('positive' alignment), to areas that are not so aligned ('neutral' alignment), and to areas that detract from the agenda ('negative' alignment).

When aggregating the data, we use the weighting of each holding within the portfolio as at the end of the period, which in turn determines not only the number of companies with a link, but also the value of the portfolio's assets with links.

A summary of the goal-level fund exposure is displayed below:



Revenue alignment breakdown

SDG 2: Zero Hunger	**3.6%**
SDG 3: Good Health & Well-being	**24.9%**
SDG 4: Quality Education	**2.8%**
SDG 6: Clean Water and Sanitation	**1.7%**
SDG 7: Affordable and Clean Energy	**3.0%**
SDG 8: Decent Work and Economic Growth	**25.3%**
SDG 9: Industry, Innovation and Infrastructure	**14.7%**
SDG 11: Sustainable Cities and Communities	**4.9%**
SDG 12: Responsible Consumption and Production	**5.4%**
SDG 16: Peace, Justice and Strong Institutions	**2.9%**
Other	1.3%
Neutral	8.3%
Negative	**1.3%**

[1] Approaches we reviewed included the SDG Compass and Sustainable Development Investments (SDIs) Taxonomies – PGGM and APG

Source: Columbia Threadneedle Investments, as at 31 March 2025

The data is not indicative of future characteristics.

At a portfolio and company level, we measure and monitor the alignment to the UN SDG goals and targets. It is an important element of our investment process to ensure we are investing in sustainable companies.

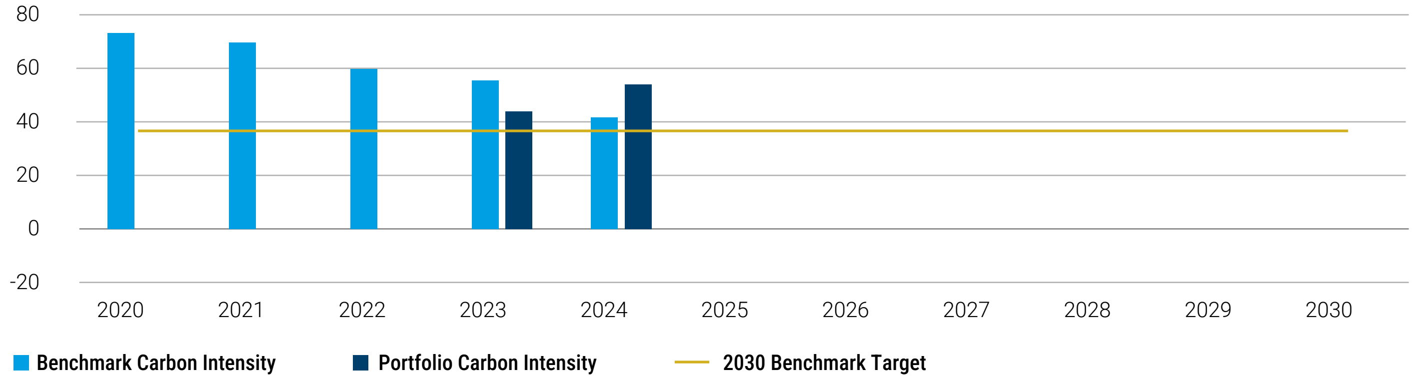
3. Portfolio Carbon Intensity

Carbon intensity for the portfolio is as follows:

	CT Sustainable Global Equity Income Strategy	MSCI ACWI Benchmark
Carbon intensity (tons C)2e/EVIC $m)	44.8	41.2
Coverage (percentage of value)	100.0	99.8

Source: Columbia Threadneedle Investments, 31 March 2025, MSCI ESG Research. Represents Scope 1 & 2 carbon intensity. EVIC: Enterprise Value Including Cash. Carbon Intensity methodology in appendix.

Portfolio and benchmark carbon intensity



Note, 2030 Benchmark target is a 50% reduction by 2030 from 2019 base year to achieve Paris Agreement alignment. Source: Columbia Threadneedle Investments, as at 31 March 2025.

