

RESPONSIBLE INVESTMENT GLOBAL POLICY AND APPROACH

November 2022

This policy applies to the group of legal entities whose parent company is TAM UK International Holdings Limited which is part of Columbia Threadneedle Investments, the asset management business of Ameriprise Financial, Inc.

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01

RESPONSIBLE INVESTMENT OVERVIEW

1.1. OUR RESPONSIBLE INVESTMENT PHILOSOPHY

At Columbia Threadneedle Investments we strive to be responsible stewards of our clients' assets, allocating their capital within our framework of robust research and good governance. Responsible Investment (RI) has long been integral to our investment research and decisions.

We believe...

- the integration of Environmental, Social and Governance (ESG) considerations into our investment research of companies builds a fuller picture of the risks and future return prospects of all investment opportunities
- active ownership through continuous monitoring, targeted engagements and strategic voting enhances research insights, drives change and helps create future value
- companies which demonstrate sustainable business models, organisational stability and the ability to effect positive change are more likely to deliver value to all stakeholders, including shareholders
- our culture of collaboration ensures RI principles underpin our research and are integral to our whole investment approach
- this approach increases the potential to generate better long-term, risk adjusted returns for our clients.

We take a transparent approach to our responsible investment activities to clients, regulators and the wider public.

1.2. RESPONSIBLE INVESTMENT APPROACH

This policy and approach document sets out how we frame sustainability risk and opportunities, whether that be in relation to ESG, controversies or climate, and provides insight into how responsible investment research is integrated in practice.

As a global asset manager, we invest our clients' capital in companies, organisations and projects, supporting sustainable growth. Sustainable growth is critical to delivering benefit for all stakeholders, and a key contributor to our economies and society.

Prudent allocation of our clients' capital to well-managed or improving companies - those better able to navigate business risks and challenges - creates long term value and generates the returns our clients seek to meet their investment objectives and needs.

Responsible Investment is a comprehensive approach taking account of financially material factors including Governance, Climate, Controversies, Stewardship and Sustainability themes.

Our approach is research driven, with a focus on understanding:

- a business's quality
- its management of material risks (including sustainability risks)
- its broader thematic exposures and related opportunities (e.g. to sustainability themes or the Sustainable Development Goals), and
- related opportunities to innovate and gain competitive advantage.

We are focused on delivering a tailored approach to our clients' investment needs and objectives in line with their values. Responsible investment is not a distinct discipline; its elements are integral to generating valuable investment insights.

1.3. RESPONSIBLE INVESTMENT RESEARCH

Global research is our foundation. The intensity drives our approach.

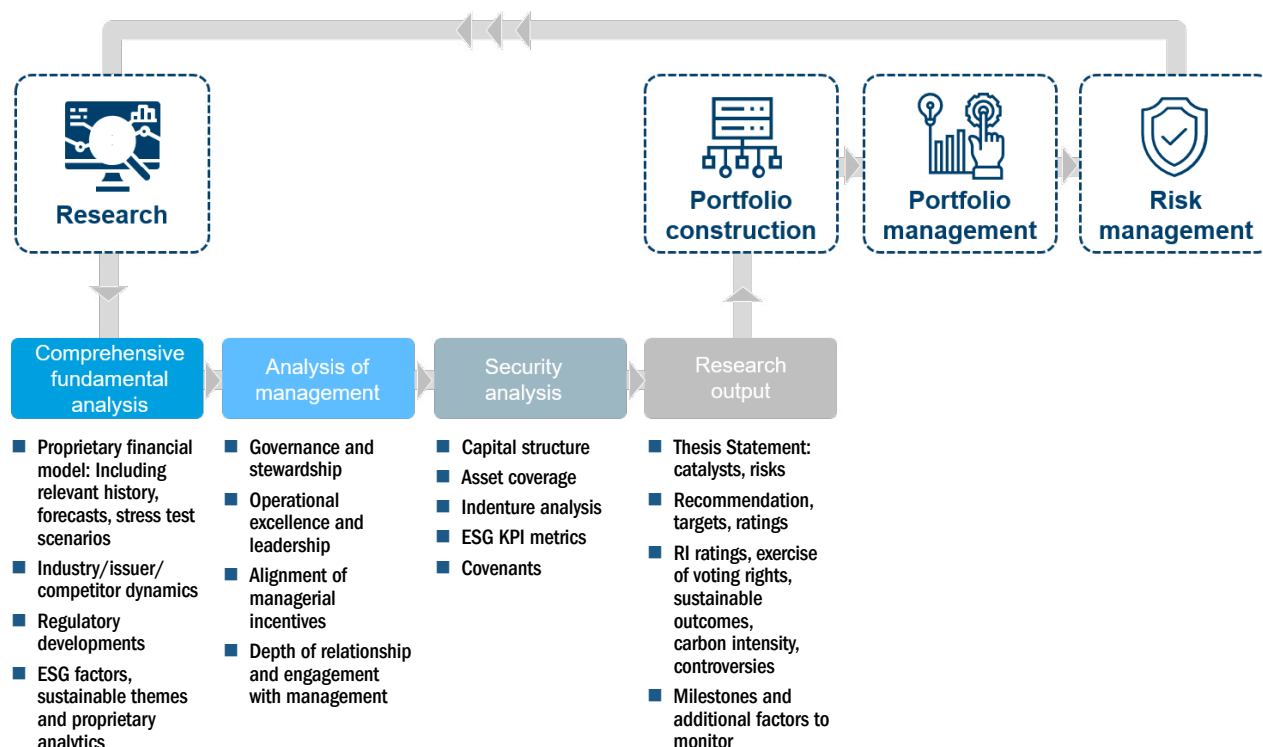
We conduct original, independent, forward looking research that drives long-term consistent returns for our clients. Our research culture is underpinned by Equity, Fixed Income, Responsible Investment, Real Estate, Macro and Data Science professionals collaborating and transferring insights throughout the firm.



