

EU ESG Ratings Regulation Disclosure – Social Rating

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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.

Social Rating Methodology

Our Social Rating methodology is designed to score bonds based on their social characteristics and expected impact. This

methodology is used in the investment process of the CT(Lux) European Social Bond fund (the “Fund”).

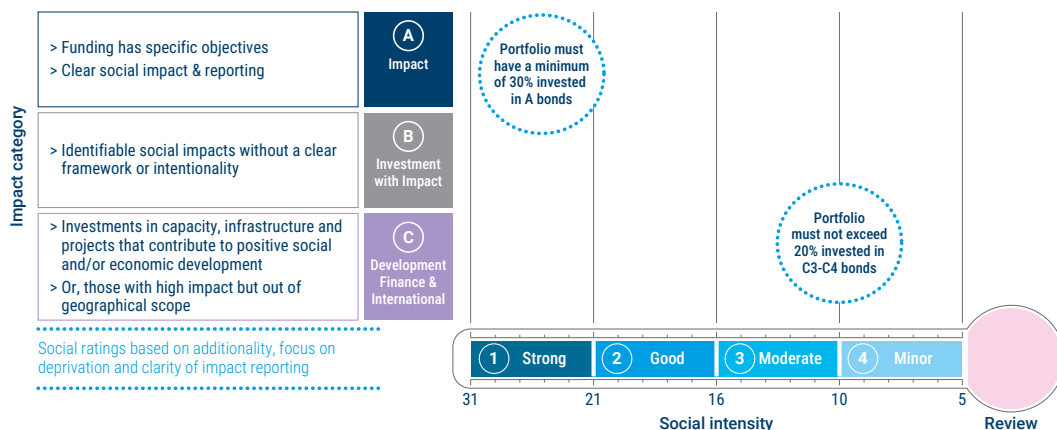
The assessment is undertaken by our Social Bond Investment Team and reviewed and challenged by the Fund’s independent social partner, INCO¹ as well as the Luxembourg ESG Committee in line with its oversight and approval responsibilities² The resulting ESG rating (the “Social Rating”) is based on the social analyst’s judgement, but follows a defined two-stage process and scoring methodology, as detailed below:

The first step assigns an impact intentionality category of either A, B or C, as follows:

- A: an Impact Investment where a bond’s use of proceeds has a clear social objective.
- B: an Investment with Impact, where a bond’s use of proceeds does not have a clear social objective, but where positive social benefit is nonetheless identifiable.
- C: Development Finance & International Impact, where a bond’s use of proceeds supports investments in infrastructure and economic development for positive social contribution or has positive social impact outside of Europe.

The second step assigns a social intensity score. Social intensity assesses the quality and depth of the social impact by scoring each bond against 9 indicators, such as: the bond’s

Figure 1: Social Rating overview



Source: Columbia Threadneedle Investments, October 2026

¹ An organisation focused on the European social economy and a leader in assessing sustainable social businesses.

² 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.

ability to tackle deprivation by assessing the target population and region; or the bond's ability to support unmet social needs by assessing the social outcome area. The output is a score from 0 to 31 and an overall quartile rating of minor (4), moderate (3), good (2) or strong (1).

The resulting Social Rating is from A1 – C4.

Any investment that does not meet the criteria for the impact intentionality categories above or falls below the minimum social intensity score is not considered eligible for investment by the Fund.

The data we consider as part of the assessment can be forward-looking, point in time, or backward-looking based on what is available to us. The resulting Social Rating is both forwards and backwards looking as we assess the social impact of bonds where projects may have already happened or will happen in the future. The time horizon varies depending on the nature of the bond itself.

- a) No industry classification is used in this ESG rating methodology.
- b) The information used to create the Social Rating can come from a variety of data sources, including but not limited to, published sources such as sustainability bond frameworks and impact reports. Data may include sustainability statements required under the EU Corporate Sustainability Reporting Directive or disclosures under the EU Sustainable Finance Disclosure Regulation, alongside information gained via our direct engagement with bond issuers. Our Social Bond Investment Team may review the Social Rating if new information becomes available. As does the Luxembourg ESG Committee on a monthly basis, in line with its oversight and approval responsibility.
- c) The methodology is not explicitly based on scientific evidence.
- d) The objective of the Social Ratings is to score each bond's social impact, based on both its social intentionality (the extent to which the bond has a clear social objective) and its social intensity (the intensity of the social outcome being funded, e.g. considering the bond's ability to tackle deprivation by assessing the target population and region).

This allows us to compare bonds meeting different social needs and support investment decisions and portfolio construction for the CT(Lux) European Social Bond Fund.

- e) The Social Ratings specifically cover social impacts, and focus on social outcome areas aligned with the United Nations sustainable development goals, including:

- Affordable housing
- Health and welfare
- Education and training
- Employment

- Community
- Access to services
- Economic Regeneration and Development

- f) Each bond is given their own individual Social Rating, which is not aggregated into an overall portfolio rating.
- g) The Social Ratings cover social factors relating to a range of social outcome areas, including affordable housing, health and welfare, education and training, employment, communities, access to services, and economic regeneration and development. Some of these topics broadly correspond to topics addressed under the European Sustainability Reporting Standard.
- h) The Social Ratings are relative, designed to enable comparison of the social characteristics and expected impact of each bond.
- i) Columbia Threadneedle Investments does not rely on autonomous artificial intelligence ("AI") systems for the production of the Social Ratings or their maintenance; automated tools may be used to support data collection but are subject to appropriate human oversight and governance controls.
- j) The Social Ratings are not sold on a standalone issuer-paid basis. Columbia Threadneedle is not remunerated specifically for the provision of these ratings. Fees charged to clients relate to broader investment management and related services. Bond issuers do not pay for Social Rating outcomes.
- k) The Social Ratings are subject to limitations arising from data and information availability, quality and comparability across issuers and markets. The use of third-party data and incomplete disclosures may affect completeness and accuracy. As part of our engagement with bond issuers, we encourage impact reporting improvements and transparency to facilitate better information and comparability across issuers.
- l) There may be potential conflicts of interest arising from the fact that the assessment and resulting Social Rating is carried out by the Investment Team who manage the Social Bond Portfolio. This results in the risk that the Investment Team is able to overstate the social impact of the bonds in the portfolio.

However, we mitigate this risk by having an independent Social Partner, INCO Group. They bring expertise and reputation, deepening the research on the social outcomes of potential investments; reviewing, advising and monitoring our social assessments via a quarterly Social Advisory Committee Meeting; and producing an independent annual report.

Key issues and assessments are discussed at the Social Advisory Committee Meeting, comprising members

Social Rating

nominated by our social partners, INCO and the fund manager. The Panel is Chaired by an INCO-nominated member. The Panel has the right of referral on the final assessment. If a bond is considered ineligible or no longer eligible for the Fund, the fund manager will draw up and implement an action plan comprising an exit strategy in the best interest of the underlying investors.

m) The Social Rating does not explicitly consider environmental factors.

- n) The Social Rating is focused on social impact and does not explicitly take into account a company's alignment with international agreements
- o) Third party data may be subject to limitations in respect of its accuracy and/or completeness.

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