Sustainable investment guidelines for

CT (Lux) Sustainable Opportunities European Equity Fund

Last review: March 2025

COLUMBIA THREADNEEDLE INVESTMENTS®

Contents

Key risks

The value of investments and any income derived from them can go down as well as up as a result of market or currency movements 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.

Views and opinions have been arrived at by Columbia Threadneedle Investments and should not be considered to be a recommendation or solicitation to buy or sell any stocks or products that may be mentioned.

1 Philosophy

Our Responsible Investment philosophy is framed by several policy statements, including our: Corporate Governance Guidelines, Engagement Policy, as well as our Environmental and Social Practices Statement. These are available on our **website**.

The CT (Lux) Sustainable Opportunities European Equity Fund aims to achieve long-term capital growth by investing in equities of European companies. The Fund integrates environmental, social and governance ("ESG") factors into its investment analysis. Through this process, the Manager seeks to avoid investments that are contrary to the goals of making positive contributions to society and/or the environment; invest in companies that provide sustainable solutions or that make positive contributions to society and/or the environment; and improve companies by selecting those that, in the Manager's opinion, will benefit from investor engagement.

The identification of financially material environmental, social, and governance (ESG) issues forms part of our routine investment analysis ("ESG integration"), helping us to manage risk and support long-term returns.

The overarching sustainability philosophy of the fund is to "Avoid; Invest; Improve":

– **Avoid** – We have a set of exclusion criteria setting threshold standards to avoid investment in socially or environmentally damaging products or unsustainable business practices.

– **Invest** – We invest in companies providing sustainability solutions and/or companies making a positive contribution to society and/or the environment.

– **Improve** – We engage with companies with a view to helping them to enhance their performance, viability, and sustainability to create long-term economic value for our clients.

'Avoid'

Consistent with the Fund's goal to invest in companies that make a positive contribution to society and the environment, we have developed an exclusion policy to set threshold standards, which applies to the entire Fund. We monitor the universe of holdings on an ongoing basis, and any position held by the Fund that no longer qualifies must be sold within 30 calendar days unless there are exceptional circumstances.

Product-based exclusions

- **Weapons**[1] – Exclude companies that derive:
  - >0% of their revenue from the production or retail of weapons.
  - >0% of their revenue from the production of controversial and/or nuclear weapons components*.
  - >5% of their revenue from the production of other weapons components and/or support systems and services which are customised for strategic military use.
- **Tobacco** – Exclude companies that derive:
  - >0% of their revenue from the production of tobacco products.
  - >5% of their revenue from the production of Next Generation products (including e-cigarettes) and their components.
  - >5% of their revenue from the distribution of tobacco products.
  - >10% of their revenue from the retail of tobacco products.
  - >10% of their revenue from the supply of products which are essential to the tobacco industry, e.g. machinery and packaging materials.
- **Fossil fuels** – Exclude companies with ownership of fossil fuel reserves.

  In addition, exclude companies:

  Coal
  - That derive >0% of their revenue from the mining of coal and its sale to external parties.
  - That derive >1% of their revenue from coal distribution.
  - That derive >1% of their revenue from coal refining.
  - That derive >50% of their revenue from equipment and services for coal-related activities.

[1] Conventional, unconventional and civilian weapons are in-scope.

NB. We expect companies to be actively decreasing their involvement in coal-/oil-/gas-related activities.

*Our definition of controversial weapons encompasses the following types of weapons: biological; blinding lasers; chemical; cluster munitions; depleted uranium (incl. armour); incendiary; land mines; non-detectable fragments.

Oil

- That derive >0% of their revenue from the extraction and production of oil and natural gas liquids.
- That derive >5% of their revenue from the refining of oil fuels.
- That derive >5% of their revenue from the distribution of oil and related products.
- That derive >5% of their revenue from pipelines for oil and oil products or natural gas liquids.
- That derive >5% of their revenue from the transportation of oil and oil products.
- That derive >5% of their revenue from the retailing of oil and oil products[2].
- That derive >50% of their revenue from equipment and services for oil-related activities[4].

Gas

- That derive >0% of their revenue from the extraction and production of natural gas.
- That derive >5% of their revenue from the processing of natural gas fuels.
- That derive >5% of their revenue from the distribution of gas and related products[3].
- That derive >5% of their revenue from natural gas pipelines[3].
- That derive >5% of their revenue from the transportation of natural gas[3].
- That derive >5% of their revenue from gas retail sales and liquefied petroleum gas (bottled gas) dealers[3].
- That derive >50% of their revenue from equipment and services for gas-related activities[4].

