

2021 Impact Report CT Sustainable Universal MAP Range

Multi-Asset investing that
doesn't cost the Earth



Fund philosophy

The CT Sustainable Universal MAP funds are a range of five sustainability-orientated, active multi-asset funds, designed for investors who want to meet their financial goals, while also having a positive impact on the world.



Each of the funds are underpinned by our Avoid, Invest, Improve philosophy:



Avoid

Certain companies are excluded based on products produced, services offered or business conduct such as fossil fuels, tobacco and weapons.



Invest

We proactively select companies for the positive contribution they make to society and the environment combined with their favourable environmental, social and governance (ESG) credentials.



Improve

We engage with investee companies to drive further positive change in the management of ESG issues.



Our Impact Report analyses the social and environmental impact of the funds, together with our active ownership (engagement and voting) activities. We have also mapped the portfolios' overall alignment to the UN Sustainable Development Goals.

The benchmark referred to in this report is a composite benchmark. It has been derived from the percentage asset allocation of the funds as at 31 December 2021, using MSCI World for global equities, the FTSE All Share for UK equities, ICE BofA Global Corporate for corporate bonds, and the FTSE Actuaries UK Conventional Gilts bond Index for cash and government bonds.

Key risks

Values may fall as well as rise and investors may not get back the full amount invested. Income from investments may fluctuate.

Screening out sectors or companies may result in less diversification and hence more volatility in investment values.

The income and capital due from bonds is dependent upon the issuing company's ability to pay and any default will adversely affect the value of your investment.

SDG Alignment

The UN Sustainable Development Goals (SDGs) are 17 goals that set out a roadmap for a more sustainable world by 2030, covering issues such as poverty, health and wellbeing, and climate change.

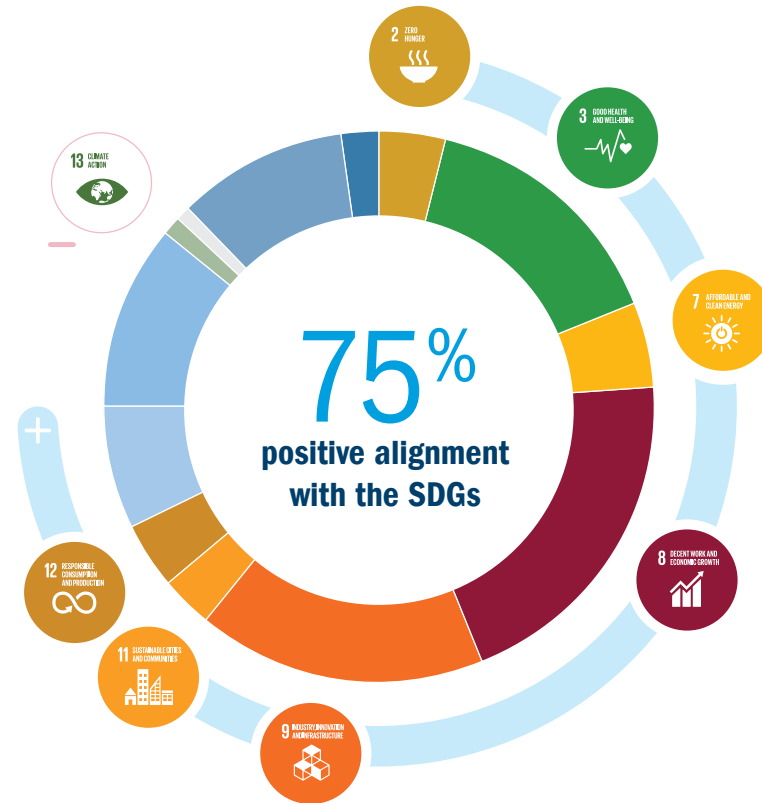
Discover how the funds are aligned to the United Nations Sustainable Development Goals, based on an analysis of the sources of revenue for each portfolio holding.

Across the Sustainable MAP range, the goal most represented was SDG 8 – Decent Work and Economic Growth. This reflects holdings in companies such as **Keyence Corp** and **Descartes Systems**, which support Target 8.2 calling for boosting economic productivity through technological upgrading and innovation, and in financial companies including **Mastercard**, **Prudential** and **PayPal**, which we map to Target 8.10 – expanding access to financial services.

