

# Supplementary Responsible Investment Information

Article 10 - SFDR Website Disclosure

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CT Net Zero Transition Low Duration Credit (GBP) Fund

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Mav 2025\*

\* First published February 2024.

## Summary

The CT Net Zero Transition Low Duration Credit (GBP) Fund promotes environmental and social characteristics, but does not have a sustainable investment objective.

### Environmental and social characteristics of the fund

The fund promotes environmental and social characteristics by incorporating an “Avoid, Invest, Improve” philosophy into the investment policy.

Avoid: We apply a set of exclusion criteria to limit investment in companies with socially or environmentally damaging products or services or unsustainable business practices.

Invest: We invest at least 80% of the fund’s portfolio in bonds that are on a clear and measurable path to environmental or social transition. These investments consist predominantly of issuers on a clear and measurable path to environmental transition that are rated as “aligned” or “aligning” to net zero transition, as assessed by Columbia Threadneedle Investments’ net zero methodology.

We also aim for 70% of the fund's portfolio-level carbon emissions to be invested over time in bonds from issuers that are “aligned” or under engagement to align with a global net zero pathway, as assessed by Columbia Threadneedle Investments’ net zero methodology.

Improve: Engaging with investee companies on significant ESG issues to mitigate risk, encourage best practice and underpin long-term investor value. Additionally, the Investment Manager engages issuers on their alignment to a net zero pathway as assessed by our net zero methodology.

**Sustainable investment:** Although the fund does not have a sustainable investment objective, it will hold a minimum proportion of 25% of its net assets in sustainable investments with an environmental objective and/or a social objective. These investments may not qualify as environmentally sustainable under the EU Taxonomy Regulation. We can demonstrate that the sustainable investments made by the fund do not significantly harm other sustainable investment objectives in several ways, including by limiting investments in the fund that are contrary to the goals of making positive contributions to the environment and/or society and considering the principal adverse impacts of investment decisions.

**Good governance:** We conduct pre- and post-investment good governance assessments on all issuers. We employ criteria to determine the eligibility of investee issuers’ good governance practices using a data-driven model which flags poor practices and controversies relating to board structure, compensation, employee relations, and tax quality: Qualitative reviews assessing the good governance practices of an issuer will take place where data is limited or absent.

**Proportion of investments:** The fund invests in bonds with at least 80% of the portfolio being on a clear and measurable path to environmental or social transition.

Other investments include cash, cash equivalents, hedging assets, derivatives, government bonds or bonds that are not on a clear and measurable path to net zero transition, as assessed by Columbia Threadneedle Investments' net zero methodology. Minimum environmental and social safeguards are applied to cash assets, hedging assets and derivatives through the integration of ESG considerations into the counterparty risk assessment.

The fund does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that the fund promotes.

**Monitoring of environmental and social characteristics; Methodologies; Data Sources and processing; Limitations to methodologies and data; Due Diligence**

Monitoring of our portfolios is a crucial part of our investment activities. It is performed at several stages during the investment process, by the investment teams and by independent oversight groups to ensure that the investment managers are adhering to their philosophy and process and that every fund is managed within its stated investment objectives and adheres to any investment restrictions.

We have developed a number of proprietary methodologies to identify and assess whether investments promote environmental and/or social characteristics or meet the criteria to qualify as a sustainable investment. These methodologies do not apply to all asset classes and the limitations to these methodologies are described in more detail below.

We use a variety of data providers and incorporate this data in our proprietary methodologies. At times we may supplement gaps in external data with our own fundamental research. We perform due diligence on these third-party providers.

**Engagement policies**

We engage with issuers on financially material ESG issues most relevant to their business. We engage to mitigate risk, to support long-term returns, and to encourage better management of sustainability issues.

**For further information on these requirements please refer to the SFDR RTS Annex of the fund's prospectus.**



## No sustainable investment objective

The fund promotes environmental and social characteristics but does not have a sustainable investment objective.

