Investment policy for

CT Sustainable Opportunities Global Equity Fund

Last review: October 2024

Contents

Key risks

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.

Views and opinions have been arrived at by Columbia Threadneedle Investments and should not be considered to be a recommendation or solicitation to buy or sell any stocks or products that may be mentioned.

1 Philosophy

Our Responsible Investment philosophy is framed by several policy statements, including: our Corporate Governance Guidelines, as well as our Social and Environmental expectations statement. These policies are available on our **website**.

The CT Sustainable Opportunities Global Equity Fund aims to provide capital growth by investing in a diversified portfolio of global equities. The Fund seeks to invest in companies making a positive contribution to society and the environment.

The identification of financially material environmental, social and governance (ESG) issues forms part of our routine investment analysis ("ESG integration"), helping us to manage risk and support long-term returns.

The overarching sustainability philosophy of the Fund is to "Avoid; Invest; Improve":

- **Avoid** – We have a set of exclusion criteria setting threshold standards to avoid investment in socially or environmentally damaging products or unsustainable business practices.
- **Invest** – We invest in companies providing sustainability solutions and/or companies making a positive contribution to society and/or the environment.
- **Improve** – We engage with companies we invest in on significant ESG issues with most relevance to their business, to reduce risk, improve performance, encourage the adoption of best practices and underpin long-term investor value. We believe that this active ownership is part of our duty as an investor acting in the best interests of our clients, and as a participant in the global financial system.

'Avoid' (exclusions policy)

Consistent with the Fund's goal to invest in companies that have a positive impact on society and the environment, we have developed an exclusion policy to set threshold standards, which applies to the entire Fund.

We monitor the universe of holdings on an ongoing basis, and any position held by the Fund that no longer qualifies must be sold as soon as reasonably possible within the next six months.

Product-based exclusions

- **Weapons**[1] – Exclude companies that derive:
  - >0% of their revenue from the manufacture or sale of weapons.
  - >0% of their revenue from the manufacture of controversial and/or nuclear weapons components*.
  - >5% of their revenue from the manufacture of other weapons components and/or goods and services which are customised for strategic military use.
- **Tobacco** – Exclude companies that derive:
  - >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 products which are essential to the tobacco industry, e.g. machinery and packaging materials.

1 Conventional, unconventional and civilian weapons are in-scope.

2 The Sustainable Funds are permitted to hold companies that exceed the 5% revenue threshold if they have robust net zero transition plans which cover their product emissions, and/or are substantially benefitting customers in remote/rural areas.

3 The Sustainable Funds are permitted to hold companies that exceed the 5% revenue threshold for gas transportation/pipelines if they have robust net zero transition plans which cover their product emissions, and/or are substantially benefitting customers in remote/rural areas.

4 Companies deriving >5% of their revenue from the use and/or production of hydraulic fracking technologies are excluded.

NB.We expect companies to be actively decreasing their involvement in coal-/oil-/gas-related activities.

*Our definition of controversial weapons encompasses the following types of weapons: biological; blinding lasers; chemical; cluster munitions; depleted uranium (incl. armour); land mines; non-detectable fragments.

- **Fossil fuels** – Exclude companies with ownership of geological reserves of coal/oil/gas and exclude companies that derive:
  - >0% of their revenue from the mining of thermal coal and its sale to external parties.
  - >0% of their revenue from the extraction and production of oil/gas.
  - >5% of their revenue from the distribution and retailing of oil/gas and related products[2].
  - >5% of their revenue from coal/oil/gas transportation and/or oil/gas pipelines[3].
  - >5% of their revenue from refining coal/oil/gas.
  - >50% of their revenue from equipment and services for coal-/oil-/gas-related activities[4].
- **Electricity generation** – Exclude electricity utilities:
  - That derive >10% of their revenue from coal-based power production[5].
  - That derive >10% of their revenue from oil & gas-based power production[6].

In addition, exclude companies that derive >5% of their revenue from uranium mining.

Conduct-based exclusions

- UNGC breaches – We exclude companies with breaches of the UN Global Compact principles[7].
- We use qualitative analysis and a variety of ESG data tools to assess and monitor companies' management of key ESG risks and their approach to addressing sustainability challenges. We seek to exclude companies with particularly poor ESG risk management and weak strategies to advance sustainable objectives.

Further aspects of sustainability considered:

- **Biodiversity**: We expect companies to minimise their negative impact on biodiversity.
- **Water Use**: We expect companies to comply with national regulations and international agreements regarding managing water consumption.
- **Taxation**: We expect companies to pay fair and appropriate taxes, and transparently report their taxes.

Ongoing monitoring

To ensure companies held in the Sustainable strategies continue to meet our criteria, we conduct ongoing monitoring of all held companies. Furthermore, each quarter we review whether companies continue to meet the criteria and any involvement in recent controversies that might indicate poor ESG practices. Furthermore, held companies are monitored quarterly for new or ongoing UN Global Compact breaches. All breaches are assessed by the Responsible Investment team. If a breach is assessed as genuine and severe, the company is divested. If a breach is not assessed as genuine and severe, the company is engaged by the Responsible Investment team in order to further evaluate and improve the company's management of the underlying issue(s). Failure to respond to engagement would result in a company being divested.