SDG 9 – Industry, Innovation and Infrastructure – also had a significant weight. Related holdings include **Schneider Electric**, a provider of natural resource and energy efficiency solutions, and **Crown Castle International**, which provides shared communication infrastructure in the US, such as cellular towers and fibre.

In some cases, we identified very slight negative alignment to the SDGs, including to Target 13.2 on climate action. This included certain business lines in a number of utilities companies such as **Verisk Analytics** and **Orsted**, although both companies have an overall positive alignment with the SDGs.

CT Sustainable Universal MAP Balanced Fund



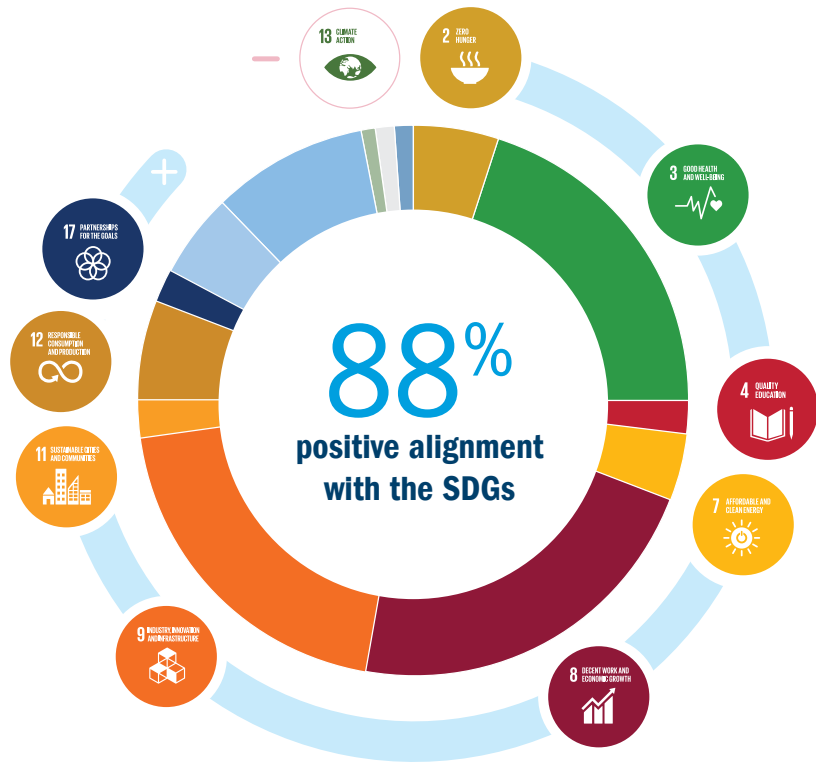
Revenue alignment breakdown:

- ⊕ Positive 75%
- ⊖ Negative 2%
- Neutral 11%
- Cash and Sovereigns 10%
- Unmapped 2%

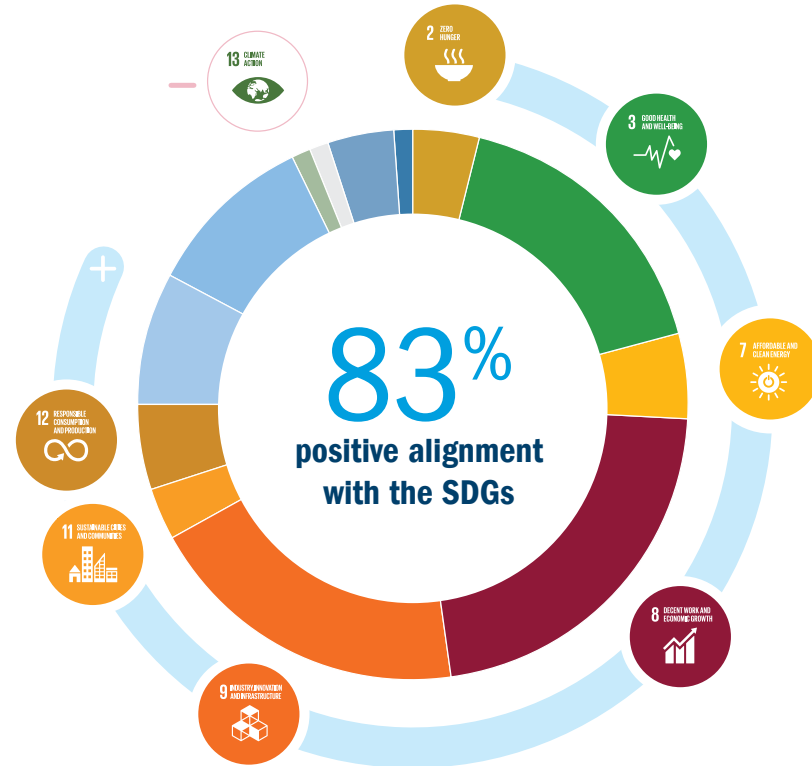
SDGs with less than 2% positive alignment are not shown.