Although the fund does not have a sustainable investment objective, it will hold a minimum of 25% of its assets in sustainable investments with an environmental and/or social objective. These investments may not qualify as environmentally sustainable under the EU Taxonomy Regulation.

We can demonstrate that the sustainable investments made by the fund do not significantly harm other sustainable investment objectives in three ways:

- 1) The fund limits investments that are contrary to the goals of making positive contributions to the environment and/or society, for example, tobacco and weapons, and United Nations Global Compact breaches (see the “Avoid” section of the Investment Strategy of the fund).
- 2) We will not invest in bonds where we believe the issuer has poor ESG management that presents a serious risk to the integrity of the fund, or where we observe severe environmental or financial management issues that undermine our confidence in the issuer's ability to fulfil its Labelled Bond (as defined below) commitments, where applicable.
- 3) Consideration of Principal Adverse Impact indicators (PAIs): Investments which are reported as sustainable have been assessed to ensure they do not significantly harm (DNSH) sustainability objectives using an in-house data driven model and investment team due diligence. The model identifies harm by using a quantitative threshold against all mandatory and any other relevant PAIs for the fund. Issuers which fall below a certain threshold are flagged as potentially harmful. We then consider the materiality of the harm, whether harm has or is occurring, and whether any remedial activities are underway to address the harm. Where data is not available, we endeavour to satisfy that no significant harm has taken place through desk-based research or issuer engagement.



## Environmental or social characteristics of the financial product

The fund promotes environmental and social characteristics by:

### Avoid

- Limiting investments in issuers that engage in certain activities that harm society and/or the environment above specific thresholds (which are set out below).

### Invest

- Investing at least 80% of the fund's portfolio in bonds that are on a clear and measurable path to environmental or social transition. These investments consist predominantly of issuers on a clear and measurable path to environmental transition that are rated as “aligned” or “aligning” to net zero transition, as assessed by Columbia Threadneedle Investments' net zero methodology.
- Aiming for 70% of the fund's portfolio-level carbon emissions to be held in bonds from issuers that are aligned or under engagement to align with a global net zero pathway, as assessed by the Columbia Threadneedle Investments' net zero methodology.
- Investing in issuers that demonstrate good governance practices.
- Holding a minimum proportion (25%) of its assets in sustainable investments. An investment is considered sustainable where the issuer has greater than 50% of its revenue net positively aligned to the Sustainable Development Goals (SDG), or an issuer contributing to a sustainable objective by embedding sustainability into the economic purpose of its business (e.g. growing the proportion of revenue aligned with sustainability objectives, or delivering its enterprise impact in a way which

contributes to a sustainable outcome). Sustainable investments also include investing in Labelled Bonds with defined use of proceeds addressing key areas of concern such as climate change, natural resources depletion, access to essential services (e.g. health and education) and affordable housing, loss of biodiversity and/or pollution control.

### Improve

- Engaging with investee companies on significant ESG issues with most relevance to their business, to mitigate risk, improve performance, encourage best practice, and underpin long-term investor value. Key engagement topics can include environmental stewardship climate change, human rights labour standards, business ethics, and corporate governance. Additionally, the Investment Manager engages issuers on their alignment to a net zero pathway as assessed by our net zero methodology



## Investment strategy

To ensure that the environmental and/or social characteristics promoted by the fund are achieved, we embed an “Avoid, Invest, Improve” philosophy into the investment policy:

### Avoid

- The fund will not invest in corporate issuers that:
  - Fund new thermal coal mining or power generation facilities.
  - Derive over 30% of their revenue from thermal coal power generation or extraction.
  - Are involved in any activities related to controversial weapons.
  - Are involved in the cultivation and production of tobacco.
  - Are deemed to be in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.
- The fund also seeks to limit, though not fully exclude, investment in corporate issuers with other socially and/or environmentally damaging products or unsustainable business or governance practices under the criteria set out below. However, these criteria do not apply to an investment that may be made in specific use of proceeds bonds, such as Green, Social, Sustainability or Sustainability-linked bonds ("Labelled Bonds").

