

# CT Sustainable Global Equity Income Strategy

## 2023

### Sustainability Profile

---



# Contents

Introduction	5
Strategy alignment with the SDGs	9
Sustainability metrics	13
Engagement in 2023	17
Engagement case studies	19
Our Strategy in detail	21

Welcome to our inaugural sustainability profile for the CT Sustainable Global Equity Income Strategy.

In 2023 we launched this Strategy to complement our existing, more growth- orientated CT Sustainable Opportunities Global Equity Strategy, to provide clients with greater diversification across their sustainable investment allocations.

The CT Sustainable Global Equity Income Strategy invests at least 90% of its assets in sustainable investments, considered to be shares of companies that derive, or are on a credible short to medium-term pathway to derive, a significant amount of net revenue (50% or more) from activities that can be directly linked to one or more of the UN Sustainable Development Goals (SDGs).

We’re delighted to have this Strategy within our lineup of sustainable investment strategies and we hope you enjoy reading the report.

## Investment philosophy

**Avoid**

**Invest**

**Improve**

investments that are contrary to the goals of making positive contributions to society and/or the environment, taking into account both the product-based exclusions and conduct-based exclusions.

in companies that provide sustainable solutions or that make positive contributions to society and/or the environment.

companies by selecting those that, in the Investment Manager’s opinion, will benefit from active investor engagement.

### 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.



# 2023

## a transitional year

2023 was certainly a year of change: as ever, global equity market exhibited their ability to turn on a dime. This year, with astonishing rapidity, investors shrugged off the gloom of 2022 and embraced risk, confident that radical central bank action has tamed inflation, and that at some point central bank rates will fall. That confidence drove the MSCI World Index up almost 20%.

### Another tough year for the world

Sustained high rates of inflation, particularly in the prices of key items crucial for survival – food, energy, and shelter costs – have hit those in the lowest income demographics hard by what has been termed a “cost of living” crisis. Meanwhile, rising global conflict, including a new war in the Middle East, contributed to a sharp rise in the number of people displaced.

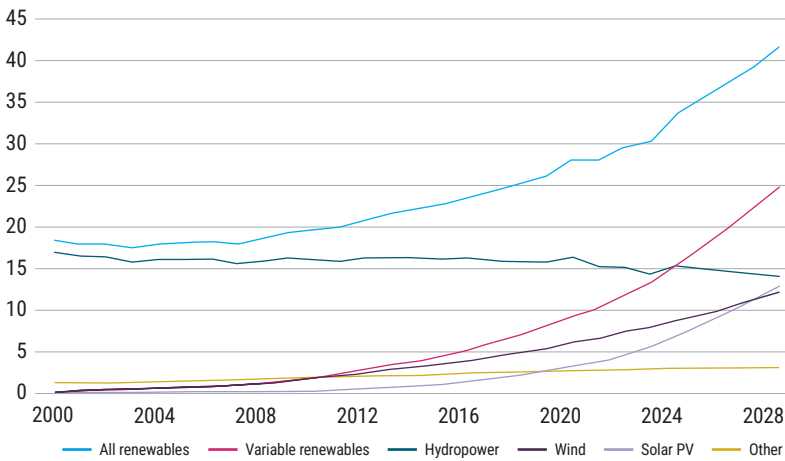
The environment didn’t fare much better. Global temperatures hit new highs, leading to record-breaking heat waves, drought, and an unusually strong cyclone season around the world. And instead of cutting our fossil fuel consumption, and in turn carbon emissions, both reached new highs, driven by the world’s insatiable demand for energy.

But there were also reasons to be optimistic. Per a recent IEA report<sup>1</sup>, although global emissions rose in 2023, led by emerging economies such as China and India, advanced economies hit a tipping point in their energy transition. This has been driven by dual targets of decarbonisation and energy security, and supported by government policies such as the Inflation Reduction Act (IRA) in the US. For the first time, emissions in developed economies decoupled from their economic growth, with 2023 GDP up 1.7%, whilst carbon emissions dropped 4.5%, the key driver being shifts in power supply with more than 50% of energy production in this region now from renewables and nuclear.

In addition, the 28th United Nations Conference of the Parties (COP) climate summit held at the end of the year was the first COP to agree on

transitioning away from fossil fuels in energy systems. We expect the demand for power to grow strongly over the next decade, in part driven by data centre power demand, which makes the shift towards clean energy even more imperative if we are to limit our future environmental impact.

Solar and Wind forecast to account for 25% of global electricity generation by 2028 vs 13% in 2023



Source: IEA, 2024

<sup>1</sup> CO<sub>2</sub> Emissions in 2023, International Energy Agency, 2024





Sustainable innovation prevailed

Sustainable innovation was also on clear display over the year, including from many of our holdings, supporting a return of secular growth themes driving market performance. And the more defensive nature of this Strategy does not preclude innovation. Across different end-markets we see step changes in technologies, from **Johnson Controls** developing their Cooling-as-a-service (CaaS) projects to deliver 30% reduction in buildings’ annual CO2 footprint, **Waste Management** continuing to push the recycling agenda with the opening of a massive facility in Ohio (part of their broader \$1bn recycling infrastructure investment by 2026), and **CVS Health** doubling down on improved healthcare delivery via the acquisition of Oak Street Health, a technology-enabled platform to deliver value-based care across the US.

Generative AI has proven transformative for the technology sector, spurring huge investment into the accelerated compute solutions and infrastructure necessary to support generative AI applications. While we are excited for the developments made possible by portfolio holdings such as **Taiwan Semiconductor Manufacturing Co (TSMC)** and **Broadcom**, we are perhaps more excited about the real-world applications of AI. Like the advent of computing or the invention of electricity before it, AI has the potential to dramatically transform the way we work and in turn deliver a much-needed boost to labour productivity (increased economic output per hour worked) at a time when much of the world is facing chronic labour shortages and ageing populations

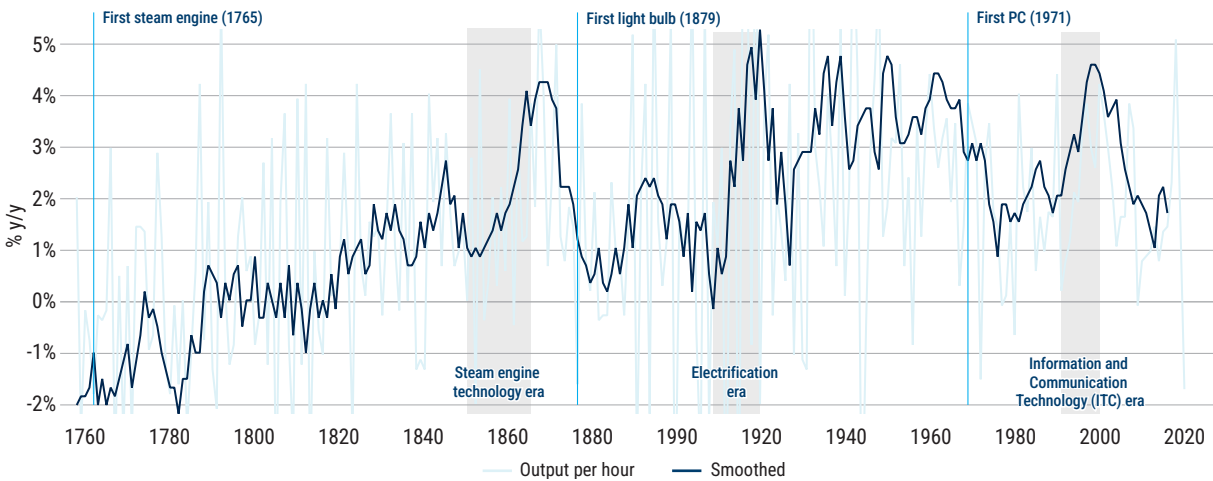
AI is also showing promise in supporting greater and more rapid innovation across many sectors, particularly in healthcare where it’s already being used to accelerate drug discovery, helping to drive costs down and deliver better patient outcomes. And although there are concerns around the environmental impact of generative AI, given how power-hungry the technology is, we are already seeing positive environmental innovation enabled by this new technology – whether that be in agriculture to improve crop yields or the optimising of energy generation for solar and wind farms. This supports our view that AI will ultimately be a net positive for the environment.