Source: Columbia Threadneedle Investments, as at 31st December 2021, designed for illustrative purposes, subject to change. If you would like a further revenue alignment breakdown by SDG target, please contact your Sales representative.

CT Sustainable Universal MAP Adventurous Fund

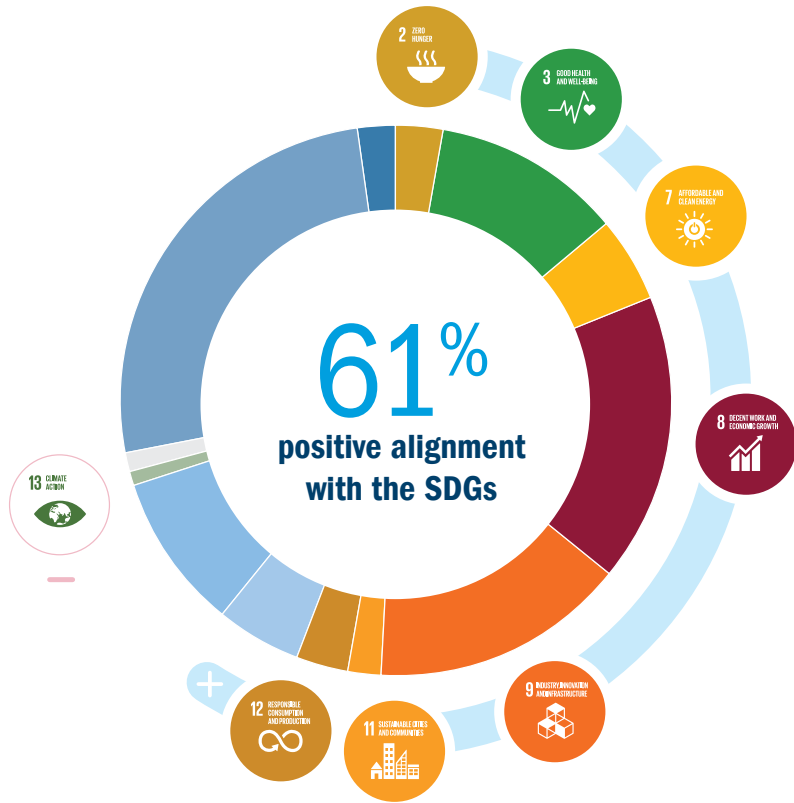


CT Sustainable Universal MAP Growth Fund



Source: Columbia Threadneedle Investments, as at 31st December 2021, designed for illustrative purposes, subject to change. If you would like a further revenue alignment breakdown by SDG target, please contact your Sales representative.