### ■ The fund limits investment in:

#### Weapons

- Limit investment in issuers that derive >0% of their revenue from the manufacture or sale of conventional weapons
- Limit investment in issuers that derive >5% of their revenue from the manufacture of conventional weapons components or systems designed for strategic military use

#### Tobacco

- Limit investment in issuers that derive:
  - >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

#### Fossil fuels

- Limit investment in issuers:
  - With ownership of geological reserves of coal/oil/gas
  - That derive >0% of their revenue from Arctic oil and/or gas

production

Electricity generation

- Limit investment in electricity utilities:
  - Where >10% of the power production is based on coal\*<sup>1</sup>
  - Where >30% of the power production is based on oil\*
- Limit investment in issuers operating active uranium mines

**"High operational standards":**

We assess the operational standards of investee companies and exclude issuers that breach the following criteria, only where we believe that issues cannot be addressed through engagement or sufficient progress has not been made at periodic reviews:

- Companies with severe breaches of the UN Global Compact Principles
- Weak ESG performers, represented by bottom quartile total ESG scores or bottom decile E, S or G scores, where scores reflect the Portfolio Manager's proprietary scoring methodology.

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<sup>1</sup> \*Unless they have a Science Based Targets initiative (SBTi) target set at 1.5°C/well-below 2°C.

## Invest

- The fund will invest at least 80% of the portfolio in bonds that are on a clear and measurable path to environmental or social transition, as outlined below:
  - The fund will predominantly invest in issuers that are considered to be “aligned” or “aligning” to net zero transition, as assessed by Columbia Threadneedle Investments’ net zero methodology. There will be a two-year period (commencing 21 May 2025) in which the Portfolio Manager may also invest in issuers that are considered to be “committed” to net zero transition, as assessed by Columbia Threadneedle Investments’ net zero methodology. During this period the Portfolio Manager will monitor whether the committed issuer becomes “aligned” or “aligning” to net zero transition, with engagement being used where appropriate. If after the two- year period a committed issuer has not transitioned to either “aligned” or “aligning” status, the investment will either be sold or fall within the remaining 20% of the portfolio that does not promote environmental and/or social characteristics.
  - The fund may also invest in labelled bonds, including Social, Sustainability or Sustainability-linked bonds, which promote wider social transition as part of the 80% asset allocation, although this is not the main focus of the investment strategy.
- We also aim for up to 70% of the fund’s portfolio-level carbon emissions to be invested over time in bonds from issuers that are aligned, or are under engagement to align with, a global net zero pathway, as assessed by Columbia Threadneedle Investments’ net zero methodology.

The fund will invest at least 25% of its assets in sustainable investments. An investment is considered sustainable where the issuer has greater than 50% of its revenue net positively aligned to the Sustainable Development Goals (SDG), or an issuer contributing to a sustainable objective by embedding sustainability into the economic purpose of its business (e.g. growing the proportion of revenue aligned with sustainability objectives, or delivering its enterprise impact in a way which contributes to a sustainable outcome). Sustainable investments also include investing in Labelled Bonds with defined use of proceeds addressing key areas of concern such as climate change, natural resources depletion, access to essential services (e.g. health and education) and affordable housing, loss of biodiversity and/or pollution control. Other considerations include:

- Sufficient alignment with ICMA’s Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG) and Sustainability-Linked Bond Principles.
- Provision by the issuer of project evaluation and investment selection criteria.
- Adequate disclosure of the process to segregate proceeds.
- Provision of detailed and timely reporting on how the proceeds have been used.

## Improve

We engage with issuers on financially material ESG issues most relevant to their business. We engage to mitigate risk, to support long-term returns, and to encourage better management of sustainability issues. Our engagement focuses on the following core themes:

- Environmental Stewardship
- Climate Change
- Human Rights
- Labour Standards

- Business Ethics
- Corporate Governance

Additionally, we use proactive engagement to influence and encourage issuers in progressing their alignment to a global net zero pathway as assessed by Columbia Threadneedle Investments' net zero methodology. If, after an appropriate period of engagement, a high emitting issuer held in the fund does not show progress in meeting minimum standards considered necessary for continued investment, we will divest from the issuer, acting in the best interest of investors.