Thoughts for the future

It is tricky to predict with any certainty the path for global markets going forward as the world faces mounting geopolitical risks and a murky economic outlook. With more than 50% of the world’s population voting in elections in 2024, there are also risks of shifts in government environmental policies, particularly regarding the climate transition. The US election poses the greatest risk to environmental policy, as a Republican win under Trump could see a rolling back of Biden’s IRA and an exit from the Paris climate accord.

But the economics of renewable energy are increasingly attractive – for 75% of the world now, new wind and solar plants offer cheaper power than existing fossil fuel facilities . It now makes financial as

The effect of technological advances on labour productivity (output per hour worked)



Source: Barclays and Institute for Business Value, January 2024

well as environmental sense to diversify away from fossil fuels in our energy supply, something which politics cannot derail. And with US power demand on the rise, we’re seeing an acceleration in renewable investment in traditional “Red” states, such as Texas and Florida. This investment brings with it social and economic benefits which a Republican government will not want to derail.

These are genuinely exciting times to be an investor, and the opportunity set is rich. We hope to convey some of that excitement in this report, and remain committed to investing your money into companies that are relentlessly focused on both operational excellence and underpinning growth by locking into long term sustainability themes. The opportunity set is wide, and that, we hope, will allows us to continue delivering a strategy that provides clients sustainability, income, and a more defensive market exposure relative to other such sustainable strategies, so that resultant market exposures for clients’ sustainable investment portfolios are more diversified and more balanced in the context of evolving market cycles. We do hope you enjoy this inaugural report.



Nick Henderson  
Director, Portfolio  
Manager, Global  
Equities

“  
These are genuinely exciting times to be an investor, and the opportunity set is rich.



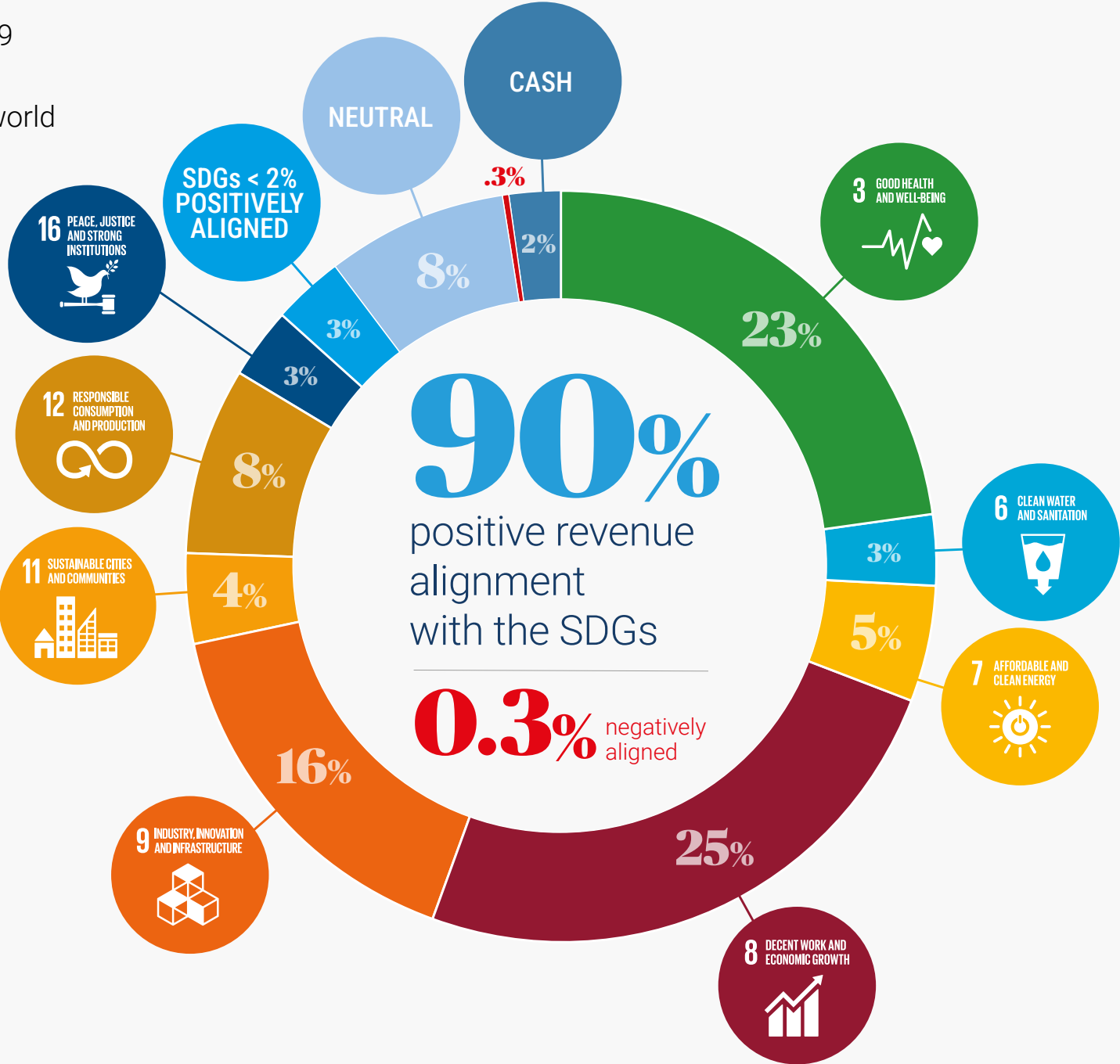


# Strategy alignment with the SDGs

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 map the Strategy against the SDGs, based on an analysis of the main sources of revenue for each of the investee companies.

Specifically, we measure how the individual sources of revenue for each company correspond to the 169 targets that underlie the goals – so that one company, depending on its mix of goods and services, may have links to more than one goal. The results of this analysis are summarised here, with a full breakdown of each company and its relevant SDG links provided later in this report.



Source: Columbia Threadneedle Investments, as at 31st December 2023, designed for illustrative purposes, subject to change.

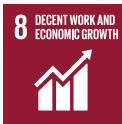




Assessing our alignment at 31 March 2024 (fiscal year end)

25%

positive alignment with SDG 8 – Decent Work and Economic Growth.



**Examples that align with target 8.2** – Achieve greater productivity through innovation:

**Microsoft** provides IT infrastructure and office software for businesses.

**Broadcom** designs, develops and supplies semiconductor solutions and infrastructure software for businesses.

**TE Connectivity** designs and manufactures connectivity and sensors solutions, including for the transport and industrial sectors.

23%

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



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

**AstraZeneca** manufactures medicines to help treat a range of diseases, specialising in oncology as well as cardiovascular, respiratory and immunology conditions.