As noted in the 4Q24 report, we saw an increase in year-end data for 2024 vs 2023; almost entirely driven by the Smurfit Kappa/ Westrock merger. We noted that we were comfortable with this increase in the near term, as we recognize that some companies delivering real world change might come with higher emissions themselves right now. As we look back at the data, it now appears that the combined company specific carbon intensity was overestimated (the carbon footprint was accurate, the Enterprise Value Including Cash (EVIC) was too low) meaning the corrected EVIC for the portfolio is lower than that stated prior. This adjustment is the majority of the reduced carbon intensity QoQ (**from 53.3 to 44.8**).

Largest emitters within the portfolio

With these revised Smurfit Westrock figures, the largest contributor to portfolio carbon footprint is **Veolia Environnement**, at 25% of portfolio carbon intensity (note the reported absolute emissions figure has note changes, but the stock is now larger within the portfolio following recent outperformance). Note, they are Aligned to Net Zero as per our Net Zero methodology, below.

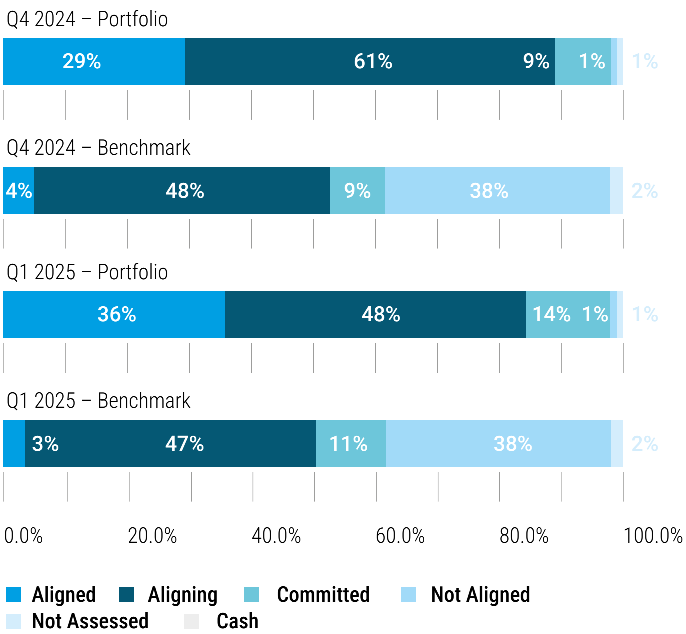
The second largest contributor is now **ComfortDelGro** (12.7%). The position size is largely the same, but we note an increased Scope 1&2 absolute emissions figure, reported in their 2024 Sustainability Report, issued. Emissions have ticked higher, EVIC is flat to slightly down, so the company carbon footprint has increased a touch, QoQ. Importantly, we note that the footprint has declined 14.5% since the 2019 baseline, and they are Aligning to Net Zero.

Note: The data is of a representative account (SICAV), is for informational purposes only and is not indicative of future characteristics. At a portfolio and company level, we measure and monitor all carbon metrics (including carbon emissions and intensity). It is an important element of our investment process to ensure we are investing in sustainable companies.

4. Portfolio Net Zero alignment

The below outlines the progress the holdings within the portfolio are making towards net zero alignment. The Investment Manager deploys a rigorous 8-step methodology to assess the alignment status of each company, and over time we will continue to report this relative to the base year (end-2021) and toward an aspiration to have all companies at least aligning, and as many as possible to be net zero aligned by 2030, a key target year for emission cuts highlighted by the **Intergovernmental Panel on Climate Change (IPCC). www.ipcc.ch**

Net Zero alignment of Portfolio and Benchmark



Source: Columbia Threadneedle Investments, as at 31 March 2025

During the quarter there were no changes to individual holdings regarding their alignment status.

