

# Supplementary Responsible Investment Information

Article 10 – SFDR Website Disclosure

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## CT (Lux) Sustainable Multi-Asset Income

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April 2025<sup>1</sup>

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## Summary

The fund seeks to achieve capital appreciating and income through sustainable development, while maintain long-term value. The fund avoids investments that are contrary to the goals of making positive contributions to society and/or the environment; invests in companies that provide sustainable solutions or that make positive contributions to society and/or the environment; and improves companies by selecting those that we think will benefit from investor engagement.

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 excludes investments that are contrary to the goals of making positive contributions to the environment and/or society.
2. Sustainability risks and environmental, social and governance (ESG) factors are considered throughout the investment cycle, to reduce the risks of significant harm. Where there are companies with material ESG issues that we don't deem to be significantly harmful we will engage with them to improve their ESG practices.
3. 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 fund achieves its sustainable objectives by incorporating an "Avoid, Invest, Improve" philosophy in the investment policy. We apply a set of exclusion criteria to avoid investment in companies with socially or environmentally damaging products or services or unsustainable business or governance practices. We invest in companies providing sustainable products and services and/or companies making a positive contribution to society or the environment. We engage with companies to improve on significant ESG issues most relevant to their business to reduce risk, to support long-term returns, and to encourage better management of sustainability issues.

We conduct pre and post-investment good governance assessments on all companies. We employ stringent criteria to determine the eligibility of investee companies' good governance practices. We use proprietary ESG scores to assess performance on corporate governance, corporate behaviour, and human capital development. Companies scoring in the lowest segment of ESG scores will not be invested in, unless mitigating factors exist. We also monitor holdings using governance risk flags, which identify governance failures or risks which should be addressed by further research, voting or engagement where relevant. Qualitative reviews assessing the good governance practices of a company will similarly take place where data is limited.

The fund is an actively managed portfolio, investing in a diversified mix of sustainable investments in traditional and alternative asset classes. The fund aims for a minimum of 90% to be classified as sustainable investments. The allocations between environmental and social objectives will depend on the investment opportunities considered by the investment manager.

The remaining portion of the fund consists of ancillary assets used for treasury management defensive or hedging purposes. Derivatives are permitted within the fund in order to assist with managing interest rate fluctuations, price falls in equity markets, and currency exposure, but are not used for the purposes of attaining the sustainable investment objective of the fund. 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.

The Investment Mandate Control team conducts daily monitoring of the portfolio vs its guidelines, as well as quarterly portfolio review meetings with investment teams. They also look at different scenarios to quantify potential risks. The Responsible Investment team provide an additional layer of oversight.

We use a combination of external and internal research and data to support the strategy. We have a data quality framework which includes validation checks, governance on models and change process with appropriate controls. The sustainable objectives are not limited by data limitations as we aim to supplement external data through the use of additional data providers and internal research and due diligence on a best endeavours basis. We assess data providers based on coverage, quality of their methodology, and data quality checks.

Engagement with companies is an important part of our ESG investment strategy. Our primary driver for engagement is to have constructive dialogue with companies to support long-term investment returns by mitigating risk, capitalising on opportunities linked to ESG factors, and reducing any material negative impact that our investment decisions could have on these factors. We believe that we can play a part in building a more sustainable and resilient global economy by encouraging companies to improve their ESG practices.

~~Sustainable investment objectives of the Portfolio~~ benchmark that is used to measure whether it attains the



## No significant harm to the sustainable investment objective

The fund's investment approach assesses that the sustainable investments made by the fund do not significantly harm other sustainable investment objectives in three ways:

1. The fund screens out investments that are contrary to the goals of making positive contributions to the environment and/or society. These criteria are product- and conduct-based, covering topics such as tobacco and weapons, and United Nations Global Compact breaches.
2. Sustainability risks and ESG factors are considered throughout the investment cycle, to reduce the risks of significant harm. Where there are companies with material ESG issues that we don't deem to be significantly harmful we will engage with them to improve their ESG practices.
3. 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 determines harm by comparing metrics against a selection of adverse impact indicators (known as Principle Adverse Indicators). Companies 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.

The Responsible Investment team formally monitor the investments in the fund on a quarterly basis and the portfolio is subject to ongoing monitoring by the investment team, supported by daily fund reports.

Our approach also takes account of international standards and principles, as set out in OECD guidelines for multinational enterprises and the UN guiding principles on business and human rights, including:

- the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles;
- and Rights at Work and the International Bill of Human Rights.

We align to these guidelines through a combination of fund level exclusions and engagement with companies.



## Sustainable investment objective

The fund seeks to achieve capital appreciation and income through sustainable investments, while maintaining long-term value. The fund avoids investments that are contrary to the goals of making positive contributions to society and/or the environment; invests in companies that provide sustainable solutions or that make positive contributions to society and/or the environment; and improves companies by selecting those that we think will benefit from investor engagement.

