



Environmental and Social Practices Statement

January 2024

Environmental and Social practices statement

A robust approach to managing environmental and social risks and opportunities can support the achievement of sustainable growth and investment returns by helping companies ensure continuity in business operations and supply chains, avoid legal and regulatory fines, enhance employee productivity, improve both employee and customer satisfaction, and maintain their reputation and social licence to operate.

Ultimately, we believe this will contribute to sustainable long-term value creation for our clients.

Through our investment activities including research, portfolio construction and active ownership (engagement and voting activities) that align with client expectations to respect human and labour rights and mitigate environmental impacts.

Well-run companies will typically have formal systems to identify, assess and manage significant risks and opportunities linked to environmental and social factors, as well as the impacts of their operations on the environment and society.

We recognise that different companies may be at different stages of managing their environmental and social risks and opportunities. In line with our clients' investment objectives, we will encourage stronger environmental and social practices through our engagement and voting activities and monitor companies' progress.

The environmental and social practices referenced build on international standards¹ and industry commitments.

Environmental practices

The following environmental practices inform how investee companies could manage the environmental risks and opportunities of their operations and supply chains, and which we will discuss during our engagement activities:

- Aligning business strategies with a 1.5C scenario, in line with the goals of the **Paris Climate Agreement**² and considering any material social impacts of transition where relevant
- Measuring, reporting and minimising **greenhouse gas emissions**
- Improving **energy efficiency** and prioritising renewable energy sourcing practices
- Enhancing the **biodiversity** support functions of air, land and water resources³
- Minimising impacts on **protected habitats** and **endangered species**
- Controlling, treating and, where possible, reducing **toxic emissions** and **effluents** into air, water, or land
- Reducing strain on shared **freshwater resources** by balancing water use with the needs of communities and nature
- Eliminating **deforestation and land degradation**, rehabilitating degraded land and protecting soils
- Planning and managing use of and impact on **marine resources** to ensure long-term sustainability
- Respecting **animal welfare**
- Limiting **waste**, and ensuring disposal that is safe to human health, the environment, and wildlife
- Incorporating **circular economy** principles into business strategies
- Maintaining **contingency plans** for preventing and mitigating serious environmental damage from accidents or emergencies

¹ Among them: the UN's Universal Declaration of Human Rights; UN Guiding Principles on Business and Human Rights; the ILO's International Labour Standards including conventions 29 (forced labour), 138 (minimum wage), and 182 (worst forms of child labour); OECD Guidelines for Multinational Enterprises; Wolfsberg Principles, UN Global Compact, Taskforce on Climate-related Financial Disclosures, CDP, IFC Performance Standards

² The Paris Agreement sets out a global framework to avoid dangerous climate change by limiting global warming to well below 2°C and pursuing efforts to limit it to 1.5°C. It also aims to strengthen countries' ability to deal with the impacts of climate change and support them in their efforts. The Agreement is the first-ever universal, legally binding global climate change agreement, adopted at the Paris climate conference (COP21) in December 2015

³ In line with the Post-2020 Global Biodiversity Framework ambition of "living in harmony with nature" by 2050

Social practices

The following practices inform how investee companies could manage the social aspects of their operations and supply chains, and which we will discuss during our engagement activities:

- respecting **human rights** and remedying any breaches,
- upholding **labour standards**, and
- safeguarding **public health**.

Amongst others, this can be implemented by the following measures:

- Provision of a **healthy and safe work environment**
- Ensuring **fair employment**, including the payment of **living wages** Elimination and **prevention of modern slavery** as well as **forced and child labour**
- Respecting rights of **freedom of association** and **collective bargaining**
- Effective **diversity, equity and inclusion** programmes; ensuring that neither discrimination nor harassment takes place in the workplace
- Protection of the rights of vulnerable communities, including **indigenous peoples**
- Formal **due diligence frameworks** to identify, assess and mitigate significant risks associated with social factors, including effective grievance mechanisms and whistleblowing systems
- **Managing conflict risk**, and considering how to responsibly disengage where appropriate from operations in regions facing high risk of human rights concerns


- **Responsible business conduct**, including on issues such as anti-bribery and anti-corruption, anti-money laundering, tax transparency, data privacy and security, responsible marketing and sales, and responsible lobbying activities


We expect effective **stakeholder engagement** from all investee companies, including with regulators, investors, customers, employees, and civil society.

Implementing the practices outlined above can help issuers to develop a robust policy and governance framework which supports board oversight and effective implementation of environmental management and impact mitigation strategies, incorporates stakeholders' views, and ensures monitoring of and reporting on progress and performance. Corporate reporting should include the identification of material environmental and social risks as well as strategies and targets to achieve good practices around their management. This should include a narrative account about how these trends and factors are expected to affect the performance and future development of the business. Insights gained through engaging with issuers around implementation of their policy and governance framework and reporting of this nature supports our assessment of issuers long term economic prospects.

This document will be reviewed annually by the Responsible Investment team and published externally following approval by internal governance committees.

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