However, the portfolio has seen an uptick in the proportion of emissions that are "aligned" to net zero (and a moderate uptick in "committed"), whilst there has been a drop in "aligning". This is the result of portfolio changes, where we have moderated increased our weights in Aligned companies over Aligning; most notably adding to Pfizer and GSK Plc. The other impact was that of name turnover during the quarter:

Full sales:

- Motorola Solutions (Aligning; 0.1% of portfolio carbon footprint in 4Q24)
- American Water Works (Aligning; 0.4%)
- Union Pacific (Aligned; 1.8%)

New purchases:

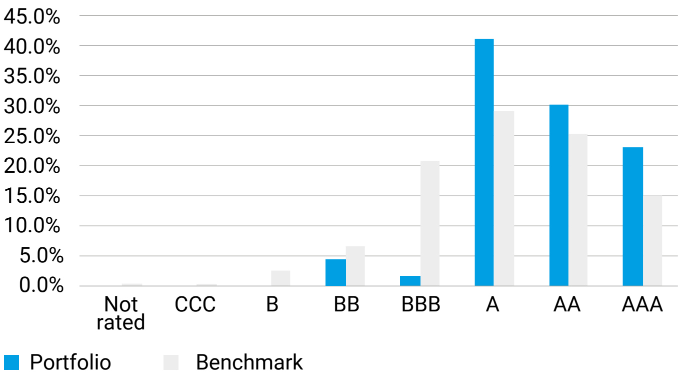
- Conagra Foods (Committed; 1.4%)
- Texas Instruments (Aligning; 0.6%)
- Capgemini SE (Aligning; 0.1%)
- Siemens AG (Aligned; 0.1%)

Note: The data is not indicative of future characteristics.

At a portfolio and company level, we measure and monitor all carbon metrics (including carbon emissions and intensity). It is an important element of our investment process to ensure we are investing in sustainable companies.

5. MSCI ESG Scores

Whilst ESG scores are not a perfect assessment of sustainability, on a broad basis we hope that illustrating the MSCI ESG score weights in the portfolio vs the benchmark demonstrates another angle of the portfolio's gearing towards companies taking a proactive stance on sustainability:



Source: Columbia Threadneedle Investments, as at end of March 2025

Overall portfolio position has tilted more towards A-ratings this quarter, but with still a heavy overweight vs the benchmark to A->AAA rated businesses. In aggregate, the AAA/AA rated portion of the portfolio has declined QoQ from 63% to 53%.
Whilst portfolio actions were broadly neutral; the tilt towards A-ratings was driven by the downgrade of two holdings during the quarter:

Microsoft (AA->A):
A second downgrade in two years. This is notable, and something we will monitor. While we disagree with the risks MSCI ascribes to Microsoft's operations in AI data usage (we believe they have adequate data protection implementation), we are taking a closer look at MSCI's analysts' comments around "controversies related to infringements of civil liberties of ethnic minorities", and also "controversies related to alleged anti-competitive practices".

Gen Digital (AA->A):
Whilst Gen Digital's data security practices remain strong relative to industry peers, MSCI comment that Gen "appear to lack company-wide external audits of information security management system". This is something we will monitor.

Full sales:
- Motorola Solutions (MSCI Rating: AA)
- American Water Works (A)
- Union Pacific (AA)

New purchases:
- Conagra Foods (AA)
- Texas Instruments (AAA)
- Capgemini SE (A)
- Siemens AG (AA)

Note: The data is not indicative of future characteristics.

At a portfolio and company level, we measure and monitor all carbon metrics (including carbon emissions and intensity). It is an important element of our investment process to ensure we are investing in sustainable companies.

6. Quarterly engagement activity and milestones

Please find below an analysis of the strategy's engagement activity during the quarter as to how it aligns with specific SDG targets.