## Good governance

We conduct a pre-investment good governance assessment and ongoing post-investment review of governance practices on all issuers. We use third-party data to assess a company's governance practices and supplement this with investment research.

**Pre-investment:** We assess all issuers before investment. We may engage with a company to better understand or to encourage improvements relating to any flagged issues. If, however, we conclude that the issuer demonstrates poor governance practices, we won't invest.

**Post-investment:** Issuers are monitored on an ongoing basis to confirm that there has been no material decline in governance practices. If any issues are flagged, we may engage with the issuer to better understand these. However, if the company no longer demonstrates good governance practices, the securities will be divested.

We have developed a data-driven model which flags poor practices and controversies relating to the four pillars of good governance as outlined by SFDR to inform its assessment and monitoring of investee companies. The model covers:

- Board structure: including board and key committee composition, diversity and inclusion, and commitments and policies.
- Compensation: including pay-for-performance, use of equity, non-executive pay, and termination practices.
- Employee relations: including compliance with labour standards, such as child labour, discrimination, and health and safety.
- Tax quality: including tax reporting and corporate tax gap.

Qualitative reviews assessing the practices of a company will take place when a governance issue is flagged by the data-driven model. These reviews will also take place when data is limited.





## Proportion of investments

The minimum proportion of investments held in the fund used to promote the environmental and/or social characteristics is 80%. The fund will invest at least 80% of the portfolio in bonds that are on a clear and measurable path to environmental or social transition, as outlined below:

- The fund will predominantly invest in issuers that are considered to be “aligned” or “aligning” to net zero transition, as assessed by Columbia Threadneedle Investments’ net zero methodology. There will be a two-year period (commencing 21 May 2025) in which the fund may also invest in issuers that are considered to be “committed” to net zero transition, as assessed by Columbia Threadneedle Investments’ net zero methodology. During this period the fund will monitor whether the committed issuer becomes “aligned” or “aligning” to net zero transition, with engagement being used where appropriate. If after the two-year period a committed issuer has not transitioned to either “aligned” or “aligning” status, the investment will either be sold or fall within the remaining 20% of the portfolio that does not promote environmental and/or social characteristics. Any new purchase or holding of a committed issuer after the two-year period will not be included in the proportion of investments that are on a clear and measurable path to net zero transition.
- The fund may also invest in labelled bonds, including Social, Sustainability or Sustainability-linked bonds, which promote wider social transition as part of the 80% asset allocation, although this is not the main focus of the investment strategy

The fund also applies investment processes from its “Avoid, Invest, Improve” philosophy to bonds held in the Sub-Fund, as mentioned above in the investment strategy section.

The fund will hold a minimum proportion of 25% of its assets in sustainable investments.

Other investments include cash, cash equivalents, hedging assets, derivatives, government bonds, or bonds that are not on a clear and measurable path to net zero transition. Minimum environmental and social safeguards are applied to cash assets, hedging assets and derivatives through the integration of ESG considerations into the counterparty risk assessment.



## Monitoring of environmental or social characteristics

Monitoring of our funds is a crucial part of our investment activities. It is performed at several stages during the investment process, by the investment teams and by independent oversight groups:

