EU ESG Ratings Regulation Disclosure – ESG Materiality Ratings

This document is issued by Threadneedle Management Luxembourg SA ("TMLSA") which is part of Columbia Threadneedle Investments, the global asset management business of Ameriprise Financial, Inc.

This document is published in accordance with the requirements of the **Regulation on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities** (Regulation (EU) 2024/3005) (the "Regulation"). The Regulation introduces a regulatory framework for ESG rating providers. In response, TMLSA and its affiliates have established an ESG ratings assessment framework pursuant to which ESG data, research findings, analytical assessments and other ESG-related information may be used by TMLSA **for the purpose of issuing ESG ratings in respect of TMLSA's products**.

The information contained herein is current as of the date of publication. The regulatory framework and related guidance continue to evolve, and some matters of interpretation remain open and subject to further clarification. This document may therefore be revised, updated or reissued to reflect future regulatory guidance, clarifications or changes in the law issued after its date of publication.

Scope of Disclosure

This disclosure relates to the ESG Materiality Rating of the TMLSA managed products (Fund ESGM Rating). that have adopted the ESGM framework described below as part of their investment strategy.

The Fund ESGM Rating is calculated using underlying issuer-level ESGM ratings and their respective portfolio weights. Cash and unrated holdings are excluded, with the remaining rated holdings reweighted accordingly. The resulting portfolio-level scores are aggregated over a rolling 12-month period.

Individual issuer-level ESGM ratings are primarily used for internal investment research and are not systematically reported externally. The methodology information below describes the underlying ESGM framework used to support the externally reported Fund ESGM Ratings.

Columbia Threadneedle ESG Materiality ("ESGM") Ratings

The objective of the individual issuer-level ESGM ratings is to identify and assess financially material sustainability risks faced by corporate issuers. The ratings are designed to support investment research and decision making.

The ESGM framework assesses financially material sustainability factors across environmental, social and governance dimensions. Factors are informed by the Sustainability Accounting Standards Board (SASB) Standards[1] and vary by industry based on their financial materiality. There are no fixed weightings between E, S and G.

The topics covered may overlap with those included in the European sustainability reporting standards (ESRS); however, ESGM has not been specifically mapped to the ESRS.

Issuer-level ESGM ratings are expressed on an absolute 1 to 5 scale and are not peer ranked. A rating of 1 indicates lower exposure to financially material, industry-specific sustainability risks, while a rating of 5 indicates higher exposure to those risks. Risks related to human and social capital include employee health and safety, human rights, and product safety; risks related to the environment include energy management, air quality, and water management; and risks related to leadership include business ethics and corporate behaviour.

Individual issuer-level ESGM ratings are used primarily for internal investment research and are not systematically reported externally.

These ratings do not explicitly assess alignment with the Paris Agreement or other international agreements.

General Methodological Disclosures

ESGM uses a systematic methodology based on company-reported metrics and third-party data. The systematic assessment is primarily backward-looking and reflects the information available at the time of assessment. Investment analysts may incorporate forward-looking insights based on fundamental research and engagement.

[1] The SASB Standards are maintained under the IFRS Foundation through the International Sustainability Standards Board (ISSB) and form part of the broader IFRS Sustainability Disclosure framework.

The ESGM framework uses the Sustainable Industry Classification System (SICS) associated with the SASB Standards to identify financially material sustainability factors by industry.

Data sources include publicly reported company information and third-party data and may include sustainability statements required under the EU Corporate Sustainability Reporting Directive or disclosures under the EU Sustainable Finance Disclosure Regulation, where available. Underlying data feeds are received daily, and ratings may change as underlying information is updated.

ESGM framework does not estimate missing input data. Where relevant data is unavailable, analysts may apply a qualitative assessment based on fundamental research, engagement and issuer knowledge.

The methodology is reviewed at least quarterly and updated as appropriate. The last material methodology update was completed in April 2023, with minor enhancements made subsequently. Any material changes to the methodology are subject to formal governance and approval processes and are escalated to the Luxembourg ESG Committee for review and approval. The methodology is not explicitly derived from academic research nor generally based on scientific evidence.

Columbia Threadneedle Investments does not rely on autonomous artificial intelligence systems for the creation or maintenance of ESGM ratings.

Limitations in Data Sources, Methodologies and Information

Issuer-level ESGM ratings are subject to limitations arising from the availability, quality and comparability of publicly reported company information and third-party data. Where relevant data are unavailable, qualitative analyst assessments may be applied.

Organisational Disclosures

Threadneedle Management Luxembourg SA is part of Columbia Threadneedle Investments, the global asset management business of Ameriprise Financial, Inc. The ESGM ratings are not sold on a standalone or issuer-paid basis. Columbia Threadneedle Investments is not separately remunerated for the provision of ESGM ratings. Fees charged to clients relate to broader investment management and related services rather than ESG ratings.

There may be potential conflicts of interest that the issuer-level ESGM ratings may be influenced through the use of supplementary data inputs and/or manual adjustments, resulting in a rating that differs from the standard model output. Such risks are sought to be mitigated through the application of consistent quantitative methodologies, oversight, appropriate approval of any overrides and monitoring.

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