The fund aims for a minimum of 90% of investments to be classified as sustainable investments. The allocations between environmental and social objectives will depend on the investment opportunities considered by the investment manager. The remaining portion of the fund consists of ancillary assets used for treasury management, defensive or hedging purposes.



## Investment strategy

The fund promotes sustainable investments by:

- **Avoiding companies with environmentally or socially damaging products, or unsustainable business or governance practices** – The current exclusion criteria are as follows:

### Product-based exclusions

**Weapons<sup>i</sup>** – 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 manufacture 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, and;

**Coal** - Exclude companies that derive:

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

**Oil** – Exclude companies that derive:

- >0% of their revenue from the extraction and production of oil and natural gas liquids.
- >5% of their revenue from the refining of oil fuels.
- >5% of their revenue from the distribution of oil and related products.
- >5% of their revenue from pipelines for oil and oil products or natural gas liquids.
- >5% of their revenue from the transportation of oil and oil products.
- >5% of their revenue from the retailing of oil and oil products<sup>ii</sup>.
- >50% of their revenue from equipment and services for oil-related activities.

**Gas** - Exclude companies that derive:

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

**Electricity generation** – Exclude companies that derive:

- >10% of their revenue from thermal coal-based power generation<sup>v</sup>
- 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
- 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<sup>vi</sup>.

- 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**

**UNGC and OECD breaches** – We exclude companies with breaches of the UN Global Compact Principles and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.<sup>vii</sup>

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.

The Fund complies with the Paris-aligned Benchmark exclusions contained in Article 12 (1) (a)-(g) of Article 12(1)(a)-(g) of Commission Delegated Regulation (EU) 2020/1818).

- **Investing in issuers providing sustainability solutions and/or companies making a positive contribution to society and/or the environment** - These include issuers that are aligning to SDGs and Sustainability-Linked Bonds and Green Bonds.
- **Improving management of ESG issues through engagement and voting** – While at least 90% of the investments in the fund will be sustainable, there is still scope for improvements. We engage with companies to improve their management of material ESG issues and enable them to contribute more positively to the environment and society.

Our global engagement programme is structured around the following core themes:

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

We also adhere to international standards such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Alternatives, such as sustainable infrastructure and property, must also adhere to the fund's exclusion and sustainable investment commitments.



## 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 employ stringent criteria to determine the eligibility of investee companies' good governance practices. We use proprietary ESG scores to assess performance on corporate governance, corporate behaviour, and human capital development. Companies scoring in the lowest segment of ESG scores will not be invested in, unless mitigating factors exist. We also monitor holdings using governance risk flags, which identify governance failures or risks which should be addressed by further research, voting or engagement where relevant. Qualitative reviews assessing the good governance practices of a company will similarly take place where data is limited.



## Proportion of investments

The fund invests in a range of global asset classes, gaining exposure directly or indirectly to equities, fixed income, and alternatives in accordance with its respective investment objective and policy. The proportion of direct investment varies given the actively managed nature of the fund but generally a large majority of the fund will be directly invested in these asset classes.

At least 90% of the assets held by the fund are sustainable investments for the purposes of SFDR. The allocations between environmental and social objectives will depend on the investment opportunities considered by the investment manager. The remaining portion of the fund consists of ancillary assets used for treasury management, defensive or hedging purposes.



Derivatives are permitted within the fund in order to assist with efficient management of overall asset class positions, such as interest rate fluctuations, price falls in equity markets, and currency exposure. Derivatives are not used for the purposes of attaining the sustainable investment objective of the fund but ESG criteria are considered when assessing counterparties. We also seek to ensure any long derivative positions align with the fund's exclusion policy.



## Monitoring of the sustainable investment objective

To ensure companies held in the Sustainable strategies continue to meet our criteria, we conduct ongoing monitoring of all held companies.

The Investment Mandate Control team undertakes daily independent pre- and post-trade monitoring to ensure compliance with investment restrictions and house policies. Any breach is immediately communicated to the relevant Fund Manager, Responsible Investment team, Client Director, and internal committees.

The Compliance Monitoring Team also undertakes a quarterly control review of SFDR Article 8/9 funds. Trades are selected randomly. The relevant investment team's research and meeting notes are reviewed to ensure the relevant ESG factors have been considered.

To enable investment teams to continuously monitor the sustainable characteristics of the fund, we produce daily portfolio exposure reports that detail exposure to exclusion criteria, conduct related controversy flags, alignment of the fund to the SDGs and flags related to principal adverse impacts. The investment team can also monitor engagement activity through our engagement tracking tool.

Investment teams also have access to range of ESG data sources, analytical tools, and our Responsible Investment team to support research if issues are identified through monitoring.

Each quarter the Responsible Investment team review whether companies continue to meet the fund criteria, any involvement in recent controversies that might indicate systematic or poor ESG practices.



