For professional investors/qualified investors only

CT Responsible UK Equity Fund

2023 Responsible Profile

COLUMBIA THREADNEEDLE INVESTMENTS®

Contents

Key risks

- The value of investments and any income from them can go down as well as up 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.
- Changes in interest rates can reduce the value of your investment.

Fund philosophy

The CT Responsible UK Equity Fund aims to achieve long-term capital growth and some income by investing in high-quality screened companies mainly listed in the UK.

The Fund is underpinned by our Avoid, Invest, Improve philosophy:

Avoid
We avoid investments in companies with activities that harm society or the environment.

Invest
We invest in companies that demonstrate responsible business practices, and support those whose activities make a positive contribution to society and the environment.

Improve
We use our influence as an investor to encourage companies in their efforts to improve their management of ethical and ESG issues through engagement and voting.

Key Fund Facts

- Committed to achieving net zero emissions by 2050
- The benchmark is the FTSE All-Share Index

Revenue alignment with the SDGs

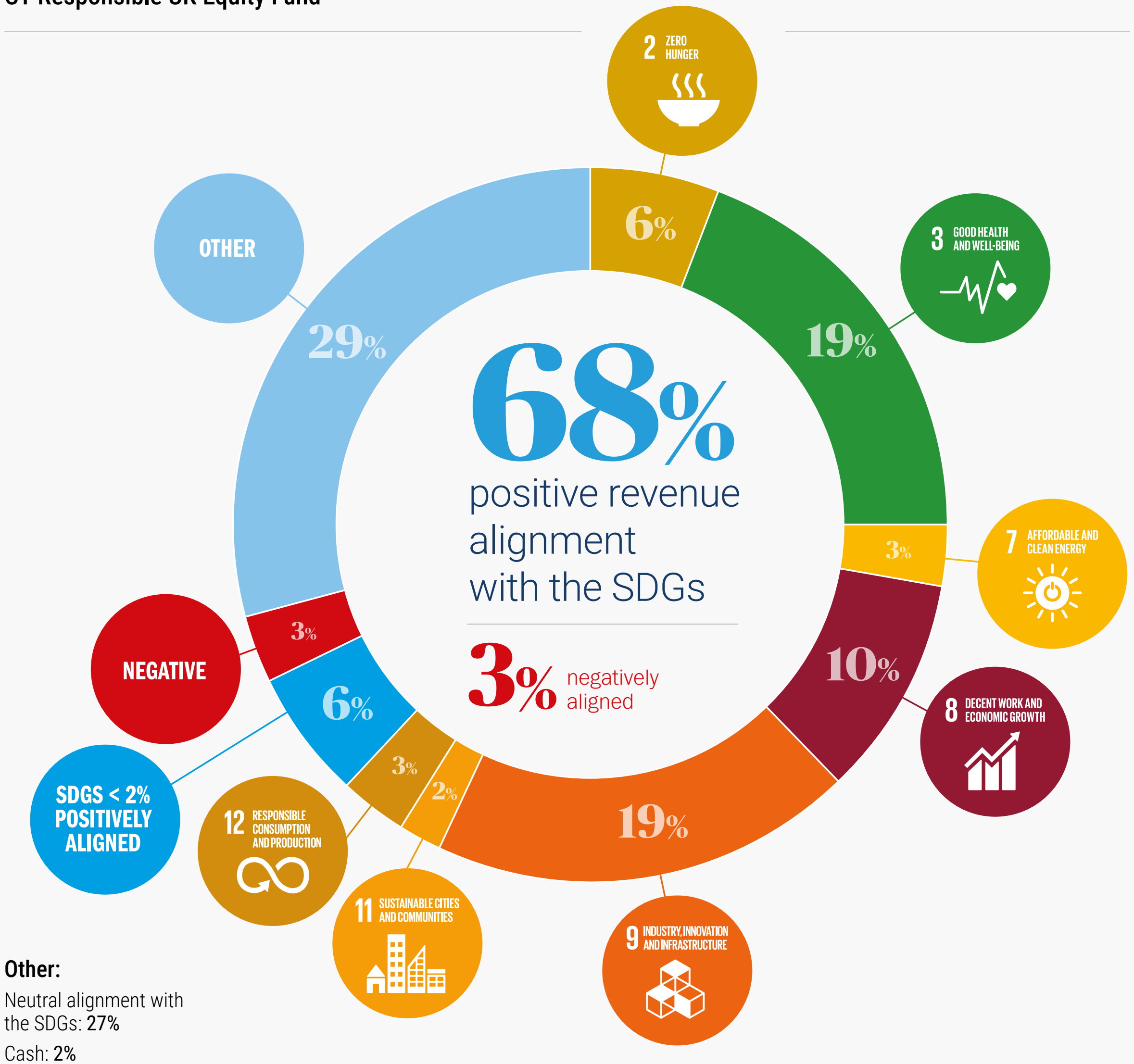
The **UN Sustainable Development Goals** (SDGs) are 17 goals and 169 underlying targets that set out a roadmap for a more sustainable world by 2030, covering issues such as poverty, climate change and health and well-being.