Research involves everyone, not just the research department.

Analysts are dedicated to performing in-depth research on key sustainable topics. Assessing both sustainable opportunities (potential drivers of growth and competitive advantages) and potential sustainability risks (standards of ESG practice, climate exposures, or operational controversies). These insights also support the prioritization, escalation and tracking of our stewardship activities.

We believe responsible investment research is fundamental research. Our perpetual research intense approach supports Portfolio Managers in considering all relevant factors to enhance their portfolio construction and the ongoing management of their holdings.



- We look for better risk-adjusted performance by combining the enhanced insights on quality and risk that we gain from financially material research
- We identify mispriced companies supported by sustainable business models and good standards of operating practice
- We invest in companies that offer better risk-adjusted return potential
- We have the talent, tools and techniques to do this as good stewards of our clients' capital.

02 RESPONSIBLE INVESTMENT RESEARCH ANALYTICS

Our research led approach requires analytics that reflect the range of RI factors that provide insights into sustainable opportunities and risks.



We take an evidence-based approach to assessing and monitoring key exposures and financially material factors that inform our research, aid prioritization, shape engagement and support voting activity.

Sustainability is a broad field. There is no one rating that can effectively encompass it all without the insights being diluted or lost in the mix. There are also subjective elements and both disclosure and data issues to consider. To ensure clear insights we focus on different aspects of sustainability, developing and drawing on a range of analytics.

Each set of analytics offers us a starting point on different areas from which we can gain insights. We combine this into our own proprietary RI models.

2.1. ESG STANDARDS OF PRACTICE

Our models assess standards of ESG operating practice. They provide initial signposting insights into material, industry relevant ESG exposures. They focus on 77 sector specific frameworks that are based on the Sustainability Accounting Standards Board (SASB) framework.

This provides an additional lens into the quality of a business, its leadership, focus and operational standards of practice. Focusing on material issues the models offer insights into potential sustainability risks.

2.2. GOVERNANCE AND FINANCIAL STEWARDSHIP

We look at corporate governance in two ways:

- **Traditional corporate governance** – we review operational excellence and leadership, alignment of managerial incentives and consider stewardship insights and our engagement with management
- **Financial stewardship** – by combining four different research elements we measure prudent, long-term financial governance to identify well-managed businesses. This framework enables us to assess whether corporate governance is working in practice.

2.3. CONTROVERSIES (OPERATIONAL FAILINGS)

Where companies are involved in controversies, the associated issues and potential risks provide an important focus area for our research. In looking to understand the materiality of such issues, we assess against potential breaches of international standards:

- UN Global Compact
- UN ILO Labour Standards
- UN Guiding Principles on Business and Human Rights

2.4. CLIMATE RISKS

Climate change has become a distinct and significant issue for policymakers, regulators, consumers, and investors. The 2016 Paris Agreement and the Financial Stability Board's Taskforce on Climate-related Financial Disclosures (TCFD) recommendations have set a clear framework for a global response to the risks of climate change.