CT Sustainable Universal MAP Cautious Fund

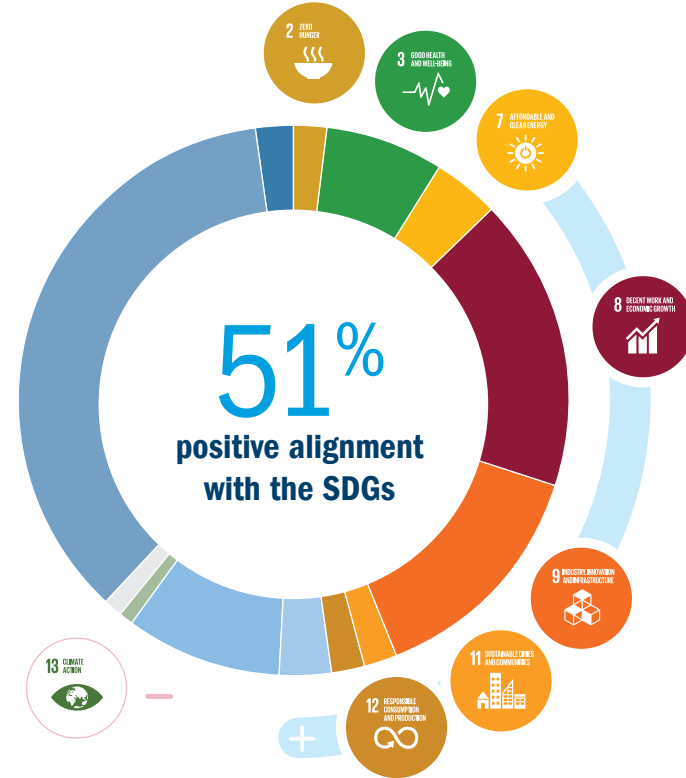


Revenue alignment breakdown:

- + Postive 61% - Negative 2%
- Neutral 9% ● Cash and Sovereigns 26% ● Unmapped 2%

SDGs with less than 2% positive alignment are not shown.

CT Sustainable Universal MAP Defensive Fund



Revenue alignment breakdown:

- + Postive 51% - Negative 2%
- Neutral 9% ● Cash and Sovereigns 36% ● Unmapped 2%

SDGs with less than 2% positive alignment are not shown.

Source: Columbia Threadneedle Investments, as at 31st December 2021, designed for illustrative purposes, subject to change. If you would like a further revenue alignment breakdown by SDG target, please contact your Sales representative.

Sustainability leaders

Global sustainability challenges create opportunities for long-term investors, including renewable energy technologies, products to mitigate the inefficient use of global resources, and education for financial inclusion.

This does not constitute a recommendation to buy or sell any particular security.

Example holdings held across our CT Sustainable Universal MAP Range:



Smurfit Kappa



Thermo Fisher Scientific



Xylem Inc



Schneider Electric



NetApp

As one of the largest paper-based packaging companies in the world, Smurfit Kappa is providing a sustainable alternative to plastics. It uses 75% recycled raw materials, and its products are recyclable, contributing to a circular economy.

High-quality life science provider of diagnostic equipment, such as oncology testing, genetic sequencing equipment and other laboratory equipment and consumables, enabling better healthcare outcomes.

Addresses global water challenges, such as improving water efficiency and accessibility in local communities.

A global leader in energy management driving the transition to a more energy efficient world. It also supports economic productivity through the provision of industrial automation and software solutions.

Digital enabler, allowing its customers to store and manage their digital data efficiently and securely. By optimising the storage of vast quantities of data, NetApp is reducing wasted energy globally.

Environmental Stewardship

Discover the funds' carbon, water and waste intensity versus their benchmark.

All funds in the range are less carbon, water and waste intensive than their benchmark. Building materials suppliers **CRH** and **Holcim** (a bond holding), as well as chemicals firm **Linde**, are all relatively significant contributors to the portfolio-weighted carbon intensity of each fund. Both CRH and Holcim have 2030 emissions reductions targets approved by the Science Based Targets Initiative (SBTi), while Linde is targeting a 35% emissions reduction by 2035, from 2021 levels.

CRH and energy companies **SSE** and **Enel** are among the most water-intensive companies in the range. Enel has launched its Water Value Enhancement (WaVE) project to improve water management at its renewable energy plants, and has so far financed 40 initiatives.