We developed our SDG revenue mapping tool in 2016 and have been reviewing and enhancing our methodology and its use cases since. Rather than simply mapping how companies align with the 17 goals, our model considers the underlying targets, giving us a far more granular view of companies' alignment.

Our model uses revenue data from FactSet, and we overlay our methodology on top. We analyse the individual revenue streams of portfolio holdings and identify whether the products and services in those business segments have links to the SDG targets. We map the revenue lines to the targets as positive, neutral, or negative.

The results of this analysis are summarised here at the goal level, with the target level alignment available on page 13.

CT Responsible UK Equity Fund



Other:

Neutral alignment with the SDGs: **27%**

Cash: **2%**

Source: Columbia Threadneedle Investments, as at 31st December 2023, designed for illustrative purposes, subject to change. Only >0.5% alignment is shown on the chart.

Assessing our alignment in 2023

19%

positive alignment with SDG 3 – Good Health and Well-being.

Examples that align with target 3.8 – access to medicines and healthcare:

AstraZeneca is a research-based biopharmaceutical company that manufactures medicines to help treat a range of diseases, specialising in oncology as well as cardiovascular, respiratory and immunology conditions.

Reckitt is a manufacturer of health, hygiene and nutrition products, whose brands include Nurofen, Strepsils and Gaviscon.

Spire Healthcare provides private healthcare in the UK across 39 locations.

19%

positive alignment with SDG 9 – Infrastructure and Industrialisation

Examples that align with target 9.1 – develop resilient and sustainable infrastructure:

Ferguson is a distributor of plumbing and heating products. Increasingly these products are being used in some of the large US infrastructure projects underway.

Ashtead is a construction and industrial equipment rental company. It is benefiting from an increasing trend for businesses to rent rather than own equipment, which substantially increases utilisation of equipment which has a clear environmental benefit in terms of the use of resources.

Kier Group provides infrastructure services, construction and property development, and is a strategic supplier to the UK government on projects related to education, healthcare, and transport. For example, it builds schools and prisons.

27%

neutral alignment with the SDGs.

Includes retailers such as **JD Sports** and **Associated British Foods'** Primark brand, as well as financial companies **Intermediate Capital** and **Rathbones**.

3%

negative alignment with the SDGs.

Our analysis also identifies companies' negative contributions to the SDGs. That is, those products or services that companies in our Fund offer which might hinder the achievement of some of the SDGs. Whilst the Fund screens remove many such companies, we did still identify remaining negative links:

This includes **Unilever's** ice cream business line and **Associated British Foods'** sugar and sweetener exposure, which align negatively with 2.1 – end hunger and ensure access to safe and nutritious food. However, we note that Unilever has announced its intention to separate its ice cream business into a separate entity.

Our climate commitment

We have committed the Fund to achieving net zero emissions by 2050 or sooner.

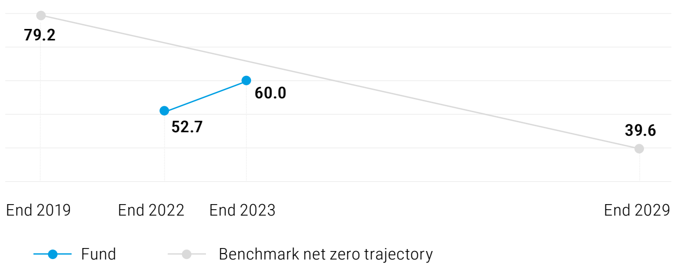
The **methodology** we use to implement our net zero commitment is based on the Net Zero Investment Framework, developed by the Paris Aligned Investment Initiative. The focus of our approach is on real-world change, using stewardship to encourage issuers to improve their own alignment to a net zero emissions future.