**Colgate-Palmolive** provides access to oral care through the provision of oral care products.

**Siemens Healthineers** supplies health technology products and services to support with diagnostic and therapeutic imaging among other activities.

8%

neutral alignment with the SDGs.

Our SDG mapping methodology still has some limitations that can prevent us from recognising all the ways in which companies contribute to the SDGs. Examples where we have assigned neutral mappings to the SDGs include:

**Microsoft's** LinkedIn and gaming provisions.

**Colgate-Palmolive's** pet food business line, as our SDG methodology does not capture animal health.

0.3%

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 Strategy offer which might hinder the achievement of some of the SDGs. Whilst the Strategy screens remove many such companies, we did still identify an overall 0.3% negative alignment with the SDGs. This is due to:

**Linde's** construction of chemical and industrial plants negatively aligns with SDG target 9.1 – develop resilient and sustainable infrastructure.

**SSE's** production of natural gas negatively aligns with SDG target 7.2 – substantially increase the global share of renewable energy.

**ComfortDelGro's** car rental and driving centre business lines negatively align with SDG target 13.2 – integrate climate change plans into policies and strategies.

Discover the Strategy's full revenue breakdown by SDG target:

Positive alignment:

SDG 3: Good Health and Well-being

- 3.3 End AIDS, TB, malaria and other water-borne and communicable diseases
- 3.4 Reduce mortality from non-communicable diseases and promote mental health

SDG 6: Clean Water & Sanitation

- 6.1 Achieve universal access to safe & affordable drinking water
- 6.4 Increase water-use efficiency to address water scarcity

SDG 7: Affordable and Clean Energy

- 7.2 Substantially increase the global share of renewable energy

SDG 8: Decent Work and Economic Growth

- 8.1 Sustain GDP growth in developing countries
- 8.2 Achieve greater productivity through innovation
- 8.3 Promote development-oriented policies
- 8.10 Increase access to finance

90%

SDG 9: Industry, Innovation and Infrastructure

- 9.1 Develop resilient and sustainable infrastructure
- 9.4 Upgrade and retrofit industries to increase sustainability
- 9.c Ensure universal and affordable access to ICT

SDG 11: Sustainable Cities and Communities

- 11.1 Provide access to safe and affordable affordable housing
- 11.2 Provide access to safe and affordable transport systems
- 11.5 Reduce social and economic losses caused by disasters
- 11.6 Reduce the negative environmental externalities of cities

SDG 12: Responsible Consumption and Production

- 12.2 Sustainably manage and make efficient use of natural resources
- 12.4 Manage chemical usage and waste throughout their life cycle
- 12.5 Reduce waste through prevention, reduction, recycling and reuse
- 12.6 Encourage companies to adopt sustainable practices and enhance ESG reporting

16%

SDG 16: Peace, Justice and Strong Institutions

- 16.3 Promote the rule of law and access to justice at all levels
- 16.10 Ensure public access to information and protect fundamental freedoms
- 16.a Strengthen national institutions to combat terrorism and crime

SDGs <2% positively aligned

Neutral alignment:

Negative alignment

SDGs <2% negatively aligned

3%

0.5%

1.8%

1.1%

3%

8%

0.3%

0.3%

Source: Columbia Threadneedle Investments, as at 31st December 2023, designed for illustrative purposes, subject to change.

Only SDG targets that are more than 0.5% positively aligned are shown on the table.



# Sustainability metrics

Over the following pages we show how the Strategy ranks versus its benchmark and the previous year relative to various sustainability-oriented metrics related to environmental stewardship, fairness and equality.

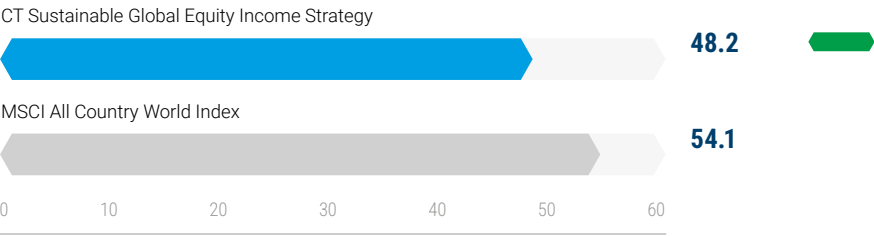
## Environmental stewardship

We consider the Strategy's environmental performance versus its benchmark, by focusing on water and waste intensity metrics.



### Carbon footprint (Scope 1 and 2)

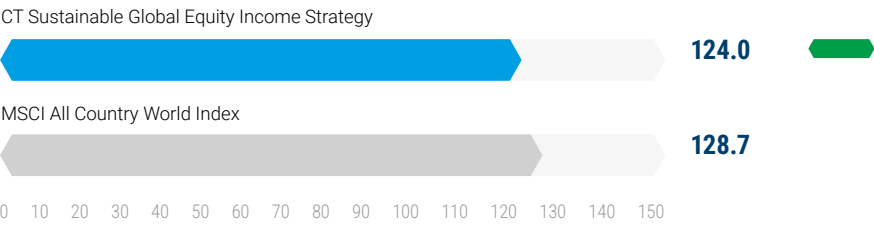
Total carbon emissions for a portfolio normalised by the market value of the portfolio, expressed in tonnes CO<sub>2</sub>/\$M invested.



Source: MSCI ESG, as at 31 December 2023

### Weighted average carbon intensity (Scope 1 and 2)

Tonnes of CO<sub>2</sub>e emitted (tCO<sub>2</sub>e) per \$1m of revenue

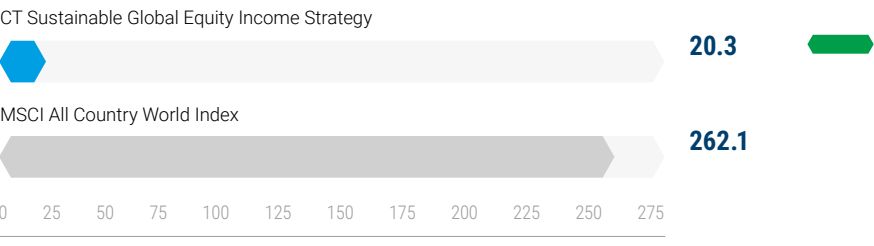


Source: MSCI ESG, as at 31 December 2023

Better than benchmark Neutral Worse than benchmark

### Waste intensity

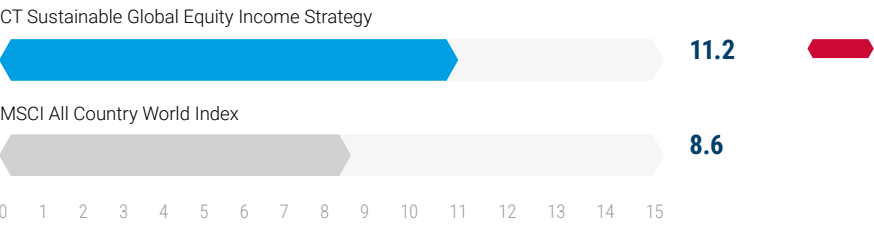
Tonnes of solid waste generated to create \$1 million revenue



Source: Impact Cubed, as at 31 December 2023

### Water intensity

Thousands of cubic metres of fresh water used per \$1 million revenue



Source: Impact Cubed, as at 31 December 2023

The Strategy has a lower carbon footprint and weighted average carbon intensity compared with the benchmark. Industrial gases company **Linde** is the largest contributor to the Strategy's carbon footprint, followed by **Packaging Corp of America (PCA)**. We note that Linde has an SBTi-approved target to reduce absolute scope 1 and 2 GHG emissions by 35% by 2035 from a 2021 base year, and has committed to achieving climate neutrality by 2050. In the shorter term, the company has a goal to reduce their GHG emissions intensity by 35% by 2028. PCA published its goal to become a net zero emissions company by 2050, with 2030, 2040, and 2050 climate targets from a 2021 baseline. Its carbon reduction strategy involves the implementation of existing and emerging carbon capture and storage (CCS) technologies.