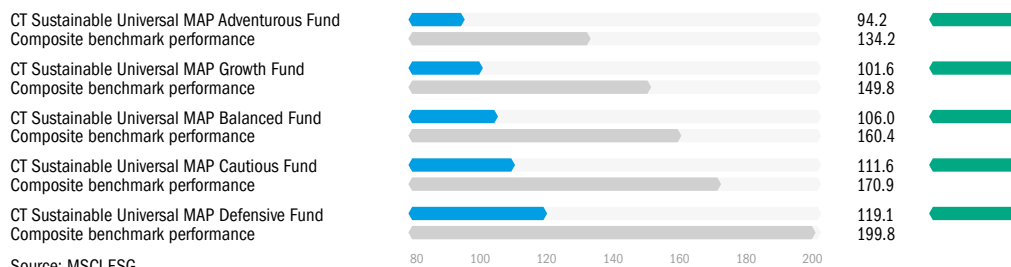
Lundin Mining is particularly waste intensive. It is a major producer of copper, which is essential for many energy-efficiency solutions. Other waste-intensive companies include packaging firm **Mondi** and engineering services and solutions provider **Vesuvius**. The latter has committed to reduce its solid waste (hazardous and sent to landfill) per metric tonne of product packed for shipment by 25% by 2025, from 2019 levels. By 2021, the company had already reduced this by nearly 22%.



Our portfolio-weighted average gives proportionally less or more weight to our underweight and overweight positions respectively, versus the benchmark. This therefore gives a more representative comparison of the portfolio's impact metrics compared to the benchmark.

Carbon intensity

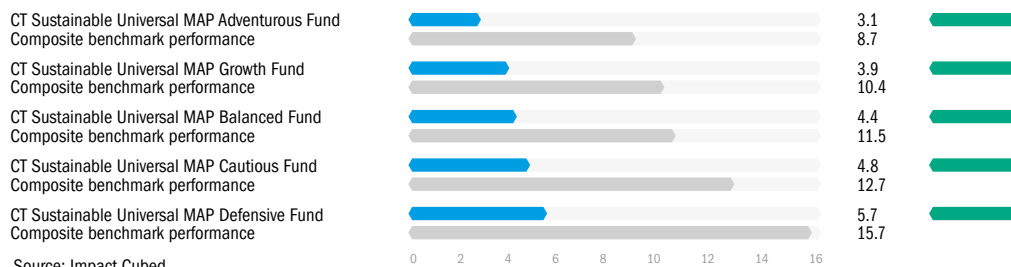
Tonnes of CO₂ emitted per \$1 million revenue (Scope 1 and 2 emissions)



Source: MSCI ESG

Water intensity

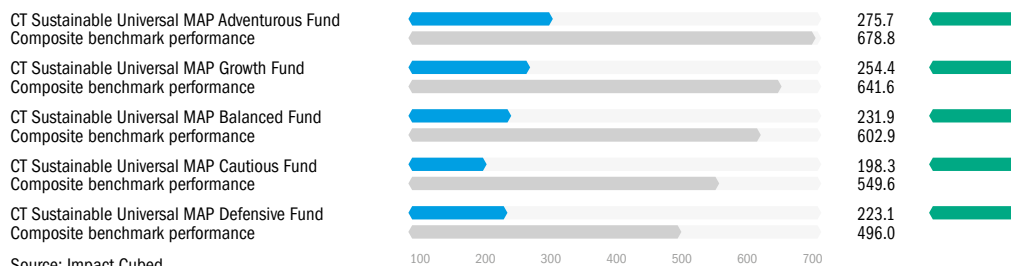
Thousands of cubic metres of fresh water used per \$1 million revenue



Source: Impact Cubed

Waste intensity

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



Source: Impact Cubed

■ Better than benchmark ■ Neutral ■ Worse than benchmark

Fairness and Equality

Here we provide two metrics to give an indication of the portfolios' performance in relation to aspects of fairness and equality: gender equality at Board level, and the ratio of top executive pay to the average employee's salary.