We compare the Fund's overall carbon footprint[1] (Scope 1 & 2 emissions) with a net zero aligned trajectory, based on taking the benchmark's end-2019 carbon footprint, and applying a 50% reduction by end-2029. Due to the limitations of looking at Scope 1 & 2 emissions in isolation, we view this data as a way to track progress rather than as a target, and hope to see these measures reflect real-economy emissions cuts as our issuers take action.

As the chart demonstrates, the Fund's carbon footprint is within the trajectory, and must fall further to remain in line with it. The materials sector is the main contributor to the Fund's carbon footprint. This includes construction materials businesses **CRH** and **Breedon Group**, as well as packaging companies **Mondi** and **Smurfit Kappa**. Energy company **SSE** also remains within the top ten contributors to the Fund's carbon footprint. The Fund's carbon footprint for end-2023 has risen since end-2022. The denominator for calculating the intensity measure, $ million invested, is subject to both market movements and inflation, meaning that emissions intensity can change due to these factors even if nothing changes in the real world.

The Fund's net zero trajectory

CO_2e/$ million invested



Columbia Threadneedle Investments and MSCI ESG, 31 December 2023

[1] Total carbon emissions for a portfolio normalized by the market value of the portfolio, expressed in tonnes CO_2/$M invested.

Issuers' net zero alignment in 2023

We use a selection of data sources to rate companies on their alignment to a net zero pathway including their targets, strategy, governance, and disclosure around net zero. This enables us to analyse portfolios and identify issuers in need of engagement.

Alignment status of portfolio companies – percentage weight of portfolio

23%

Aligned

The company has specific commitments, targets, and a clear strategy in place to meet its net zero objectives by 2050 or sooner.

Examples: AstraZeneca, **Unilever** and **Mondi**

36%

Aligning

The company is progressing towards implementing sufficient commitments and targets to progress toward a net zero future.

Examples: CRH, **Smurfit Kappa** and **SSE**

7%

Committed

The company has committed to net zero by 2050 or sooner but has not yet set a pathway or strategy to achieve its goals.

Examples: Tyman, **Genuit Group** and **Bellway**

8%

Not aligned

The company does not meet minimum expectations on climate strategy.

Examples: Genus, **Ferguson Plc** and **GXO Logistics**

26%

Not assessed

The company is not rated in the model. This includes financials and companies that are small and/or in sectors where climate change is less material

Examples: Legal & General Group and **Lloyds Banking Group**, as well as **Breedon Group** as it does not currently report to CDP and therefore we do not have enough data to assess the company. We plan to engage Breedon on this issue.

Source: Columbia Threadneedle Investments, 31 December 2023

Engaging on net zero

During 2023, we engaged 10 companies on climate change, where specific dialogue on companies' net zero strategies featured often. For example, we engaged **CRH**, the largest contributor to the Fund's carbon footprint. Transitioning to net zero is a key focus for the company; its long-term net zero target depends on Carbon Capture and Storage (CSS), and the team reported that IRA tailwinds, as well as UK government announcements, have caused a noticeable shift in the CCS market. In particular, external processes such as the storage and transport of CO_2 are being captured by companies who are beginning to bring offerings to CRH – this is a marked change from recent years. We will continue to engage with CRH on CCS, as it is material to its long-term net zero strategy.

We recorded one Milestone[2] related to climate change: **Smurfit Kappa** improved its disclosures on climate risk in its annual disclosure, including more details on its scenario analysis and improvements in the detail provided on its net zero transition plan. These have been focus areas for our engagement over the past two years, and we will continue to advocate for further improvements moving forward.

[2] An improvement in a company's ESG policy, management systems or practices against the engagement Objective that we set.

Sustainability metrics: environmental stewardship

Discover how the Fund's waste and water intensity compares with its benchmark.

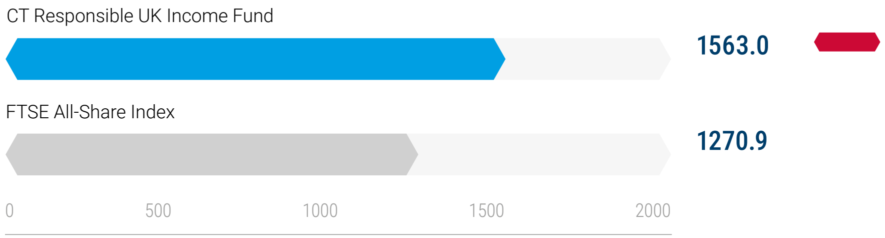
The Fund remained more waste and water-intensive than the benchmark in 2023. While the waste intensity figure has fallen slightly for end-2023 versus end-2022, the water intensity figure has risen. As at end-2023, mining companies **Antofagasta** and **Lundin Mining Corporation** remain the primary contributors to the Fund's waste intensity, owing to tailings and waste rock generation. Lundin Mining has subsequently been sold from the portfolio.