- Where we deviate from the outcome of our data-driven models, the fundamental research analysis that is used in such cases will be independently reviewed and overseen by senior members of our Investments, Research and Active Ownership Teams to ensure that any deviation is well documented and explained. These sample reviews focus on the completeness of the research undertaken and only apply to certain of our proprietary models such as our ESG Materiality Rating model, good governance and sustainable investments.
- The Investment Consultancy & Oversight Group periodically reviews the fund's strategy to identify areas of improvement, with the aim of improving outcomes for clients and one aspect of their analysis is to ensure that the portfolio managers adhere to the fund's stated philosophy and process, including ESG measures.
- The Mandate Compliance Team are responsible for independently monitoring whether a fund adheres to certain sustainability indicators. Blackrock Solutions Aladdin order management system is the dedicated application for all monitoring requirements, providing both a pre- and post-trade compliance functionality throughout the lifecycle of the fund.
- Net Zero alignment. The fund-level engagement target and progress towards the 2030 carbon footprint objective is monitored by the Investment Risk team, and the portfolio manager and/or Responsible Investment team are engaged where funds are considered to be off track.



## Methodologies

<b>Sustainable Investments</b>	<p>To assess whether a company qualifies as an investment in an economic activity that contributes to an environmental or social objective and can be considered a sustainable investment, we either evaluate or undertake:</p> <ul style="list-style-type: none"><li>• The contribution of a company to one or more of the 17 Sustainable Development Goals (SDGs) that have a social or environmental objective. This is measured using a tool designed by Columbia Threadneedle, which maps companies' revenue streams to the targets that underpin the SDGs as positive, neutral, or negative. Where a company's revenues are at least 50% positively aligned, this indicates that it generates the majority of its revenue from sustainable solutions.</li><li>• A qualitative assessment that a company offers sustainable solutions, where our due diligence concludes and evidences that the contribution of a company's revenues aligned to the SDGs or bond proceeds will increase over the medium term.</li><li>• A qualitative assessment and documented evidence that a company's enterprise impact contributes to positive environmental or social outcomes.</li><li>• Bonds where the use of proceeds substantially contribute to a sustainable outcome e.g. Labelled Bonds.</li><li>• The percentage of revenue that is not linked to a contribution to SDGs will also need to meet the "do no significant harm test" in order for the entire investment to be considered a sustainable investment.</li></ul>
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<b>Do no significant harm (DNSH)</b>	To ensure that a company does not significantly harm (DNSH) an environmental or social objective, we assess and monitor investee companies against all the mandatory Principal Adverse Impact (PAI) indicators and certain voluntary PAIs. Using an in-house data driven model we have set quantitative thresholds against a selection of PAI indicators to flag certain harms caused by a company. These thresholds take into account the materiality of an indicator for a given industry or sector and what may constitute poor practices in relation to the indicator. Companies falling below the set thresholds are then subject to a qualitative assessment to determine whether they have caused “significant harm”. This review is undertaken by the Investment Team or Responsible Investment Team and considers the materiality of the harm and whether mitigating activities are underway to address the issues. Companies that are not covered by the in-house model owing to data gaps are also subject to a qualitative assessment where either the Investment Team or Responsible Investment Team evaluates whether significant harm has been caused using fundamental research.
<b>Net Zero alignment</b>	<p>Our net zero methodology applies the following requirements to the fund:</p> <ul style="list-style-type: none"> <li>Investing at least 80% of the portfolio in issuers that are considered to be “aligned” or “aligning” to net zero transition, as assessed by our net zero methodology. There will be a two-year period (commencing 21 May 2025) in which the fund may also invest in issuers that are considered to be “committed” to net zero transition, as assessed by our net zero methodology.</li> <li>A coal divestment and exclusion policy, covering companies that derive over 30% of their revenue from thermal coal extraction or power generation, or that fund new thermal coal mining or power generation facilities.</li> <li>Divestment of the highest-emitting companies that may be held in the fund, if these have been subject to a prolonged period of engagement and still fail to meet our minimum standards and expectations.</li> <li>We aim for at least 70% of the carbon footprint of the fund in any given year to be either classed as “aligned” in our proprietary net zero tool, or be engaged on climate change. We count issuers as engaged if they have been engaged on climate change in the last two years by our internal teams, or if they are engaged on net zero topics via a collaborative engagement initiative that we are members of. Our <a href="#">detailed methodology</a> for this tool is available on our website, and the tool follows the Net Zero Investment Framework.</li> </ul>
<b>Exclusions</b>	The fund excludes companies that breach certain international standards or derive revenue above set thresholds from industries that are not considered to promote environmental or social characteristics. These exclusions are coded into our portfolio order management systems and are monitored on a pre-trade and post-trade basis.