'Invest' (targeted investment in sustainability leadership)

Beyond the threshold ESG standards established by the exclusions policy, we will seek to proactively allocate to investments whose activities are oriented to providing solutions to sustainability challenges.

The world faces material and ever-growing challenges largely stemming from living on a planet with limited natural resources and growing populations. This gives rise to a number of challenges, including poverty, inequality and climate change, which threaten to disrupt the status quo. With such challenges, however, come solutions and opportunities, and there is a plethora of companies spearheading the response to such challenges, thereby carving themselves market leading positions in structurally growing markets.

We find a rich source of ideas comes from considering long-term social and environmental themes, and we believe companies that are contributing solutions to key sustainability challenges and building successful business models around this will see a long-term tailwind to their growth opportunities. The identification of themes helps to focus our analytical efforts rather than imposing a strict thematic structure on the portfolio. Investments include alignment with themes such as (but not limited to):

- **Connect and protect** – technological advances create opportunities to accelerate our connectivity, and progress social well-being, supply chain efficiencies and sustainable cities.

5 Electricity utilities with coal-based power production must have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius. NB. This criteria point may include companies in other sectors which have power generation activities. Overall, we expect companies to be structurally decreasing their coal-based power generation.

6 Unless they have robust net zero transition plans in place.

7 The UN Global Compact are 10 principles businesses should follow and incorporate in order to meet their basic responsibilities to people and planet, which fall under 4 broad headings (Human Rights, Labour, Environment and Anti-Corruption). See here for full details.

8 The 17 SDGs were developed in 2015 by the UN and cross-industry stakeholders and endorsed by all 193 member states. The SDGs set out a roadmap towards a more sustainable global economy and society by 2030. See here for full details.

9 See details here.

- **Digital empowerment** – data can be harnessed for good, to enable better healthcare or empower smaller businesses, which can lead to broader competition and employment opportunities.
- **Energy transition** – transformation is required across all types of energy use, including power generation and transport.
- **Health and well-being** – with increased globalisation and urbanisation comes rising communicable diseases. With ageing demographics, rising obesity and an increasing prevalence of non-communicable diseases, the demand for healthcare is rising while the supply remains constrained, particularly in emerging markets.
- **Resource efficiency** – we must use our planet's finite resources in a more sustainable way, while minimising the impact we have on the environment.
- **Sustainable cities** – a growing global population puts cities under increasing stress, such as the provision of reliable healthcare and education, and environmental challenges such as global warming.
- **Sustainable finance** – by integrating sustainability into their business strategies and decision-making, financial institutions can play a significant role in adapting and promoting innovation to address global sustainability challenges.

We also refer to the framework of the Sustainable Development Goals (SDGs) in identifying investments making a positive impact on society and the environment[8].

'Improve' (encouraging positive change by active ownership)

As part of active ownership, we as investors have the responsibility to take key environmental, social and governance (ESG) issues into account before, during and after investment decisions. We use our position as owners to engage in dialogue with investee companies around those issues that present a potential threat to – as well as opportunity for – long-term value. Our purpose in engagement is to mitigate risk, to underpin long-term returns, and to contribute to a more sustainable world by encouraging better management of sustainability issues by our investee companies. We support our engagement approach by the thoughtful use of our voting rights, where relevant. All proxy voting results are made public[9].

We have a well-established approach to prioritising, planning and reporting on engagement and voting activity applicable to our portfolio investments. We prioritise our engagement activity based on 3 pillars: top down (thematic topics that span a range of companies and industries); bottom up (single security engagement following portfolio ESG risk analysis) and reactive (in response to emerging issues or serious breaches of accepted practice).

Our global engagement programme is further structured around the following core themes:

- Environmental Stewardship
- Climate Change
- Human Rights
- Labour Standards
- Public Health
- Business Ethics
- Corporate Governance

We conduct our engagement using constructive dialogue. This is often one-to-one with companies and we interact with individuals at several levels, from the Board to senior executive management to investor relations and operational management. We also take a collaborative engagement approach with other investors where we believe this will be more effective.

We set objectives, record and report on our engagement systematically, and measure success through the achievement of "milestones" when an engagement objective is satisfied. We monitor our carbon footprint at the portfolio level on an ongoing basis as part of our ESG integration approach.

2 Instruments

All UCITS-eligible securities are allowed, as long as they meet minimum regulatory and ESG standards, as determined above.

3 Annual policy review

We will review the Fund's criteria on an annual basis to ensure we keep abreast of evolving best practice. This review will be conducted by our Responsible Investment team, having considered the views of our investment teams and our external Responsible Investment Advisory Council.

4 Addendum

Criteria updates since August 2024:

Previous criteria	New criteria
Weapons[10]	
Exclude companies that derive: ■ >0% of their revenue from the manufacture or sale of weapons. ■ >0% of their revenue from the manufacture of controversial weapons components. ■ >5% of their revenue from the manufacture of other weapons components or systems designed for strategic military use.	Exclude issuers that derive: ■ >0% of their revenue from the manufacture or sale of weapons. ■ >0% of their revenue from the manufacture of controversial and/or nuclear weapons components*. ■ >5% of their revenue from the manufacture of other weapons components and/or goods and services which are customised for strategic military use.
Tobacco	
Exclude companies that derive: ■ >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.	Exclude issuers that derive: ■ >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 products which are essential to the tobacco industry, e.g. machinery and packaging materials.

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