We continue to believe that copper miners play an important role within the energy transition making them a suitable responsible investment. Antofagasta's generation of mining waste increased by 1% in 2023 compared with 2022, owing to the increase in tailings and waste, the depth at which extraction has reached, and the low copper grades, which means that a more significant amount of material has been processed.

Both companies have credible waste management practices in place, reducing or recycling waste where possible. During 2023, we engaged the CEO of Antofagasta on a range of ESG themes. We discussed two leakage incidents, both of which are in the process of being remediated. Energy company **SSE** is the largest contributor to the Fund's water intensity. **SSE** operates 91 hydro dams in north Scotland, accounting for the majority of water extracted by the company. Water is taken from rivers and lochs and returned to the water almost immediately after being run through the turbines to generate electricity.

Waste intensity

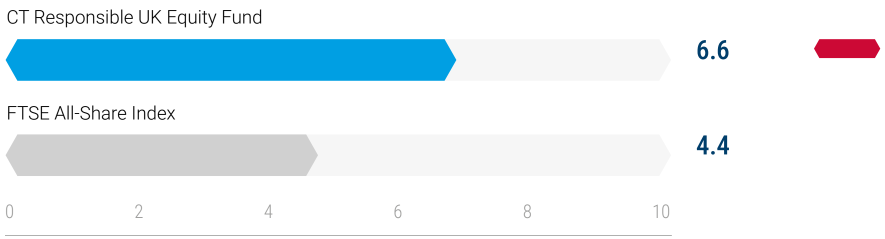
Tonnes of solid waste generated to create $1m revenue



Source: Impact Cubed, as at 31 December 2023

Water intensity

Thousands of cubic metres of fresh water used per $1m revenue



Source: Impact Cubed, as at 31 December 2023

Better than benchmark   Neutral   Worse than benchmark

Sustainability metrics: fairness and equality

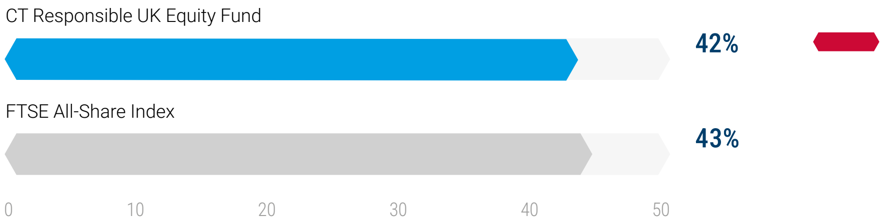
Here we provide two metrics to give an indication of the Fund's performance versus its benchmark on gender equality at board level, and the ratio of the CEO to the average employee's salary.

The Fund very slightly underperforms the benchmark on gender diversity at the board level, and outperforms on the executive pay ratio. No companies within the Fund have no female directors on the board, and 14 companies have boards with 50% female directors or more. Both **Ascential** and **Dalata Hotel Group** among the companies with more than 50% female representation. Only three companies within the Fund have boards comprising less than one-third female representation: **Computacentre**, **Treatt** and **Mattioli Woods**.

Companies with significantly large differences in CEO to the average employee's pay include **AstraZeneca**, **Lundin Mining Corporation** and **Compass Group**. During the year, we recorded Milestones in relation to our pay-related engagement. Following significant opposition to the remuneration report at the AGM, **Unilever** has paused salary increases for the new CEO over the next two years to bring the level back to market expectations. We abstained on the remuneration report as the new CEO was receiving a salary significantly higher than that of his predecessor. This will ensure that remuneration levels are not excessive given he has only recently taken on the role. Meanwhile, **Tesco** announced an increase of the hourly pay rate for employees outside of annual negotiations. This follows our engagement with the company on committing to a voluntary living wage. The uplift helps in addressing the cost of living crisis and had the support of the sector trade union. **Sainsbury** has also raised hourly wages to at least £11 for around 127,000 of the lowest-paid workers.