## Data sources and processing

<b>Sustainable investments</b>	<p>We use a range of data sources to assess whether a company makes a positive contribution to an environmental or social objective and can therefore be considered a sustainable investment.</p> <p>These include, but are not limited to, CDP, Climate Bonds Initiative, Factset Revere, ISS, and MSCI. We undertake due diligence on the proprietary models used by our third-party data providers for producing data and periodically perform data checks to ensure data quality. We may also supplement external data with our own research where we disagree with external data or there are data gaps. These qualitative assessments are incorporated into our internal models and refreshed annually.</p> <p>The data we receive is processed internally where it is transformed and curated in accordance with the specification of our proprietary methodologies. The third-party data providers use estimated company data at levels that are not disclosed to data users.</p>
<b>Do no significant harm (DNSH)</b>	<p>We use a range of data sources to ensure that a company does not significantly harm an environmental or social objective. These include, but are not limited to CDP, Climate Bonds Initiative and MSCI. We undertake due diligence on the proprietary models used by our third-party data providers for producing data and periodically perform data checks to ensure data quality. We may also supplement external data with our own research where we disagree with external data or there are data gaps. These qualitative assessments are incorporated into our internal models and refreshed annually.</p> <p>The data we receive is processed internally where it is transformed and curated in accordance with the specification of our proprietary methodologies. The third-party data providers use estimated company data at levels that are not disclosed to data users.</p>
<b>Net Zero alignment</b>	<p>The primary data sources that we use to determine the net zero alignment status of a company include: CDP, Science-based Targets Initiative (SBTi), Climate Action 100 (CA100+), Transition Pathway Initiative (TPI), MSCI, Climate Bonds Initiative (CBI) Green Bonds Database. We also use Urgewald GCEL and MSCI data for the minimum coal exclusion threshold that applies to net zero aligned funds.</p> <p>We use the following approaches to ensure data quality:</p> <ul style="list-style-type: none"> <li>• We use a data hierarchy, whereby we preferentially use data from sources that are externally verified (e.g. SBTi, CA100+, TPI) over data that is self-reported by a company (e.g. CDP).</li> <li>• We run regular checks on our internally developed net zero tools to verify that data is kept up-to-date.</li> <li>• We undertake due diligence on the framework methodologies and coverage levels of our third-party data providers.</li> <li>• We conduct in-house research to identify climate metrics for those issuers not covered by third-party data, in order to provide them with an alignment status.</li> </ul>

	<p>The data is processed using a Python script that follows our internally developed proprietary net zero alignment methodology.</p> <p>The data that we take into account when assessing an investee company's alignment to net zero is not estimated; however, approximately 20% of the Scope 1, 2 and 3 carbon data that we use as part of our methodologies is estimated by our third-party data providers.</p>
<b>Exclusions</b>	<p>We use MSCI data to monitor whether an investee company breaches certain international standards or derives revenue above set thresholds from industries that are considered contrary to the promotion of environmental or social characteristics.</p> <p>Due diligence is performed on MSCI and we may depart from its data when we disagree with it or consider it to not be up to date. The external data that we receive is configured in our portfolio order management systems. MSCI uses estimated company data at levels that are not disclosed to data users.</p>