## Methodologies

The fund follows the "Avoid, Invest, Improve" framework detailed above. We use the following indicators to measure the attainment of the sustainable investment objective:

- The number of companies determined to be in breach of our exclusion criteria and/or international standards and principles.
- Held companies' revenue alignment with the targets which underpin the UN Sustainable Development Goals (SDGs).
- The percentage of the fund which constitutes labelled bonds, including Sustainability-Linked Bonds and Green Bonds.
- The number of environmental- and social-linked engagement objectives the fund achieves.



## Data sources and processing

Holdings will be selected on the basis of having a strong association with addressing sustainability challenges and opportunities. We utilise internally derived SDG data to support research, supplemented with ESG, engagement and controversy data, in addition to qualitative research.

To support the sustainable objectives of the fund we use external data sources and supplement this with our internal engagement research.



We typically construct ESG data into proprietary models including ESG ratings, SDG mappings, Net Zero alignment and Principle Adverse Impact models, therefore our ESG inputs are typically derived rather than estimated data, though estimated data may be utilised. We also source ESG ratings and research which is reliant on vendors' underlying methodology which may make use of estimated data or subjective analysis. This is further supplemented with internal investment research which may use various assumptions. Given the investment teams also have access to thousands of distinct ESG datapoints which they may or may not draw on, we are not able to define the proportion of estimated data which is used in the research process.

We have a data quality framework which includes validation checks, governance on models and change process with appropriate controls.

Data is processed through our operational framework. If the data is not available, we use our qualitative and quantitative assessment for decision making.



## Limitations to methodologies and data

We use a combination of external and internal research and data to support the strategy.

We assess data providers based on coverage, quality of their methodology, and data quality checks. While data gaps and errors may occur, our main suppliers use a variety of means to address this such as:

- Validation quality assurance to validate data including qualitative data
- Checks for disclosure detection to improve coverage
- Checks for large variations or anomalies in data
- Data validation and constraints implemented on data input to ensure data consistency and completeness
- Validation for consistency on Unit of Measurements

The Sustainable Objectives are not effected by data limitations as we aim to supplement external data through use of additional data providers, internal research and due diligence on a best endeavours basis.



## Due diligence

When picking investments we implement clear screening criteria around defined product and conduct-based criteria. As well as avoiding damaging or unsustainable practices we also aim to emphasise those that make a more positive contribution. The fund targets predominantly direct holdings to allow high level of engagement.

Where an investment is deemed a sustainable investment we will also assess it to ensure that:

- any corporate investment demonstrate good governance
- the investment contributes to a sustainable objective
- the investment does not significantly harm other sustainability objectives.

The fund holdings are subject to a quarterly review by our Responsible Investment team in addition to external oversight from compliance.



## Engagement policies

Engagement with issuers is an important part of our investment approach. Active ownership enhances insights, drives change, and helps create future value. We believe that engagement on environmental, social, and governance issues will have a positive impact on corporate performance and investment returns, as well as on society or the environment.

Our Responsible Investment Engagement Policy outlines our approach to engagement across asset classes, themes covered, how we prioritise and potentially escalate engagement.

Our primary driver for engagement is to have constructive dialogue with issuers to support long-term investment returns by reducing risk, capitalising on opportunities linked to ESG factors, and reducing any material negative impact that our investment decisions could have on these factors. We believe that we can play a part in building a more sustainable and resilient global economy by encouraging issuers to improve their ESG practices. This can also help drive positive impacts for the environment and society that are in line with the achievement of the United Nations Sustainable Development Goals (SDGs).

Our engagements focus on financial performance, sustainability risks and opportunities, operational excellence, capital allocation policies and managerial incentives, among other topics. Collaboration across asset classes, themes and sectors ensures an informed approach.

We will agree and set engagement objectives and timelines and use escalation strategies where appropriate, if companies/issuers do not demonstrate progress on matters that we believe are in our clients' best long-term interests. In considering engagement escalation strategies, we will make a case-by-case assessment of progress against our objectives and how issuers respond to our engagement. We have at our disposal several different options for escalation, which include; Collaborative engagement, Public statements, Filing shareholder resolutions, AGMs' Proxy Voting and partial or complete divestment.

Engagement will be executed by our Responsible Investment team, by the fund managers, or jointly. Engagements will be documented in an internal data base, and regular reporting to clients on engagement metrics will be made available.



## Designated reference benchmark

The fund does not have a designated reference benchmark that is used to measure whether it attains the sustainable investment objective of the fund.



**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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<sup>i</sup> Conventional, unconventional and civilian weapons are in-scope.

<sup>ii</sup> The Fund is 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/

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well-below 2 degrees Celsius and/or robust net zero transition plans as assessed by Columbia Threadneedle Investments' net zero methodology.

iii The Fund is 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 net zero transition plans 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.

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

v Companies with thermal coal-based power production 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.

vi Electricity utilities with nuclear-based power generation capacity must have a SBTi target set at 1.5 degrees Celsius/well-below 2 degrees Celsius.

vii 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).

\*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.