The practical and policy drivers of climate adaptation, and the focus on Paris alignment are important considerations for investment. Analysis of climate exposures and related sustainability risks is integrated into our research, by:

- assessing transition risk exposures from carbon intense and fossil fuel assets,
- assessing related adaptation risk (the ability to effect change given potential lock-in risks);
- assessing relevant physical risks associated with climate change (e.g. operational, supply chain and market risks).

Recognising the potential impacts of relative climate exposures, and risks of a particular company compared to its peers, informs our analysis of investment opportunities.

We continue to develop our understanding of the physical risks associated with climate change. Developing a global approach and securing access to data sources that will enhance our understanding of such exposures is core to our work on improving our climate research capabilities. Further detail is provided on Page 9.

2.5. SUSTAINABILITY THEMES & OUTCOMES

Sustainability themes are important drivers of change and opportunity. Companies which respond to these changes by innovating and adapting should be better placed to capture growth opportunities and competitive advantage.









Our research universe is defined by the seventeen UN Sustainable Development Goals (UNSDGs) and International Labour Organisation Core Conventions. Our teams collaborate to identify and understand important topics of concern to our clients such as climate change issues (specifically energy transition and carbon policy) and human capital development.

We frame our thematic research around key sustainability trends, to provide us with insights into related sector and company implications including:

- operational efficiencies
- potential competitive strengths and threats
- innovation
- related outputs and commercialisation of products and services, and
- the outcomes or impacts a company has.

This work also provides insights into the externalities (positive and negative) of a business and supports the thematic, social and sustainable outcome strategies that we manage.

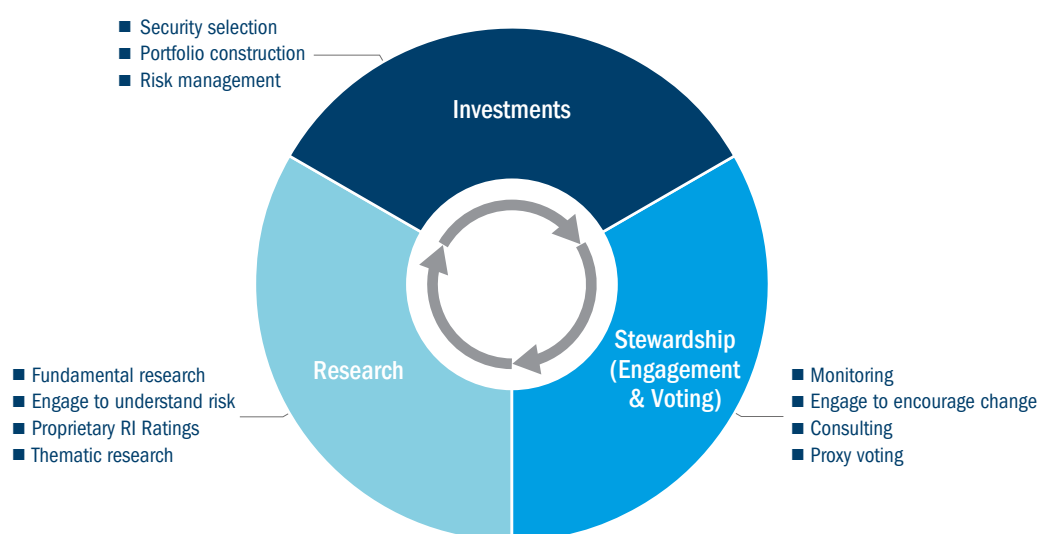
Defining our research by the UN Sustainable Development Goals

