Sustainable investment guidelines for

CT Sustainable Opportunities Global 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, as well as our Social and Environmental expectations statement. These policies are available on our **website**.

The CT Sustainable Opportunities Global Equity Fund aims to provide capital growth by investing in a diversified portfolio of global equities. The Fund seeks to invest in companies making a positive contribution to society and the environment.

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' (exclusions policy)

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 as soon as reasonably possible within the next six months.

Product-based exclusions

- **Weapons**[1] – Exclude companies that derive:
  - >0% of their revenue from the manufacture or sale of weapons.
  - >0% of their revenue from the manufacture of controversial and/or nuclear weapons components*.
  - >5% of their revenue from the manufacture of other weapons components and/or goods and services which are customised for strategic military use.
- **Tobacco** – Exclude companies that derive:
  - >0% of their revenue from the manufacture of tobacco products.
  - >5% of their revenue from the manufacture of Next Generation products (including e-cigarettes) and their components.
  - >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.

1 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.

- **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[2].
  - >5% of their revenue from coal/oil/gas transportation and/or oil/gas pipelines[3].
  - >5% of their revenue from refining coal/oil/gas.
  - >50% of their revenue from equipment and services for coal-/oil-/gas-related activities[4].
- **Electricity generation** – Exclude electricity utilities:
  - That derive >10% of their revenue from coal-based power production[5].
  - That derive >10% of their revenue from oil & gas-based power production[6].

In addition, exclude companies that derive >5% of their revenue from uranium mining.

Conduct-based exclusions

- UNGC breaches – We exclude companies with breaches of the UN Global Compact principles[7].
- 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 of sustainability 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 issuers held in the Sustainable strategies continue to meet our criteria, we conduct ongoing monitoring of all held issuers. Each quarter the Responsible Investment team reviews whether issuers continue to meet the 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 issuer is divested.

2 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.

3 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.

4 Companies deriving >5% of their revenue from the use and/or production of hydraulic fracking technologies are excluded.
NB. We expect companies to be actively decreasing their involvement in coal-/oil-/gas-related activities.

5 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.

6 Unless they have robust net zero transition plans in place.

7 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' (targeted investment in sustainability leadership)

Beyond the threshold ESG standards established by the exclusions policy, we will seek to proactively allocate to investments whose activities are oriented to providing solutions to sustainability challenges.

We find a rich source of ideas comes from considering long-term social and environmental themes, and we believe companies that are contributing solutions to key sustainability challenges and building successful business models around this will see a long-term tailwind to their growth opportunities. The identification of themes helps to focus our analytical efforts rather than imposing a strict thematic structure on the portfolio. Investments include alignment with themes such as (but not limited to):

- **Energy transition** – companies providing affordable and clean energy or improve 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 a range of global sustainability challenges.

We also refer to the framework of the Sustainable Development Goals (SDGs) in identifying investments making a positive contribution to society and the environment[8].

'Improve' (encouraging positive change by active ownership)

As part of our fiduciary duty, we as investors have the responsibility to take key ESG issues into account before, during and after investment decisions.

We engage with issuers with a view to helping them to enhance their performance, viability, and sustainability to create long-term economic value for our clients. 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[9].

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[10], which defines our group-wide engagement activities.

8 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.

9 Our **Corporate Governance Guidelines** and our **Environmental and social practices statement**

10 **Our Engagement Policy**

2 Regulatory information

This Fund has a “Sustainability Focus” label: it invests mainly in assets that focus on sustainability for people or the planet.

The UK Sustainability Disclosure Requirements and investment labels (SDR) require a fund with a Sustainability label to invest a minimum proportion of its assets in accordance with its sustainability objective. Those assets must, to varying degrees, be selected by reference to a ‘robust, evidence-based standard which is an absolute measure of environmental and/or social sustainability’. This standard of sustainability helps determine the ability of each asset to contribute to positive environmental or social outcomes.

The Fund invests at least 90% of its assets in shares of companies subject to the Sustainable Investment Criteria, detailed in the fund prospectus.

3 Annual policy review

We will review the Fund's criteria on an annual basis to ensure we keep abreast of evolving best practice. This review will be conducted by our Responsible Investment team, having considered the views of our investment teams and our external Responsible Investment Advisory Council.

4 Addendum

Criteria updates since August 2024:

Previous criteria	New criteria
Weapons[11]	
Exclude companies that derive: - >0% of their revenue from the manufacture or sale of weapons. - >0% of their revenue from the manufacture of controversial weapons components. - >5% of their revenue from the manufacture of other weapons components or systems designed for strategic military use.	Exclude issuers that derive: - >0% of their revenue from the manufacture or sale of weapons. - >0% of their revenue from the manufacture of controversial and/or nuclear weapons components*. - >5% of their revenue from the manufacture of other weapons components and/or goods and services which are customised for strategic military use.
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