- **Electricity generation**
  - Exclude companies that derive >10% of their revenue from thermal coal-based power generation[5].
  - Companies that derive >10-50% of their revenue from liquid fuel- and/or natural gas-based power generation must have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius and/or robust interim targets as assessed by Columbia Threadneedle Investments' net zero methodology.
  - Exclude companies that derive >50% of their revenue from liquid fuel- and/or natural gas-based power generation.
- **Nuclear energy** – Exclude electricity utilities where >5% of the power production is based on nuclear sources.
  - Exclude companies that derive >5% of their revenue from supplying key products or services to the nuclear power industry, except those that provide standard, non-customised or safety-related products/services.
  - Exclude companies that derive >5% of their revenue from uranium mining.

Conduct-based exclusions

- We exclude companies with breaches of the UN Global Compact principles[6] and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.
- We use qualitative analysis and a variety of ESG data tools to assess and monitor companies' management of key ESG risks and their approach to addressing sustainability challenges. We seek to exclude companies with particularly poor ESG risk management and weak strategies to advance sustainable objectives.

Further aspects considered:

- **Biodiversity**: We expect companies to minimise their negative impact on biodiversity.
- **Water Use**: We expect companies to comply with national regulations and international agreements regarding managing water consumption.
- **Taxation**: We expect companies to pay fair and appropriate taxes, and transparently report their taxes.

Ongoing monitoring

To ensure companies held in the Sustainable strategies continue to meet our criteria, we conduct ongoing monitoring of all held companies. Each quarter the Responsible Investment team reviews whether companies continue to meet our criteria, alongside any involvement in recent controversies that might indicate poor ESG practices. All breaches are assessed by the Responsible Investment team. If a breach is assessed as genuine, then the company is divested.

[2] The Sustainable Funds are permitted to hold companies that exceed the 5% revenue threshold for the retailing of oil and oil products if they have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius and/or robust interim targets as assessed by Columbia Threadneedle Investments' net zero methodology.

[3] The Sustainable Funds are permitted to hold companies that exceed the 5% revenue threshold if they have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius and/or robust interim targets as assessed by Columbia Threadneedle Investments' net zero methodology. However, companies are excluded which derive >50% of their revenue from the distribution of gas and related products.

[4] Products/services aimed at mitigating or reducing the negative effects of these activities are not in-scope.

[5] Companies with thermal coal-based power generation must have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius and/or robust interim targets as assessed by Columbia Threadneedle Investments' net zero methodology.

[6] The UN Global Compact are 10 principles businesses should follow and incorporate in order to meet their basic responsibilities to people and planet, which fall under 4 broad headings (Human Rights, Labour, Environment and Anti-Corruption). See here for full details

'Invest'

Core to all of our sustainable strategies is the proactive allocation to investments whose activities are oriented to providing sustainability solutions, i.e. with some positive impact on society and/or the environment.

The majority of revenues from a company held in the portfolio will contribute to addressing key sustainability challenges and opportunities such as:

Energy transition – companies providing affordable and clean energy or improving energy efficiency.

Resource efficiency – companies promoting more sustainable resource use, consumption, and production.

Sustainable infrastructure – companies enabling less damaging construction processes to maintain sustainable networks.

Health and wellbeing – companies advancing global health, wellbeing, nutrition and food security.

Sustainable finance – companies supporting both financial inclusion for under-served communities and businesses addressing sustainability challenges.

Societal development – companies supporting education and training and improving social mobility for underrepresented groups.

Technological innovation & inclusion – companies providing innovative hardware or software solutions to solve a range of global sustainability challenges.

We also make reference to the framework of the Sustainable Development Goals (SDGs) in identifying investments making a positive contribution to society and the environment[7].

'Improve'

For this Fund we see it as our responsibility to take key financially material ESG issues into account before, during and after investment decisions.

We engage with companies with a view to helping them to enhance their performance, viability, and sustainability to create long-term economic value for our clients.

Targeted Responsible Investment engagement with companies that can align with our clients' investment goals is an important part of our investment approach, as it creates future value. In addition, we believe that engagement on ESG issues in certain cases can have a positive impact on corporate performance and investment returns. Our key expectations on good practice are outlined in our **corporate governance guidelines**, and **environmental and social practices statement**.

We support our engagement approach by the thoughtful use of our voting rights, where relevant. All proxy voting results are made public.

Further details can be found in our RI Engagement Policy, which defines our group-wide engagement activities.

[7] The 17 SDGs were developed in 2015 by the UN and cross-industry stakeholders and endorsed by all 193 member states. The SDGs set out a roadmap towards a more sustainable global economy and society by 2030. See here for full details.

2 Instruments

All UCITS-eligible securities are allowed, as long as they meet minimum regulatory and ESG standards, as determined above.