Primary SDG	Additive SDG	Columbia Threadneedle theme	Defining the commercial opportunity	Core sectors of opportunity
	Zero Hunger Life Below Water Clean Water & Sanitisation	Health, Wellbeing & Food Security	Solutions advancing human health, wellbeing, nutrition and food security	Consumer discretionary, Consumer staples, Financials (Insurance), Healthcare
	Good Health & Wellbeing Gender Equality Decent Work & Economic Growth	Education & Training	Delivery of education and transference of key skills	Consumer discretionary, IT (Home Entertainment Software)
	Reduced inequalities Peace, Justice & Strong Institutions Climate Action	Community Formation & Support	Solutions supporting modern communities – both physical and virtual	Consumer discretionary, Healthcare, Industrials, IT (Internet software & services), Real Estate
	Partnership for the Goals No Poverty Good Health & Wellbeing	Financial & Technological Inclusion	Financial & technological solutions increasing participation and opportunity	Financials, IT, Telecommunication services
	Climate Action Sustainable Cities & Communities Responsible Consumption & Production	Energy & Climate Transition	Transition to a low carbon, climate resilient and inclusive economy	Consumer discretionary, Energy, IT, Industrials (Electrical components & equipment, Utilities (Renewable Electricity)
	Gender Equality Industry Innovation & Infrastructure Peace, Justice & Strong Institutions	Inclusive Work & Economic Development	Creation of productive and inclusive work, economic resilience and global opportunities	Consumer discretionary, Industrials, IT, Real Estate (Hotel and Resorts REITs)
	Affordable & Clean Energy Sustainable Cities & Communities	Regeneration & infrastructure	Creation and maintenance of accessible, resilient and sustainable infrastructure	Consumer discretionary, Industrials, Materials (Construction materials), Real Estate, Utilities (Electric/Gas/Multi Utilities)
	Clean Water & Sanitisation Life Below Water Life on Land	Sustainable Resource Management & Transformation	Sustainable and efficient resource use, consumption and production.	Industrials (Agriculture & farm machinery), Materials, Utilities (Water Utilities)

03 STEWARDSHIP

3.1. ENGAGEMENT

Proactive engagement is an integral part of our approach to research, investment and the stewardship of client capital. This includes a focus on sustainability risks, operational excellence, capital allocation policies and managerial incentives, among others. Underpinned by collaboration across asset classes and thematic and sectorial disciplines, we ensure an informed approach to our engagement. A consultative, research driven approach to engaging corporate leadership and management contributes to investment insights, appropriate escalation and our exercise of proxy voting rights.



Further details on our approach to these stewardship activities can be found in our **Global Stewardship Principles**.

3.2. PROXY VOTING

As shareholders of a company we exercise voting rights at all shareholder meetings associated with the holdings of all discretionary investment mandates we manage on behalf of clients. This provides us with the opportunity to express our preferences on relevant aspects of the business of a company, to highlight concerns to the board, to promote good practice and, when appropriate, to exercise related rights. In doing so we have an obligation to ensure that we do that in the best interests of our clients and in keeping with the mandate we have from them.

We maintain our own custom voting policies, which help frame our voting activities, support particular focus areas in our voting (e.g. board diversity or climate adaptation), and escalate concerns arising from our research and related stewardship activities. These policies are approved by the Investment Oversight Committee.

Further details on the principles that underpin our proxy voting approach can be found in our **Corporate Governance and Proxy Voting Principles**.

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RESPONSIBLE INVESTMENT INITIATIVES & FRAMEWORKS

4.1. COLLABORATIVE INITIATIVES

Aligned with our approach we are committed to collaborating with others in the development of effective frameworks and standards that will enhance our ability to analyse, assess and integrate RI factors effectively in research, stewardship and investment decisions. These activities, which change and evolve over time, include:

Associations and Signatories	Role
UN sponsored Principles of Responsible Investment (PRI)	Founding signatory
Investment Company Institute (ICI)	ESG Advisory Group and Taskforce
Sustainability Accounting Standards Board (SASB)	Sector working Group (Practitioner member)
International Capital Markets Association (ICMA)	Social Bond Working Group member
Global Impact Investing Network	Member
Investment Association	Stewardship and Responsible & Sustainable Investment Committees
Impact Investing Institute	Founding supporter & Advisory Council member
The Big Exchange	Impact Committee
CDP (formerly the Carbon Disclosure Project)	Investor Initiative signatory & data subscriber
Investor Stewardship Group	Member
Global Investors Governance Network (GIGN)	Investor network
Asian Corporate Governance Association (ACGA)	Member
London Stock Exchange	Primary Markets Group member
UK Pre-emption Group	Member
Investor Forum (UK)	Founding member
Centre for Audit Committee and Investor Dialogue	Member
Global Real Estate Sustainability Benchmark (GRESB)	Member (Property)
Carbon Trust	Environmental Partner
Big Issue Invest	UK Social Investment Partner
INCO	EU Social Investment Partner
UK Women in Finance Charter	First asset manager signatory

Source: Columbia Threadneedle Investments as at 31 December 2020.