The Strategy is less waste intensive but more water-intensive than the benchmark. Energy company **SSE** is the most water-intensive holding. **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.

Water and wastewater utility **American Water** is the most waste-intensive holding, while packaging companies **Packaging Corp of America** and **Smurfit Kappa** are also relatively waste-intensive holdings within the Strategy. While Smurfit Kappa's packaging solutions help prevent waste generation, its involvement in paper recycling impacts its overall waste metrics. During 2023 Smurfit Kappa reduced its waste sent to landfill from its mill system by 35.8% from 2013 levels, ahead of its target to decrease this by 30% by 2025.



## Fairness and equality

Here we provide two metrics to give an indication of the Strategy's performance in relation to aspects of fairness and equality in the workplace versus its benchmark: gender equality and the board level, and the ratio of executive to average employee pay.



### Gender

% female directors on company board

CT Sustainable Global Equity Income Strategy



33.3

MSCI All Country World Index



33.0

Source: MSCI ESG, as at 31 December 2023

### Executive pay

CEO pay relative to average employee

CT Sustainable Global Equity Income Strategy



96.0x

MSCI All Country World Index



111.0x

Source: Impact Cubed, as at 31 December 2023

The Strategy performs in line with the benchmark on board-level gender diversity and outperforms on the executive pay ratio. Most companies in the Strategy have boards comprising at least one-third female directors. Laggards include several Asian companies, such as **TSMC**, **Takeda Pharmaceutical** and **Tokio Marine**, where gender disparity is a relatively pronounced issue. During the year, we engaged TSMC on improving their board gender diversity. The company stated that board diversity is a key consideration when evaluating director candidates, and its importance will increase as the company continues to expand its global footprint. **Microsoft** exhibits the largest difference in CEO to average employee pay, followed by **eBay** and **Broadcom**. After Broadcom's 2023 AGM, we met with the chair of the compensation committee to discuss the say-on-pay vote, which was not approved, to get a better understanding of the feedback the company had received on this and highlight our views on executive compensation and how it ties back to effective succession planning. The company noted the main concern from shareholders, including ourselves, was the one-time retention grant to the CEO. We sought to better understand how the grant and the company's compensation practices supported not only long-term, but shorter-term, succession planning. While the company provided some clarity around this, we expressed interest in a more comprehensive explanation and look forward to continued engagement on this.

+33%

Most Strategy holdings have boards comprising at least one-third female directors.

TSMC

is an example of a company we engaged on board-level gender diversity.

Microsoft

exhibits the largest difference in CEO to average employee pay.



# Engagement in 2023

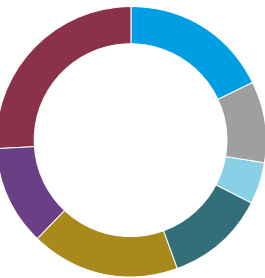
We have constructive dialogue with companies on a range of risks and opportunities, including those linked to ESG factors, that could have a material impact on their businesses and, where necessary, encourage improvement in management practices that we believe could help drive financial returns.

We measure and report on the success of our engagement through the assignment of Milestones.

As outlined on p14, we measure and report on the success of our engagement through the assignment of Milestones.

24  
companies engaged

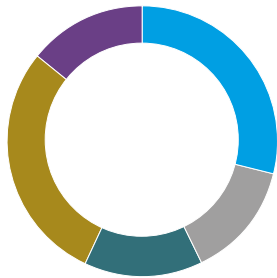
Engagements by theme



Climate change	18%
Environmental stewardship	10%
Business conduct	5%
Human rights	12%
Labour standards	18%
Public health	12%
Corporate governance	26%

7  
Milestones achieved

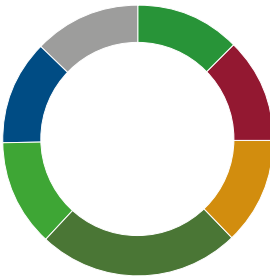
Milestones achieved by theme



Climate change	29%
Environmental stewardship	14%
Business conduct	0%
Human rights	14%
Labour standards	29%
Public health	14%
Corporate governance	0%

88%  
Milestones aligned to SDGs

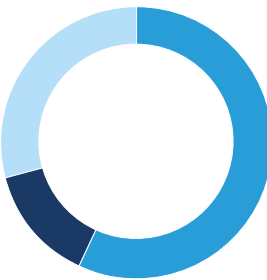
Milestones by SDG



3	Good Health and Well-Being	13%
8	Decent Work and Economic Growth	13%
12	Responsible Consumption and Production	13%
13	Climate Action	25%
15	Life on Land	13%
16	Peace, Justice and Strong Institutions	13%
	No SDG	13%

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.

Milestones achieved by rating



1 star	57%
2 stars	14%
3 stars	29%

## How we voted for the Strategy in 2023

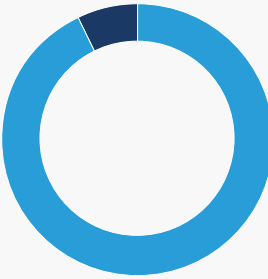
Good corporate governance is at the heart of any successful business, instrumental in supporting the delivery of strategic objectives and in driving

sustainable performance, as well as maintaining legal requirements and ethical standing.

Our [Corporate Governance Guidelines](#) set out our expectations of investee companies in terms of good governance and guide how we vote. These address matters related to topics such as shareholder rights, boards of directors, corporate governance, compensation, capital management, environmental, social and governance practices and certain other matters.

We believe that voting is an important tool for driving improvement in company practices and market standards, and re-enforcing objectives set in engagement.

## Voting in 2023 35 company meetings voted



With management	93%
Against management	7%

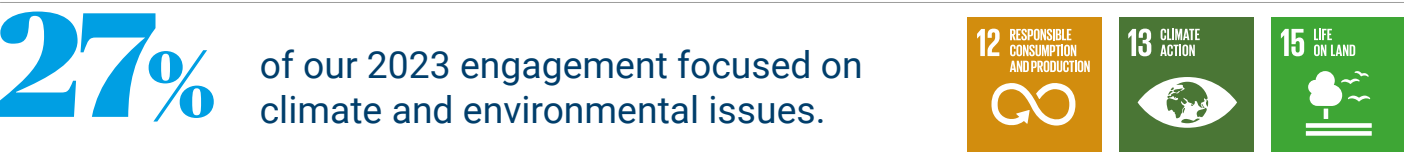
Votes against management related to director elections and compensation, among other items.

Source for all charts: Columbia Threadneedle Investments, as at 31-12-2023. Rounding may result in chart figures not totalling 100%.



# Engagement case studies

## Engaging on the ‘E’ in ESG



As reflected in the stat above, climate and environmental issues form a key part of our engagement with investee companies. These are material issues that can impact a company’s risk profile, regulatory compliance, operational costs and long-term sustainability.