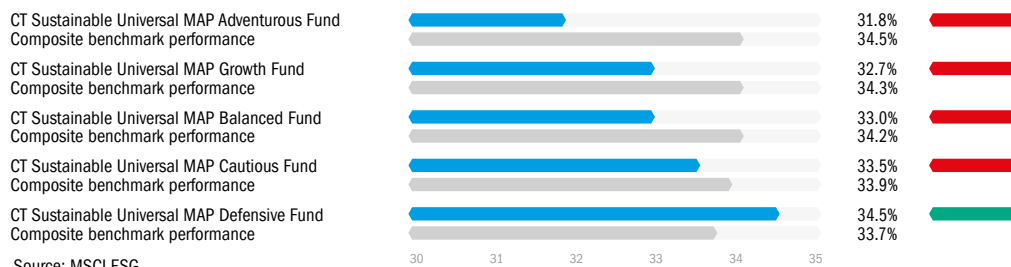
On Board-level equality, the fund range overall continues to perform slightly worse or in line with their benchmark. Price comparison website **Moneysupermarket.com** and professional services firm **RPS Group** both have women representing over half their Board; so too do some bond holdings such as real estate company **Unibail-Rodamco-Westfield** and Swedish financial firm **SEB Group**. Laggards include several Asian companies, such as Japanese cycling components manufacturer **Shimano**, **Mizuho Financial Group** and **Taiwan Semiconductor Manufacturing Company (TSMC)**. We engaged TSMC during the year to encourage it to improve its approach to gender diversity by, for example, getting leaders involved in the design, roll out and implementation of diversity & inclusion programmes, adjusting how to screen and search for candidates to avoid existing gender biases, and setting up diversity training and mentorship programmes. Executive pay levels rebounded in 2021 after the worst of the pandemic. However, the funds demonstrate lower executive to average employee pay ratios compared with their benchmark. Sectors such as financials, healthcare, industrials and information technology are where companies with higher pay ratios are found.

Executive pay and Board diversity remain fully integrated in our voting policy. We will vote against management where companies fail to meet our standards, and we regularly engage to achieve improvements in practice.



Gender

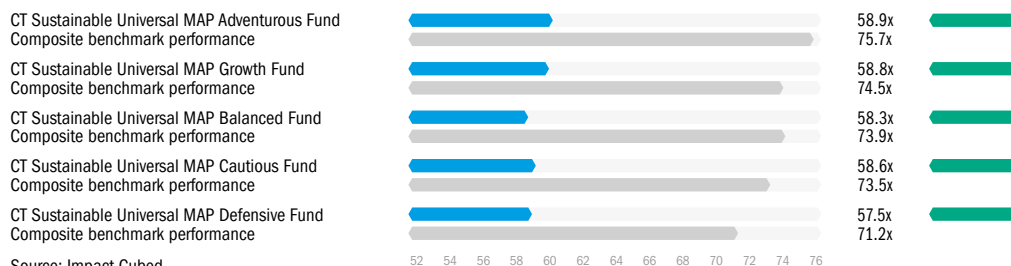
% female directors on company board



Source: MSCI ESG

Executive pay

CEO pay relative to average employee compensation



Source: Impact Cubed

“ Overall the funds lag their benchmark on Board-level gender equality but perform better for CEO pay relative to the average employee. ”

■ Better than benchmark
 ■ Neutral
 ■ Worse than benchmark

Economic Development

To gain a fuller understanding of impact, we consider here the effect of our investments on global inequality, by looking at how companies support economic growth in parts of the world with the greatest needs.

The two metrics compare the location of companies' operations and employment with local GDP and unemployment rates, respectively.

On economic development, the funds register a very similar or very slightly lower value to the composite benchmark, indicating that they are roughly equally exposed to operations in lower-income countries and therefore have a similar development impact. Although the fund range is focused on developed countries, it does include some companies with emerging market operations, such as **Unilever**, **International Flavors & Fragrances**, and consumer goods company **Reckitt Benckiser Group**, as well as our off-benchmark holding in **HDFC Bank** in India.

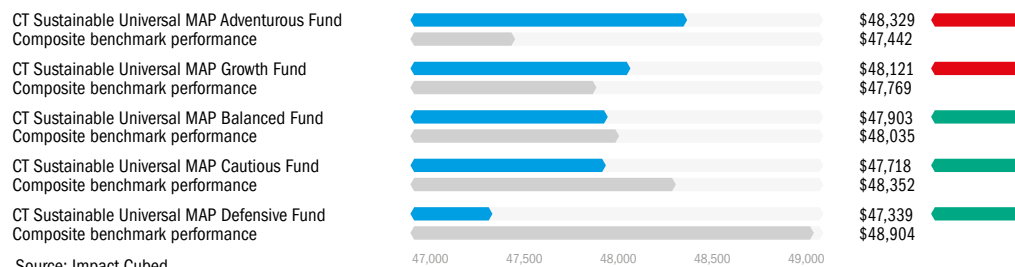
The funds are largely in line or very slightly better than the benchmark in their exposure to areas of high unemployment. Companies with operations in such areas include financial firms **CaixaBank**, **Banco Santander** and **Banco Bilbao**, all of which are located in Spain, which has one of the highest unemployment rates in the EU.