3 Addendum

Criteria updates since October 2024:

Previous criteria	New criteria
Electricity generation	
Exclude electricity utilities: ■ That derive >5% of their revenue from coal-based power production[8]. ■ That derive >10% of their revenue from oil & gas-based power production[9].	■ Exclude companies that derive >10% of their revenue from thermal coal-based power generation[5]. ■ Companies that derive >10-50% of their revenue from liquid fuel- and/or natural gas-based power generation must have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius and/or robust interim targets as assessed by Columbia Threadneedle Investments' net zero methodology. ■ Exclude companies that derive >50% of their revenue from liquid fuel- and/or natural gas-based power generation.

8 Electricity utilities with coal-based power production must have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius. NB. This criteria point may include companies in other sectors which have power generation activities. Overall, we expect companies to be structurally decreasing their coal-based power generation.

9 Unless they have a Science Based Targets initiative (SBTi) target set at 1.5 degrees Celsius/well-below 2 degrees Celsius.

Previous criteria	New criteria
Fossil Fuels	
Exclude companies with ownership of geological reserves of coal/oil/gas, and exclude companies that derive: - >0% of their revenue from the mining of thermal coal and its sale to external parties. - >0% of their revenue from the extraction and production of oil/gas. - >5% of their revenue from the distribution and retailing of oil/gas and related products[10]. - >5% of their revenue from coal/oil/gas transportation and/or oil/gas pipelines[11]. - >5% of their revenue from refining coal/oil/gas. - >50% of their revenue from equipment and services for coal-/oil-/gas-related activities[12].	Exclude companies with ownership of fossil fuel reserves. In addition, exclude companies: **Coal** - That derive >0% of their revenue from the mining of coal and its sale to external parties. - That derive >1% of their revenue from coal distribution. - That derive >1% of their revenue from coal refining. - That derive >50% of their revenue from equipment and services for coal-related activities. **Oil** - That derive >0% of their revenue from the extraction and production of oil and natural gas liquids. - That derive >5% of their revenue from the refining of oil fuels. - That derive >5% of their revenue from the distribution of oil and related products. - That derive >5% of their revenue from pipelines for oil and oil products or natural gas liquids. - That derive >5% of their revenue from the transportation of oil and oil products. - That derive >5% of their revenue from the retailing of oil and oil products[2]. - That derive >50% of their revenue from equipment and services for oil-related activities[4]. **Gas** - That derive >0% of their revenue from the extraction and production of natural gas. - That derive >5% of their revenue from the processing of natural gas fuels. - That derive >5% of their revenue from the distribution of gas and related products[3]. - That derive >5% of their revenue from natural gas pipelines[3]. - That derive >5% of their revenue from the transportation of natural gas[3]. - That derive >5% of their revenue from gas retail sales and liquefied petroleum gas (bottled gas) dealers[3]. - That derive >50% of their revenue from equipment and services for gas-related activities[4].

10 The Sustainable Funds are permitted to hold companies that exceed the 5% revenue threshold if they have robust net zero transition plans which cover their product emissions, and/or are substantially benefitting customers in remote/rural areas.

11 The Sustainable Funds are permitted to hold companies that exceed the 5% revenue threshold for gas transportation/pipelines if they have robust net zero transition plans which cover their product emissions, and/or are substantially benefitting customers in remote/rural areas.

12 >5% of their revenue from the use and/or production of hydraulic fracking technologies are excluded.

Previous criteria	New criteria
Weapons[13]	
Exclude issuers that derive: ■ >0% of their revenue from the manufacture or sale of weapons. ■ >5% of their revenue from the manufacture of weapons components or systems designed for strategic military use.	Exclude companies that derive: ■ >0% of their revenue from the production or retail of weapons. ■ >0% of their revenue from the production of controversial and/or nuclear weapons components*. ■ >5% of their revenue from the production of other weapons components and/or support systems and services which are customised for strategic military use.
Tobacco	
Exclude issuers that derive: ■ >0% of their revenue from the manufacture of tobacco products. ■ >5% of their revenue from the wholesale trading of tobacco products. ■ >10% of their revenue from the sale of tobacco products. ■ >10% of their revenue from the supply of products which are essential to the tobacco industry, e.g. machinery and packaging materials.	Exclude companies that derive: ■ >0% of their revenue from the production of tobacco products. ■ >5% of their revenue from the production of Next Generation products (including e-cigarettes) and their components. ■ >5% of their revenue from the distribution of tobacco products. ■ >10% of their revenue from the retail of tobacco products. ■ >10% of their revenue from the supply of products which are essential to the tobacco industry, e.g. machinery and packaging materials.

13 Conventional, unconventional and civilian weapons are in-scope.

* Our definition of controversial weapons encompasses the following types of weapons: biological; blinding lasers; chemical; cluster munitions; depleted uranium (incl. armour); incendiary; land mines; non-detectable fragments.

Contact us

+44 (0)20 7011 4444
clientsupport@columbiathreadneedle.com
columbiathreadneedle.com

Telephone calls may be recorded.

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