During the year, we engaged 10 companies on climate change, on topics such as emissions management, net zero strategy and energy transition. For example, we spoke with **Emerson Electric** about the opportunities and risks that arise from an energy transition. Emerson is currently exposed to traditional energy end-markets, and so we discussed how it is shifting its portfolio to be an enabler in the transition. Emerson see hydrogen and CCS end-markets as a potential large opportunity. We were relatively impressed by the new ESG report, which included new disclosure on its applied carbon price and scenario analysis. We asked for more clarity on how it is aligning its capex with the energy transition; starting by providing a revenue break-down on how much revenue is coming from carbon capture and storage (CCS) and hydrogen (as well as other green technology), as this could provide clarity to investors. We also engaged **Bank Rakyat Indonesia** on climate-related disclosures, early in 2023. They committed to updating their TCFD reporting, financed emissions disclosures, and a net zero commitment by early 2024. They mentioned that they would like to submit targets to the Science-based Targets Initiative. At the time, we felt this to be quite ambitious from where they currently are, so we determined to continue to monitor and engage on their progress.

We also recently engaged **Smurfit Kappa** on setting biodiversity targets. We have engaged Smurfit on broad-reaching climate

issues - including CO2 emissions - and see great progress, but we remain hyper-conscious of wider industry impacts throughout the value chain. From a biodiversity perspective, while most of Smurfit’s wood fibre supply is FSC chain of custody certified, which is market leading, it has not set wider biodiversity targets for suppliers or any operational targets. We flagged that several of its industry peers have set targets covering suppliers and operations, and that there are an increasing number of ways to collect data and have suppliers certified to improved standards. We also discussed the impact of the EU Deforestation Regulation. Smurfit Kappa has evolved its due diligence practices to meet the requirements, but still has a considerable way to go to meet the geolocation requirement. Shortly after the engagement meeting, we followed up via email to encourage the company to set top-level biodiversity targets for its Colombian and European operations that cover both set-aside areas for conservation and plantations, and provided examples of targets the company could look to emulate. We also encouraged the company to explore setting biodiversity targets to cover the suppliers it procures from. Later in the year, we engaged again on nature and biodiversity. We were pleased to hear the company is starting to progress on our objectives – it will begin disclosing against the Taskforce on Nature-related Financial Disclosures (TNFD) next year, which has been one of our key asks. Smurfit Kappa is also beginning to trial more evolved biodiversity data collection metrics, including eDNA, which we had been encouraging them to trial in their Colombian assets for some time. We also spoke with the company in November to discuss the Westrock merger. In particular we shared our research on the emissions profile of Westrock’s

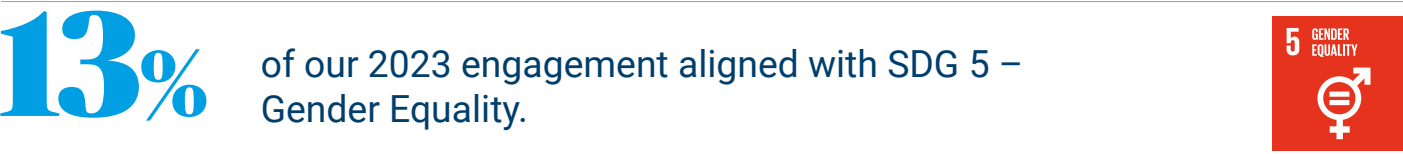
assets, and where we believed the combined entity should focus its efforts to drive down its emissions. We remain convinced of the greater potential for the new combined entity to contribute to a faster climate transition. Engagement with Smurfit Kappa has continued into 2024 at the time of writing.

### Recognising positive progress

In October 2023, **Bank Rakyat Indonesia** did indeed publish its first standalone TCFD report, which included good disclosure on their governance and risk management of climate related

risks, a transition and physical risk scenario analysis, as well as disclosure of their absolute financed emissions across their loan book. The company also highlighted that they had sent a commitment letter to the Science-based Targets Initiative to set financed emissions targets. This is significant as it is the first instance of an Indonesian bank publishing their absolute financed emissions and a standalone TCFD report. We recognise their outstanding efforts made here, and we therefore recorded a three-star Milestone.

## Engaging on Diversity, Equity and Inclusion (DEI)



We believe that a company’s approach to DEI can create risks or opportunities related to innovation, talent acquisition and brand reputation.

During 2023, our engagement around DEI focused on encouraging companies to improve their female representation at board and senior management levels, as well as on underrepresented minorities. For example, we engaged **eBay** on its diversity talent pipeline and measures to advance women and underrepresented minorities in technology and leadership roles. We encouraged the disclosure of workforce data including hiring, promotion and attrition by gender/ethnicity to assess the effectiveness of the company’s human capital management strategies, and will revisit this with the company.

We also reached out to four of our German holdings – **Allianz**, **E.ON**, **Munich Re** and **Siemens Healthineers** – with a letter to

the board as part of the 30% Club Germany Investor Group, aiming at engaging with DAX 40 and MDAX companies on the way they promote gender diversity across their organisation, with a specific focus on the management board. The initiative encourages companies to have an action plan in place to ensure their management teams comprise at least 30% women by 2030. We are waiting to hear back from the companies on a dedicated exchange.

Meanwhile, we spoke at an event on Active Stewardship in Japan, which was attended by Japanese companies and asset managers, including our holding **Takeda Pharmaceutical**. Part of our discussion included our aspiration for Japanese companies regarding board diversity and independence, and the challenges we see in the market with meeting these expectations.



# Our Strategy in detail

Discover how the companies held in the Strategy correspond to our seven sustainability themes, as well as details such as SDG alignment, any engagement conducted during the year and any positive outcomes (Milestones) achieved.

## Connect & Protect

Technological advances create huge opportunities to accelerate our collective connectivity, as well as bringing in a swathe of technologies to progress social well-being, supply chain efficiencies and sustainable cities. We look for those companies that are promoting public ‘good’ and doing so in a safe, secure, and customer-centric way.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
<b>Broadcom</b> Information Technology United States	<b>2.9% weighting</b> Provides semiconductor solutions for voice, video, data and multimedia connectivity in the home, office and mobile environments.	<span>+</span> <b>100% – 8.2</b> – Enables the provision of wireless technology and IT infrastructure	3: Human rights, labour standards, corporate governance	Improved supplier due diligence  Conducted human rights impact assessment and shared results
<b>Gen Digital</b> Information technology United States	<b>2.8% weighting</b> Offers a range of cyber safety brands that provide security and performance, identity protection, and online privacy. It also offers solutions in digital identity and access management, digital reputation, and restoration support services. It provides real-time protection for computer and mobile devices against malware, viruses, adware, ransomware and other online threats.	<span>+</span> <b>63% – 16.10</b> – Provides software that enhances desktop computer security by protecting against harmful malware activity  <span>+</span> <b>37% – 16.a</b> – Provides network security systems that enable identity and information protection	1: Corporate governance	0
<b>Motorola Solutions</b> Information technology United States	<b>2.5% weighting</b> Provider of mission-critical telecommunication software and hardware including allowing first responders more reliable and higher performing connectivity	<span>+</span> <b>63% – 9.1</b> – Improving communication in first responder network through the provision of two-way radios  <span>+</span> <b>25% – 8.2</b> – Providing emergency response teams and wider industry with robust reliable communication hardware  <span>+</span> <b>5% – 16.3</b> – Providing police, fire, and healthcare oversight advances software to improve efficiency of first responder network  <span>-</span> <b>7%</b> – Neutral	1: Human rights	0
<b>TE Connectivity</b> Information Technology United States	<b>1.5% weighting</b> Designs and manufactures electrical and electronic products across	<span>+</span> <b>55% – 8.2</b> – Manufactures medical sensors that enable the collection of accurate data to efficiently assess patients' conditions, as well as automotive sensors that ensure safety, performance and quality  <span>-</span> <b>45%</b> – Neutral		0