Gender

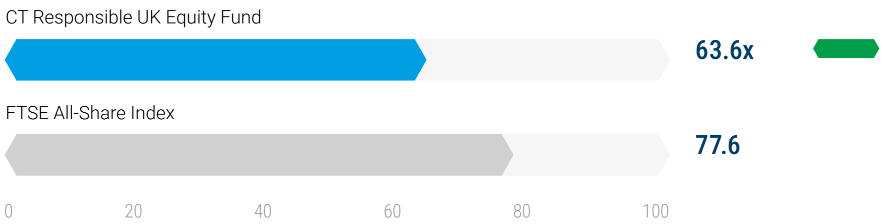
% female directors on company board



Source: MSCI ESG, as at 31 December 2023

Executive pay

CEO pay relative to average employee compensation



Source: Impact Cubed, as at 31 December 2023

Better than benchmark   Neutral   Worse than benchmark

Stewardship in 2023

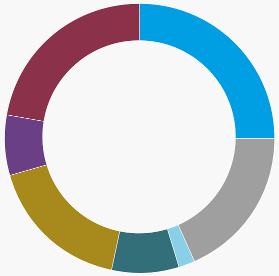
We undertake active, targeted engagement with issuers, using the SDGs as a framework. We also exercise our shareholder right to vote on company management resolutions to encourage further improvement of the management of ESG issues.

We measure and report on the success of our engagement through the assignment of Milestones, which recognise improvements in companies' ESG policy, management systems or practices against the engagement Objectives that we set. We align Milestones to the SDGs to demonstrate how these outcomes can contribute towards a better, more sustainable future.

Milestones are ascribed using a three-star rating system, with three stars indicating the most significant impact of change and one star reflecting smaller, incremental change along a pathway for the issuer, or across a broader context, for the relevant industry as a whole.

21
companies engaged

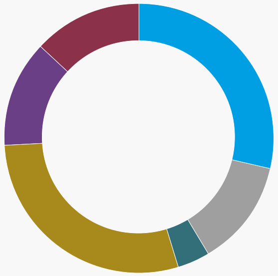
Engagements by theme



Climate change	22%
Environmental stewardship	17%
Business conduct	1%
Human rights	10%
Labour standards	23%
Public health	10%
Corporate governance	16%

8
Milestones achieved

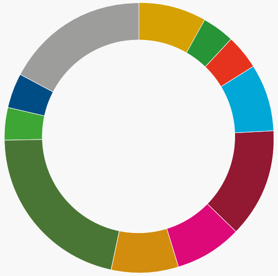
Milestones achieved by theme



Climate change	13%
Environmental stewardship	0%
Business conduct	0%
Human rights	25%
Labour standards	38%
Public health	13%
Corporate governance	13%

77%
Milestones aligned to SDGs

Milestones by SDG



1	No Poverty	13%
3	Good Health and Well-Being	13%
8	Decent Work and Economic Growth	25%
12	Responsible Consumption and Production	13%
13	Climate Action	13%
	No SDG	25%

72 Meetings voted

We voted against management at 1% of all proposals. Votes against management were related to compensation, director elections and audit.

Milestones achieved by rating

1 star	63%
2 stars	25%
3 stars	13%

Source for all charts: Columbia Threadneedle Investments, 31 December 2023. Rounding may result in chart figures not equalling 100%.

Engagement case study

Discover a 2023 engagement case study, along with its SDG alignment and outcomes achieved.

GSK

3 GOOD HEALTH AND WELL-BEING

GSK

GSK is a global bio-pharmaceutical company which manufactures innovative medicines and vaccines. Upcoming US regulatory requirements due to take effect in 2024 will push the industry to include diversity planning in their trial protocol or justify why this is not necessary. In our view, being under-prepared for this might result in novel drugs and therapies not being approved by the FDA, which poses a very material risk to drug manufacturers and Contract Research Organizations (CROs). As part of our diversity in clinical trials engagement project, we organized a call with GSK's Senior Vice President of Global Clinical Operations to learn more about the company's work on diversity in clinical trials and preparations for stricter regulation.

We discussed the upcoming regulatory requirements on diversity in clinical trials and how GSK prepares for compliance. The company has a dedicated team that works on diversity in clinical trials, which ultimately falls under the Chief Scientific Officer. While work on trial diversity costs time and effort, GSK considers this a continuous learning curve for the company. They stressed that this is the right thing to do for patients and communities and that financially, the cost of getting it wrong will be more substantial. They also consider it a crucial part of their ambition to reach 2.5 billion patients by the end of 2030. The company shared a number of insightful case studies, for instance on how it works together with patient advocacy groups to assess and better understand patient needs as well as increasing the availability of Decentralized Clinical Trials (DCT). Finally, GSK shared more insight into how they collaborate with CROs, that they expect these to adhere to GSK's third-party vendor rules and that GSK is not interested in working with CROs who do not work on improving diversity in clinical trials.