## Limitations to methodologies and data

<b>Sustainable investments</b>	Where there are gaps in the external data we receive from third-party data providers or where we disagree with such data, we will use our own research to make a qualitative assessment and ensure that there are sufficient holdings in the portfolio contributing towards the minimum proportion of sustainable investments that the fund has committed to.
<b>Do no significant harm (DNSH)</b>	While there may be gaps in the external data we receive from third-party data providers, we will use our own research to make a qualitative assessment and ensure that there are sufficient holdings in the portfolio meeting the DNSH principle and contributing towards the minimum proportion of sustainable investments that the fund has committed to. Certain PAIs that are considered as part of the DNSH test currently have very limited data coverage levels. We will not rely on third-party data that we disagree with and use our own research instead.
<b>Net Zero alignment</b>	<p>There are two data limitations. External data sources are not updated in real time, which can result in the reported progress of an investee company towards net zero alignment being delayed when used as part of our methodologies. There is also limited data for smaller companies, especially those that are not required to disclose under self-reporting standards.</p> <p>Our net zero alignment methodology does not currently assess non-corporate fixed income issuers, such as sovereign debt and municipal bonds. We plan to develop new methodologies to cover these asset classes and sectors in due course. In the interim these securities are not included in the 80% “Aligned” / “Aligning” / “Committed” total.</p> <p>Notwithstanding the above-mentioned limitations to methodologies and data, we have set minimum coverage data thresholds that our funds need to meet if they are to align to net zero using our internally developed frameworks. More specifically, we may override certain data points given by our third-party provider where we believe them to be outdated or inaccurate.</p>
<b>Exclusions</b>	We apply our exclusion policy to all investee companies, including those that are not covered by the external data we receive from third-party data providers. In instances where we disagree with third-party data or consider it to not be up to date, we may depart from it and make a qualitative assessment on whether the company may be held in the fund. The fund’s exclusion criteria only apply to corporate issuers.



## Due diligence

As a research-focused active asset management company, we have a very large team of investment analysts and research associates dedicated to independent research that is used in the due diligence carried out on potential investments. In addition, we have developed our own ESG models and frameworks that form part of the portfolio construction process.

The internal controls that we have in place for investment due diligence are outlined in the section above on “Monitoring of Environmental or Social Characteristics”.



## Engagement policies

We engage with issuers on financially material ESG issues most relevant to their business. We engage to mitigate risk, to support long-term returns, and to encourage better management of sustainability issues.

Our engagement programme is executed through close collaboration of our governance and proxy analysts, sustainability research analysts, fundamental research analysts and portfolio managers. Our RI engagement programme is structured around six high level themes:

- Environmental Stewardship
- Climate Change
- Human Rights
- Labour Standards
- Business Ethics
- Corporate Governance

We identify and prioritize issuers for engagement based on a variety of factors. This includes client preferences, holdings, analysts’ coverage, material risks and opportunities, potential systemic risks, unscheduled controversies, or regulatory requirements.

If issuers do not demonstrate progress on matters that we believe are in our clients’ best long-term economic interests, we may consider further escalation. Escalation activity takes place in collaboration with other investment departments within Columbia Threadneedle Investments to ensure agreement on the need for escalation and alignment on avenues to pursue, acting in the best economic interest of our clients.

Our preferred approach to conducting engagement is to use constructive, confidential dialogue, typically interacting one-to-one with issuers and building a relationship of trust over time as long-term investors. When it is more effective to take a collaborative approach to enhance our understanding of an issuer, we may participate with other investors, non-governmental organisations (NGOs) or industry groups, where we believe this will be in our clients’ best long-term economic interests and subject in all cases to such participation being in full compliance with the requirements of applicable law and/or regulation. We set specific engagement objectives (“Objectives”) and track progress against these to assess achievements (“Milestones”) and determine next steps.

Stewardship is an important part of our approach to net zero and we actively engage with certain companies held in the fund to help them achieve improved net zero alignment status. We also conduct both company and portfolio level alignment analysis to assist with our investment decision-making process.

Further information on our approach to engagement can be found in our RI Engagement Policy, which is located on our website.



## Designated reference benchmark



The fund does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that it promotes.



**Important Information.** Information is provided in reference to Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088) and may be subject to change, following new or updated Regulatory guidance or other changes. Please refer to the current fund prospectus or Investment management agreement for further details and all risks applicable to investing. The information provided in this document may not be reproduced in any form or passed on to any third party without the express written permission of 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.

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