Digital Empowerment

The explosion of data in recent years has been nothing short of mind-blowing, especially when we consider that data interactions went up by 5000% between 2010 and 2020. There is a huge opportunity for this data to be harnessed for good; better informing our climate change efforts, enabling better healthcare, and empowering smaller businesses, leading to broader competition and employment opportunities.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
BT Group Communication Services United Kingdom	<b>1.7% weighting</b> UK-based provider of fixed and mobile telecommunications and related digital products, solutions, and services.	⊕ <b>84% – 9.1</b> – Provides fixed, mobile and converged connectivity solutions such as broadband, mobile, TV and IT serices, and also sells communication equipment such as handsets to enable customers to connect	1: Corporate governance	0
		⊕ <b>16% – 8.2</b> – Provides consulting services across security, infrastructure, digital workplace and customer contact		
Deutsche Telekom Communication Services Germany	<b>2.7% weighting</b> Provides information technology and telecommunications services.	⊕ <b>97% – 9.1</b> – Provides fixed-network/broadband, mobile communications, Internet, and IPTV products and services for consumers, and information and communication technology solutions for businesses.		0
		⊖ <b>3% – Neutral</b>		
eBay Consumer discretionary United States	<b>2.6% weighting</b> Enabling entrepreneurs and small-medium sized companies to grow their businesses and reach a global audience through the eBay ecosystem, now reinforced by their managed payments service.	⊕ <b>100% – 8.3</b> – Encouraging small and medium-sized enterprises through access to financial services	1: Human rights, labour standards, corporate governance	0
Microsoft Information technology United States	<b>6.2% weighting</b> Technology company that develops and supports software, services, devices, and solutions.	⊕ <b>77% – 8.2</b> – Provides IT infrastructure and office software for businesses	1: Business conduct, human rights	0
		⊖ <b>23% – Neutral</b>		
NetApp Information technology United States	<b>2.8% weighting</b> Provider of storage and data management soltuions, serving enterprises, government agencies and universities worldwide.	⊕ <b>100% – 8.2</b> – Enables gains in economic productivity through cloud-based solutions and data storage providing technological upgrading and innovation	2: Climate change, business conduct, labour standards, corporate governance	0
RELX Industrials United Kingdom	<b>1.5% weighting</b> Global provider of information-based analytics and decision tools for professional and business customers.	⊕ <b>34% – 4.3</b> – Publishes scientific, technical and medical content that helps institutions and professionals progress science, advance healthcare and improve performance		0
		⊕ <b>34% – 8.1</b> – Provides information-based analytics and decision tools that combine content with advanced technology and algorithms to assist organisations in evaluating and predicting risk and enhancing operational efficiency		
		⊕ <b>21% – 16.3</b> – Provides legal, regulatory, and business information and analytics to support increased productivity and improve decision-making		
		⊖ <b>11% – Neutral</b>		
TSMC Information technology Taiwan	<b>2.3% weighting</b> TSMC is the world's leading semiconductor manufacturer. Its leading edge technology enables their clients to create innovative products using more powerful processors that consume less energy.	⊕ <b>56% – 8.2</b> – Supports greater energy efficiency in a wide range of technologies through the production of semiconductors	2: Climate change, environmental stewardship, labour standards, corporate governance	0
		⊕ <b>39% – 9.c</b> – Increasing access to information and communications technology through it smartphone platform		
		⊕ <b>5% – 3.6</b> – Reducing death and injury from road traffic accidents via automotive technology		

Energy Transition

The energy transition is the pathway towards transforming the global energy sector from one dominated by fossil fuel-based systems of energy production and consumption – including oil, natural gas, and coal – to a system of zero-carbon and renewable energy sources, such as solar, wind and hydropower.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
Brookfield Renewable Partners Utilities Canada	<b>2.2% weighting</b> Operates one of the world's largest publicly traded platforms for renewable power and decarbonisation solutions.	⊕ <b>100% – 7.2</b> – Sells wind, solar and hydroelectric power, distrubuted energy and other sustainable power solutions		0
E.ON Utilities Germany	<b>1.6% weighting</b> One of Europe's largest operators of energy networks and energy infrastructure.	⊕ <b>65% – 9.1</b> – Operates electriciy networks across Europe	2: Climate change, labour standards, corporate governance	Enhanced biodiversity management
		⊕ <b>12% – 7.2</b> – Provides alternative, renewable power sources such as solar, wind and geothermal.		
		⊖ <b>23% – Neutral</b>		
Emerson Electric Industrials United States	<b>2.8% weighting</b> Global technology, software and engineering company that provides industrial, commercial, and consumer products and services.	⊕ <b>48% – 8.2</b> – Manufactures sensors and other instruments that enable industrial and factory automation	2: Climate change	0
		⊕ <b>43% – 6.4</b> – Manufactures valves and fluid control products, thereby ensuring more efficient use of water		
		⊕ <b>9% – 9.1</b> – Manufactures hand-held tools used in industrial processes		
Linde Materials United States	<b>3.6% weighting</b> High-quality industrial gases business operating in consolidated sector with strong moat. Provides gases allowing customers to reduce carbon emissions and has boosted hydrogen investments as part of its decarbonisation focus.	⊕ <b>86% – 9.4</b> – Produces a range of industrial gases which are used to make industrial processes more efficient		0
		⊖ <b>8% – 9.1</b> – Provides solutions to nuclear and fossil energy and process plant construction		
		⊖ <b>6% – Neutral</b>		
Schneider Electric Industrials France	<b>2.1% weighting</b> Schneider Electric is a global leader in energy management and automation solution, selling into end markets like Buildings, Industrials, and Data Centers. They are at the heart of the transition to a more energy efficient world.	⊕ <b>77% – 9.4</b> – Provides energy management products and services that enable companies to improve their energy efficiency		0
		⊕ <b>23% – 8.2</b> – Supports economic productivity through the provision of industrial automation and software solutions		
SSE Utilities United Kingdom	<b>2.7% weighting</b> A UK energy business generating, transmitting and distributing electricity, and a key player in UK net-zero plans, with its target of increasing its renewables output fivefold by 2030.	⊕ <b>99% – 7.2</b> – Contributing to substantially increase the share of renewable energy in the global energy mix through their on and offshore wind capabilities		0
		⊕ <b>1%– 9.1</b> – Provides electricity utility networks in Europe, as well as power generation infrastructure		