Our view: The key take-away from this conversation was that diversity in clinical trials is increasingly embedded in the company-wide strategy. GSK feels confident about their preparedness for regulatory requirements, having made efforts to increase diversity in clinical trials for over 15 years. This is evidenced by successful progress on their target to have 100% of 2023 phase III trials contain a proactive strategy to enroll appropriately diverse trial participants, consistent with the disease epidemiology. We consider GSK a leader in this space and will monitor further developments.

Milestones

Discover examples of Milestones achieved during 2023 and their alignment to the SDGs.

Genuit Group

★

Target 8.7 – Eradicate forced labour, modern slavery & human trafficking

Approval of the Modern Slavery Statement by the Board

Genuit's Modern Slavery Statement has now been approved by the Board of Directors, as required by the Modern Slavery Act 2015. We wrote to Genuit as part of a collaborative investor initiative. Adherence to the requirements of the Act signifies a culture of appropriate human rights risk management and places accountability for effectiveness of the policy with the Board and senior management.

GSK

★★

Target 3.8 – Access to medicines and healthcare

Expanded medication donation programme

Since 2011, GSK's albendazole donation programme, carried out in partnership with WHO, has been targeted at controlling soil-transmitted helminthiasis (infestation with one or more intestinal parasitic roundworms) in at-risk populations. The company has now extended the donation program to include pre-school aged children as an additional at-risk group and expanded its public commitment to donating until 2025. We had engaged the company together with other investors on the recommendations laid out in the 2021 Access to Medicine Index. According to the World Health Organization, soil-transmitted helminth infections are among the most common infections worldwide and affect the poorest and most deprived communities.

Prudential

★★★

Target 1.1 – Eradicate poverty and ensure a living wage for all

Living Wage employer

Prudential now requires UK suppliers to pay their employees the London or United Kingdom Living Wage. We have engaged on the topic two and a half years ago, and the company has in its annual report for 2022 confirmed its requirement, which goes beyond its own operations. Given the scope, this can be considered a big impact from a fair wage perspective.

Appendix: SDG revenue alignment breakdown

Positive alignment — 68%

SDG 2: Zero Hunger		**6%**
2.1	End hunger and ensure access to safe and nutritious food	5.5%
2.4	Implement climate-resilient and sustainable food production	0.7%
SDG 3: Good Health and Well-Being		**19%**
3.3	End AIDS, TB, malaria and other water-borne and communicable diseases	4.5%
3.4	Reduce mortality from non-communicable diseases and promote mental health	3.9%
3.8	Access to medicines and health-care	10.6%
SDG 7: Affordable and Clean Energy		**3%**
7.2	Substantially increase the global share of renewable energy	2.7%
SDG 8: Decent Work and Economic Growth		**10%**
8.1	Sustain GDP growth in developing countries	0.7%
8.2	Achieve greater productivity through innovation.	4.1%
8.10	Increase access to finance	5.2%
SDG 9: Industry, Innovation and Infrastructure		**19%**
9.1	Develop resilient and sustainable infrastructure	13.7%
9.3	Increase access to finance for SME's	5.1%
9.4	Upgrade and retrofit industries to increase sustainability	0.7%
SDG 11: Sustainable Cities and Communities		**2%**
11.1	Ensure universal access to safe and affordable housing	1.9%
SDG 12: Responsible Consumption and Production		**3%**
12.5	Reduce waste through prevention, reduction, recycling and reuse	2.6%
12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting	0.8%
SDGs less than 2.0% positively aligned		**6%**

Negative alignment — 3%

Reflects revenue from products or services of investee companies that may hinder the achievement of SDGs.

SDG 2: Zero Hunger		**1%**
2.1	End hunger and ensure access to safe and nutritious food	1.0%
SDG 7: Affordable and Clean Energy		**1%**
7.2	Substantially increase the global share of renewable energy	1.0%
SDGs <2% negatively aligned		**1%**

Other — 29%

Neutral alignment to the SDGs	**27%**
Cash	**2%**

Source: Columbia Threadneedle Investments, as at 31 December 2023, designed for illustrative purposes, subject to change. Only targets more than 0.5% aligned are shown in the table. All figures subject to rounding.

Contact us

clientsupport@columbiathreadneedle.com
Follow us on LinkedIn

To find out more visit **columbiathreadneedle.com**