CT Sustainable Global Equity Income Strategy	
Calendar Q1 2025	

Engagement Stats	
Engagements	6
Companies engaged	6
Milestones achieved	5
Countries covered	5

Companies Engaged by Country	
Europe	5
North America	1
Asia (ex Japan)	0
Japan	0
Other	0
Total	**6**

Engagements by issue	
Climate change	3
Environmental standards	0
Business conduct	1
Human rights	1
Labour standards	0
Public health	2
Corporate governance	1
Total	**8**

Milestones achieved by issue	
Climate change	0
Environmental standards	4
Business conduct	0
Human rights	0
Labour standards	0
Public health	0
Corporate governance	1
Total	**5**

SDG	SDG engagement by goal
1 No Poverty	0
2 Zero Hunger	1
3 Good Health and Well-being	2
4 Quality education	0
5 Gender Equality	0
6 Clean water and sanitation	0
7 Affordable and clean energy	0
8 Decent work and economic growth	0
9 Industry, innovation and infrastructure	0
10 Reduced inequalities	0
11 Sustainable cities and communities	0
12 Responsible consumption and production	0
13 Climate action	4
14 Life below water	0
15 Life on land	0
16 Peace, justice and strong institutions	0
17 Partnerships for the goals	0
No SDG	1
Total	**8**

This report represents data for the calendar quarter ended 31st March 2025 (1Q25).

Note: The data is not indicative of future characteristics.

Notable engagement activity we logged during Q1 2025:

Kerry Group

Kerry Group is a global leader in food formulations to promote healthier packaged food.

We spoke to the CEO of Kerry Group about food reformulation and regulation.

The company views regulatory intervention as positive for their reformulation business growth, with a projected $15 billion market opportunity over 5-6 years. In terms of potential changes to food ingredient approval processes in the US, most of the Company's products are FEMA certified or grandfathered. That said, they acknowledge potential time delays that could ensue from, but would work through, changes to the FDA's 'Generally Recognized as Safe' designation.

Siemens AG

Siemens AG is an engineering and manufacturing company, focused on electrification, automation and digitalization.

We spoke with IR ahead of the company's AGM to discuss changes to the Board and agenda items on the ballot.

In particular, the discussion focused on the succession process of the Chair and possible internal candidates who could take over that role. Key skills identified by the Board included technology, transformation and an understanding of the corporate governance system in Germany. We also discussed the move to virtual-only AGMs through 2027. The company reassured us that shareholder rights will be protected.

Note: The data is not indicative of future characteristics. All intellectual property rights in the brands and logos set out in this slide are reserved by respective owners.

Company level milestone activity we logged during Q1 2025:

Company Name	Milestone Rating	Issue	Outcome
ComfortDelGro	**3**	**Environment**	In its 2024 Sustainability Report ComfortDelGro announced that hybrids and EVs now account for close to 60% of its global vehicle fleet, putting the company firmly on track to meet its target for 90% of its car fleet and 50% of its bus fleet to be cleaner energy vehicles by 2030. We view this as positive progress against the company's climate transition plan, and is encouraging as energy transition has been a strong focus of our engagement with the company for the past three years. **SDG target 13.2** – Integrate climate change plans into policies and strategies
Kerry Group	**1**	**Governance**	Kerry published their first ever double materiality assessment, building on a more simplistic survey published in prior years. We engaged with them on the need for a more detailed assessment and provided feedback ahead of its publication. **SDG target 12.6** – Encourage companies to adopt sustainable practices and enhance ESG reporting
Kerry Group	**2**	**Environment**	In 2024, Kerry Group enhanced their process for identifying and addressing climate-related impacts, risks, and opportunities within its operations and across its value chain. This is a welcome step as we have engaged on physical climate risks with Kerry Group, encouraging the company to enhance their disclosures. **SDG target 13.1** – Strengthen adaptive capacity to climate-related events
NetApp	**1**	**Environment**	We recommended the company to track and disclose the proportion of suppliers reporting to CDP to measure progress on its supplier engagement strategy. In their 2024 ESG report, company reported that they have launched a supplier engagement initiative to improve emission accounting, reaching out to suppliers representing 90% of its 2022 expenditure. With a 54% response rate, they used the reported data to refine their scope 3 baseline calculation and enhance supplier engagement efforts. **SDG target 13.2** – Integrate climate change plans into policies and strategies
Veolia Environnement	**2**	**Environment**	Veolia released its sustainability report for 2024 outlining their scope 3 reduction strategy. We have encouraged them through engagement to provide this disclosure. **SDG target 13.2** – Integrate climate change plans into policies and strategies

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7. Highlighting Investee Sustainability Initiatives

Microsoft and Pearson

Microsoft and Pearson announced a strategic collaboration to help to address one of the top challenges facing organizations globally: **skilling for the era of AI**.