# Health & Well-being

Robust and efficient healthcare systems around the world are essential. The demand for health and healthcare access equality is rising – and opportunities created from the change must not be ignored.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
AstraZeneca Healthcare United Kingdom	<b>1.5% weighting</b> One of the world's major pharmaceutical firms, researching, manufacturing and selling pharmaceutical and medical products, improving the health of its consumers.	⊕ <b>53% – 3.4</b> – Produces a range of biopharmaceuticals aimed at the treatment of noncommunicable diseases	3: Labour standards, public health, corporate governance	Participation in the Workforce Disclosure Initiative's 2022 survey
		⊕ <b>45% – 3.8 8</b> – Provides access to healthcare through the production of essential medicines		
		⊕ <b>2% – 3.3</b> – Prevention and treatment of non-communicable diseases through vaccines and antivirals		
Becton Dickinson & Co Healthcare United States	<b>2.3% weighting</b> A global provider of medical equipment, devices and consumable supplies to various healthcare facilities, serving more than 90% of healthcare patients worldwide.	⊕ <b>100% – 3.8</b> – Provides access to healthcare through the production of essential medical supplies such as needles, syringes and surgical products		0
Colgate- Palmolive Consumer Staples United States	<b>2.5% weighting</b> Manufactures a range of products for the personal and home care and pet care markets.	⊕ <b>43% – 3.8</b> – Manufactures oral care products		0
		⊕ <b>36% – 3.3</b> – Manufactures personal care products such as skincare, hair and sanitary products, as well as household cleaning products such as detergent		
		⊖ <b>21%</b> – Neutral		
CVS Health Healthcare United States	<b>2.0% weighting</b> An integrated health insurer, pharmacy benefit manager and retail pharmacy, providing services which are core to day-to-day life for millions of Americans.	⊕ <b>99% - 3.8</b> – Provides access to healthcare through its retail pharmacy stores and clinics	2: Climate change, labour standards, public health, corporate governance	0
DSM-Firmenich Materials Netherlands	<b>1.2% weighting</b> A Dutch-based chemicals company that is active across the human nutrition, animal nutrition, health care, food & beverage and materials markets. The company aims to apply science to improve the health of people, animals and the planet.	⊕ <b>84% – 2.1</b> – Provides a vartiety of human nutrition solutions, as well as feed additives and vitamins for the global feed industry		0
		⊕ <b>14% – 12.2</b> – Produces speciality and high-performance plastics for use in a wide variety of industries, designed to create sustainable solutions		
		⊕ <b>1% – 3.8</b> – Produces centrifuges, which are devices used to process samples in biological laboratories		
		⊖ <b>1%</b> – Neutral		
Elevance Health Healthcare United States	<b>2.2% weighting</b> Health insurance provider that operatres through four segments: health benefits, pharmaceuticals and pharmacy services, and healthcare-related services such as palliative care.	⊕ <b>100% – 3.8</b> – Provides access to healthcare through the production of essential medical supplies such as needles, syringes and surgical products	1: Business conduct, public health, corporate governance	0
GSK Healthcare United Kingdom	<b>2.0% weighting</b> Global biopharma company that develops cancer medicines and vaccines, alongside other general medicine. It is also focused on addressing the unmet treatment needs of patients with respiratory and inflammatory conditions.	⊕ <b>57% – 3.3</b> – Produces vaccines, antibiotics and other drugs to prevent and treat viral infections and other infectious diseases, as well as to manage symptoms due to infection by HIV	2: Public health	Expanded medication donation programme
		⊕ <b>31% – 3.8</b> – Produces medicines to treat respiratory diseases, skin conditions and cancers		
		⊕ <b>12% – 3.4</b> – Produces medicines to treat autoimmune and neurological diseases, as well as cancers		



Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
Pfizer Healthcare United States	<b>1.8% weighting</b> Research-based global biopharmaceutical company, engaged in the discovery, development, manufacture, marketing, sale and distribution of biopharmaceutical products worldwide.	⊕ <b>53% – 3.8</b> – Manufactures drugs to treat a range of medical conditions such as blood diseases, pituitary gland disorders and menopause complications	2: Climate change, labour standards, public health, corporate governance	0
		⊕ <b>29% – 3.3</b> – Manufactures vaccines and antibiotics to prevent and treat infectious diseases and viral infections		
		⊕ <b>18% – 3.4</b> – Produces medicines to treat a range of life-threatening illnesses such as cancers, and heart conditions		
Quest Diagnostics Healthcare United States	<b>1.9% weighting</b> Provides diagnostic insights from the results of its laboratory testing to enable patients, doctors, and organisations to take action to improve health outcomes.	⊕ <b>100% – 3.8</b> – Provides testing services for a range of medical needs, including for Covid-19, genes and specialised medicine, and anatomic pathology		0
Siemens Healthineers Healthcare Germany	<b>1.4% weighting</b> Provides a range of medical devices to support diagnoses, prevention and treatment of diseases	⊕ <b>84% – 3.8</b> – Offers a wide range of medical devices to support the prevention, diagnosis and treatment of diseases, such as medical imaging and laboratory diagnostics	1: Labour standards, corporate governance	0
		⊕ <b>16% – 3.4</b> – Provides imaging technology for radiation therapy to treat cancer		
Takeda Pharmaceutical Healthcare Japan	<b>2.5% weighting</b> Japan-based pharmaceutical company engaged in the research, development, manufacture and sale of pharmaceutical products, general medical products, quasi drugs and healthcare products in Japan and overseas.	⊕ <b>51% – 3.8</b> – Manufactures medicines to treat a variety of digestive conditions such as Chrohn's and IBD, as well as vascular disorders, blood diseases and other medical conditions	2: Public health, corporate governance	0
		⊕ <b>49% – 3.4</b> – Manufactures a variety of drugs for the treatment of life-threatening illnesses such as cancers, neurological diseases, blood diseases and genetic disorders		



# Resource Efficiency

Resource efficiency is the art of using the Earth’s limited resources in a more sustainable way, whilst minimising the impact that we have on the environment – doing more with less. Resource inefficiency, as we are all too aware, is distressingly common.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
<b>American Water Works</b> Utilities United States	<b>1.7% weighting</b> Water and wastewater utility company that through its subsidiaries provides water and wastewater services to residential, commercial, industrial, public authority, fire service and sale for resale customers.	⊕ <b>100% – 6.1</b> – Ensures access to clean and safe water in the US		0
<b>Packaging Corp of America</b> Materials United States	<b>2.7% weighting</b> Producer of containerboard products and corrugated packaging products.	⊕ <b>92% – 12.2</b> – Produces corrugated cardboard containers, providing a more sustainable packaging alternative to plastic ⊕ <b>7% – 12.5</b> – Boise Paper business produces a range of printing and stationary paper products ⊖ <b>1% – Neutral</b>		0
<b>Smurfit Kappa Group</b> Materials Ireland	<b>2.3% weighting</b> Smurfit is exposed to a number of megatrends, such as eCommerce, and is leading the way in the shift from plastic packaging to paper, with a management that is committed to sustainability.	⊕ <b>100% – 12.5</b> – Provides environmentally sustainable paper-based packaging, reducing waste generation	4: Climate change, environmental stewardship, human rights	Improvement in decarbonisation strategy disclosures
<b>Waste Management Inc</b> Industrials United States	<b>2.1% weighting</b> Through its subsidiaries, provides collection, recycling and disposal services to millions of residential, commercial, industrial and municipal customers throughout the US and Canada.	⊕ <b>75% – 11.6</b> – Provides residential and commercial waste collection, transfer, recycling and landfill services ⊕ <b>25% – 12.4</b> – Provides hazardous and industrial waste disposal services		0