4.2. FRAMEWORKS

When considering the integration of sustainability factors into our research, the extent and effectiveness of ESG disclosure made by companies, is of significant importance. Key disclosure frameworks and related initiatives help inform our approach:

4.2.1. SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)



A company's recognition and management of its material ESG exposures and related disclosures provides shareholders with an additional lens through which to understand the quality, leadership, strategic focus, risk management and operational standards of practice of a business.

In assessing what the material ESG factors are for a business, we draw on and recommend to companies, the Sustainability Accounting Standards Board materiality framework.

SASB's mission is to help businesses identify, manage and report on the sustainability topics that matter most given their industry. Their standards have been developed based on extensive research and feedback from companies, investors, and other market participants as part of a transparent, publicly-documented process.

We also support the initiative being led by Sustainability Accounting Standards Board, CDP and others to move towards comprehensive corporate reporting and their Statement of Intent to Work Together Towards Comprehensive Corporate Reporting.

While companies may have specific exposures unique to their circumstances, disclosures framed against the SASB standards provide a basis to assess and monitor a company's sustainability characteristics.

4.2.2. SYSTEMIC RISK

The Global Risks Landscape 2020

Climate risk is increasingly a focus for policy makers, regulators, companies and investors, given the potential systemic risks associated with it. The expected implications for companies are of growing concern in an investment context. This is also reflected in the growing number of related regulatory developments and interventions, as well as the public debate around climate change.

In assessing systemic risks, we draw, amongst other things, on the World Economic Forum Global Risks Report, which reflects the fact that climate change is a major global risk in terms of both likelihood and impact.



Source: The World Economic Forum (WEF) As at 31 Dec 2020.

4.2.3. THE TASKFORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

The 2016 Paris Agreement established a number of globally agreed goals on climate change and greenhouse gas emissions reduction. Policy interventions, regulatory changes and initiatives, such as the Financial Stability Board's Taskforce on Climate Related Financial Disclosures, provide a clear indication of the importance attached to this issue.

The TCFD recommendations provide a framework in which climate related issues can be assessed and disclosed, to enable:

- an understanding of how resilient an organisation's strategy is to climate-related risks;
- appropriate pricing of climate related risks and opportunities; and
- a broad understanding of the financial systems' exposure to climate related risk.

As investors, we recommend the TCFD framework for facilitating the development of effective disclosures. These disclosures, as well as those sought by CDP, are increasingly important in the assessments that need to be made by investors. A company's exposure and approach to climate change, their related plans, risks, standards and targets, as well as the operational and commercial opportunities being pursued, are increasingly 'decision useful' matters to investors.

4.2.4. CDP (Formerly the Carbon Disclosure Project)

Good quality data is essential to the research and analysis that supports effective capital allocation and investment. For nearly two decades the CDP has been collaborating with investors, such as ourselves, to secure greater and better environmental reporting from companies.

This approach has worked and the CDP has the most comprehensive and consistent global environmental dataset for investors to access. We are supporters of the CDP's initiative to collect data on climate change, deforestation and water security. This work has been aligned with the TCFD recommendations, further ensuring its contribution as a critical resource for investors and their service providers.

We commend the CDP disclosure initiatives to companies to ensure effective information is available to capital market participants.

4.2.5. TRANSITION PATHWAY INITIATIVE (TPI)



The importance of effective corporate disclosure is evidenced in the Transition Pathway Initiative (TPI), a global initiative led by asset owners and supported by asset managers. It provides investors with assessments of companies' preparedness for the transition to a low-carbon economy, supporting investor efforts to take account of the risks and challenges created by climate change.

The TPI's framework, which focuses on assessing sectors most exposed and contributing most significantly to greenhouse gas emissions, facilitates the integration of climate risk into our stewardship and proxy voting activities.

The TPI complements existing initiatives and frameworks, by aligning with prevailing disclosure initiatives and with investors' climate change and sustainability expectations. It is also being aligned with the requirements of the Task Force on Climate-related Financial Disclosures (TCFD).

05

CONFLICTS OF INTEREST

Conflicts of interest may arise through our different clients, our affiliates and within our own company. We will always act solely in the best interest of our clients and make full and fair disclosure of all material facts.

Clients' portfolios are managed in accordance with established investment objectives, client guidelines and regulatory requirements. As conflicts of interest affecting clients could undermine the integrity and professionalism of our business, we seek to identify any conflict situations as early as possible.

To find out more, visit columbiathreadneedle.com



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