The partnership will focus on providing employers, workers and learners with new AI-powered products and services to **help prepare the current and future workforce across industries for the era of work in an AI-driven economy**. By combining Pearson's expertise in learning and assessment with Microsoft's cloud and AI technologies, this partnership will play a foundational role in helping organisations realise the full value of AI through reskilling.

Kimberly-Clark

Kimberly-Clark has partnered with independent power producer BNZ to launch **three new virtual solar power purchase agreements** (vPPAs) in Italy and Spain

The agreements, set to begin in Q2 2025, will generate an estimated **164 gigawatt-hours (GWh) of renewable electricity annually from solar farms in Lazio, Italy and Andalusia, Spain**.

This renewable energy will cover **more than 40% of the electricity needs** of Kimberly-Clark's Western & Central European production sites in Germany, Spain, Italy, France and Czechia.

Schneider Electric

Schneider Electric, the leader in the digital transformation of energy management and automation, announced its patent to **leverage artificial intelligence to help reduce the likelihood of process-safety hazards**.

The innovation automatically, or semi-automatically, analyses potential process hazards and validates protection mechanisms in an industrial process. It is then possible to prevent hazards using an analysis tool by engaging protective mechanisms to the process.

This patent is a part of a strategic initiative to enhance functional safety using AI. It is **now possible to simulate hazards**, with varying conditions, and then **attempt to prevent dangerous conditions** by using a process hazard analysis tool to generate protective mechanisms to the process.

Colgate-Palmolive

In what Colgate-Palmolive called "a groundbreaking partnership", they will make "a substantial contribution" to the Supervised Toothbrushing Scheme announced by the UK's Department of Health & Social Care.

The initiative will run in nurseries and primary schools throughout England's most deprived areas, designed to **protect children from tooth decay and educate them about good oral health**. It was expected to **reach up to 600,000 young children each year** and instill "positive brushing habits at school and home", said Colgate-Palmolive.

The personal care giant plans to donate more than 23 million toothbrushes and toothpastes to the Supervised Toothbrushing Scheme over the next five years, along with educational materials from its global 'Colgate Bright Smiles, Bright Futures' programme, which has run since 1991.

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8. Appendix

Carbon intensity methodology

At a company level, carbon intensity is a measure of how much greenhouse gas a company emits in order to conduct its business on a normalised basis. This normalisation allows (in theory) for a comparison between companies. In practice, differences in methodologies applied, scopes of emissions disclosure and different business models (e.g., outsourcing certain operations) can make comparisons challenging. Nevertheless, it is a useful proxy for carbon efficiency at an aggregate level. It is measured in tons of CO2 equivalent (i.e., including the basket of six Kyoto Protocol gases) per $1 million of EVIC at a company level and aggregated to portfolio level using a weighted average (by holding). Our data provider for this analysis is MSCI ESG.

This figure represents the companies' most recently reported or estimated Scope 1 and 2 emissions normalized by the most recently available Enterprise Value Including Cash (EVIC) in million USD. This ratio facilitates portfolio analysis by allocating emissions across equity and debt.

The carbon intensity for the portfolio and benchmark is calculated using MSCI ESG data and the following formula:

The carbon intensity for the portfolio and benchmark is calculated using MSCI ESG data and the following formula:

$$\textit{Carbon intensity} = \sum w_i \; x \; \textit{carbon intensity}_i$$

w = portfolio / benchmark weight

carbon intensity = tons CO2e/EVIC $m

i = stock 1 - x

Note: The data is not indicative of future characteristics. Source: Columbia Threadneedle Investments, 31 March 2025. This does not constitute a recommendation to buy or sell any particular security.

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