# Sustainable Cities

A growing global population coupled with urban migration is putting cities under increasing stress, from social issues such as the provision of reliable healthcare and education, to environmental challenges like global warming. This creates compelling opportunities for companies who can address these challenges head on and create sustainable urban environments for humanity to thrive in.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
<b>ComfortDelGro</b> Industrials Singapore	<b>1.7% weighting</b> Provider of land transportation across Singapore, the UK, Australia and China, with the potential for long-term structural growth in passenger numbers as people move towards mass transportation.	⊕ <b>80% – 11.2</b> – Provides public transport through its bus fleet and rail networks ⊕ <b>6% – 3.6</b> – Offers a comprehensive range of vehicle inspection such as such as car evaluations and accident vehicle assessments ⊖ <b>2% – 13.2</b> – Provides private bus charters and car rental services that are less emissions-efficient compared with public transport ⊖ <b>12% – Neutral</b>	1: Corporate governance	0
<b>Daiwa House Industry</b> Real Estate Japan	<b>2.9% weighting</b> Japan-based homebuilder, specialising in prefabricated houses. The company is also engaged in the construction of factories, shopping centers, health care facilities, the management and operation of resort hotels, golf courses and fitness clubs.	⊕ <b>33% – 9.4</b> – Develops residential properties and provides services, as well as property management services for property owners ⊕ <b>19% – 11.1</b> – Builds residential housing ⊖ <b>48% – Neutral</b>	3: Climate change, environmental stewardship, business conduct, human rights, labour standards	0
<b>Johnson Controls International</b> Industrials United States	<b>2.4% weighting</b> Offers smart, healthy and sustainable buildings, serving a range of customers.	⊕ <b>19% – 9.4</b> – Provides heatingm ventilation and air conditioning (HVAC) equipment for efficient and reliable climate control within buildings ⊕ <b>9% – 9.1</b> – Provides integrated security systems to monitor and control buildings' security, such as video surveillance, alarm systems and user access ⊖ <b>72% – Neutral</b>		0
<b>Pearson</b> Consumer Discretionary United Kingdom	<b>1.3% weighting</b> Provides digital content, learning experiences, assessments, qualifications and data in the learning market.	⊕ <b>100% – 4.6</b> – Provides products and services to support school and higher education learning, upskilling in the workplace, and language learning		0
<b>Saint-Gobain</b> Industrials France	<b>1.9% weighting</b> Specialises in the design, manufacture, distribution of materials for the construction, mobility, healthcare, and industrial sectors solutions with the aim of improving wellbeing globally.	⊕ <b>82% – 9.1</b> – Produces a wide range of architectural and infrastructure components used to consruct buildings, such as fixings and jointing products, insulation and roofing ⊖ <b>18% – Neutral</b>	1: Corporate governance	0
<b>SGS</b> Industrials Switzerland	<b>1.6% weighting</b> Provides inspection, verification, testing and certification services.	⊕ <b>100% – 12.6</b> – Provides a comprehensive range of inspection, testing, certification and advisory services to ensure safety, quality and regulatory conformity of products and services across a range of industries such as health and nutrition, natural resources and technology	1: Human rights, labour standards, public health	0



# Sustainable Finance

The financial sector is uniquely positioned to adapt and promote innovation to address global sustainability challenges – including climate change, population growth and resource scarcity. The provision of training to improve financial literacy can not only serve to improve standards of personal finances, but also has an important role in addressing the needs of the most vulnerable in society, including closing the gender gap and lifting people out of the poverty trap.

Company	Company description	SDG alignment	Number and subject of engagement(s) in 2023	2023 milestones
Allianz Financials Germany	<b>2.2% weighting</b> Provision of financial services to individuals and corporates, incorporating ESG and climate risks into sustainable solutions offerings.	+ <b>49% – 3.8</b> – Improves access to health-care through their health insurance products	1: Labour standards, corporate governance	0
		+ <b>46% – 8.10</b> – Promotes access to financial services for all through its retail banking operations		
		+ <b>5% – 12.6</b> – Promotes responsible investment through providing asset management services with ESG integration, and specialist SRI funds.		
Bank Rakyat Indonesia Tbk PT Financials Indonesia	<b>1.6% weighting</b> Provides micro, small and medium enterprises and personal banking services across Indonesia.	+ <b>99% – 8.10</b> – Promotes access to finance by providing corporate and consumer banking services in Indonesia	2: Climate change, environmental stewardship, corporate governance	Standalone TCFD reporting
		+ <b>1% – 9.3</b> – Increases access to financed for SMEs by providing corporate banking services to such companies across Indonesia		
Grupo Financiero Banorte Financials Mexico	<b>1.9% weighting</b> Mexico-based financial institution that provides banking, savings, brokerage and other financial services.	+ <b>100% – 8.10</b> – Increases access to finance in Mexico through the provision of banking, savings, brokerage and other financial services		0
Legal & General Group Financials United Kingdom	<b>2.2% weighting</b> British multinational financial services and asset management company. Its products and services include investment management, lifetime mortgages, pensions, annuities, and life assurance.	+ <b>46% – 3.8</b> – Offers life insurance to provide coverage for families in the event of the policy owner's death or diagnosis of a terminal illness. Also offers critical illness cover to protect customers against the financial implications of a critical illness		0
		+ <b>36% – 12.6</b> – Responsible investing is core to Legal & General's investment approach, focusing on holding boards to account, cretaing sustainable value, and promoting market resilience		
		- <b>18%</b> – Neutral		
Munich Re Financials Germany	<b>1.6% weighting</b> A leading global provider of reinsurance, primary insurance and insurance-related risk solutions.	+ <b>51% – 11.5</b> – Offers property and casualty reinsurance to provide coverage of financial loss and legal liability arising from various types of property and casualty risks	3: Climate change, labour standards, corporate governance	0
		+ <b>35% – 3.8</b> – Offers life insurance products that guarantee payment to a beneficiary when an insured person ceases to generate income. Its health insurance products protect against financial loss resulting from medical bills, and/or the financial consequences of poor health. Also offers life and health reinsurance products that provide coverage of financial loss arising from various life and health insurance policy risks.		
		+ <b>14% – 8.10</b> – Insurance products reduce financial risks for policy owners by transferring risk to a third party and pooling of losses by insurers		
Tokio Marine Holdings Financials Japan	<b>2.5% weighting</b> Japan-based insurer offering a variety of insurance products, as well as investment advisory and other financial services.	+ <b>89% – 8.10</b> – Provides domestic and overseas property and casualty insurance		0
		+ <b>10% – 3.8</b> – Provides life insurance products, inlcuding whole life policies as well as health care, retirement and other policies		
		- <b>1%</b> – Neutral		





## Contact us

✉ [clientsupport@columbiathreadneedle.com](mailto:clientsupport@columbiathreadneedle.com)

To find out more visit [columbiathreadneedle.com](https://columbiathreadneedle.com)



© 2024 Columbia Threadneedle Investments. Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

**For professional investors and qualified investors only.**

Issued for information purposes only by Columbia Threadneedle Investments.

This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness.

In the UK: Issued by Threadneedle Asset Management Limited, No. 573204 and/or Columbia Threadneedle Management Limited, No. 517895, both registered in England and Wales and authorised and regulated in the UK by the Financial Conduct Authority.

In the EEA: Issued by Threadneedle Management Luxembourg S.A., registered with the Registre de Commerce et des Sociétés (Luxembourg), No. B 110242 and/or Columbia Threadneedle Netherlands B.V., regulated by the Dutch Authority for the Financial Markets (AFM), registered No. 08068841.

In Switzerland: Issued by Threadneedle Portfolio Services AG, an unregulated Swiss firm or Columbia Threadneedle Management (Swiss) GmbH, acting as representative office of Columbia Threadneedle Management Limited, authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).

In the Middle East: This document is distributed by Columbia Threadneedle Investments (ME) Limited, which is regulated by the Dubai Financial Services Authority (DFSA). For Distributors: This document is intended to provide distributors with information about Group products and services and is not for further distribution. For Institutional Clients: The information in this document is not intended as financial advice and is only intended for persons with appropriate investment knowledge and who meet the regulatory criteria to be classified as a Professional Client or Market Counterparties and no other Person should act upon it.