* A higher figure indicates that the companies in the portfolio register less economic activity in low GDP/capita countries, in aggregate, than the benchmark, and hence has a lower impact on development.

** A higher figure indicates that the companies in the portfolio register more activity in high unemployment countries, in aggregate, than the benchmark, and hence has a higher impact on employment.

Economic development

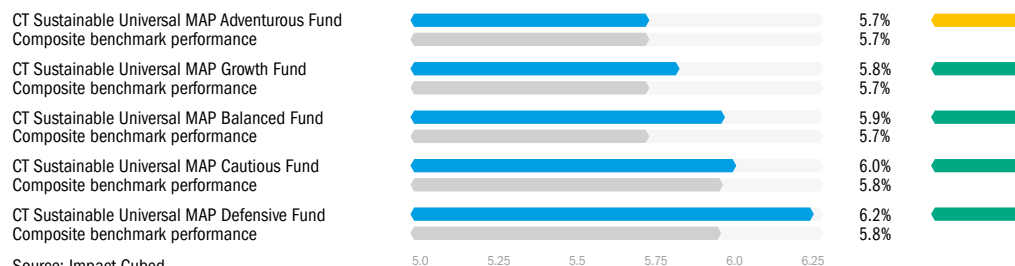
Company geographical spread of operations matched against GDP per capita*



Source: Impact Cubed

Employment

Company geographical spread of employment against unemployment rates provided by the ILO**



Source: Impact Cubed

“ The funds and their benchmark have only slight differences in economic development and employment impact. ”

■ Better than benchmark
 ■ Neutral
 ■ Worse than benchmark

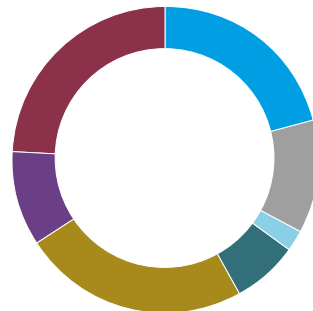
Stewardship overview

We engage with and vote on companies held in the fund range to encourage them to improve their management of ESG issues.

In 2021 we engaged with 113 companies held in the funds, with the aim of improving their management of ESG issues. Key topics included engagement on corporate governance, such as diversity; labour standards, particularly around the provision of fair wages; and climate change, including energy transition, emissions management and disclosure and transparency.

Companies Engaged by Issue

Climate Change	21%
Environmental stewardship	12%
Business Conduct	2%
Human Rights	7%
Labour Standards	24%
Public Health	10%
Corporate Governance	24%



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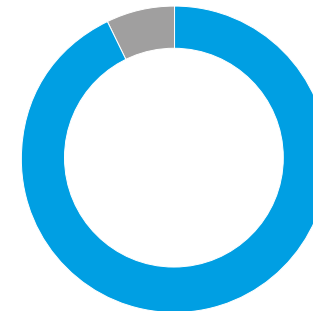
Total meetings voted

93%

With management

7%

Against management



113

companies engaged

78

milestones

Source: Columbia Threadneedle Investments

Our high percentage of votes in line with management reflects the funds' exposure to sustainable companies with more progressive boards.

Engagement in Practice

Discover two of our 2021 company engagements, and the outcomes achieved.

This does not constitute a recommendation to buy or sell any particular security.



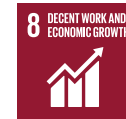
Linde

Linde is the world's largest industrial gas company. Its approach to climate change mitigation is important given its sizeable GHG footprint, as well as the integral role it will play in the green hydrogen revolution, which will be essential to meeting the Paris Agreement goals.

Following the announcement of its 2035 intermediate GHG reduction target and 2050 climate neutral ambition, we participated in a group call with two other investors to understand Linde's pathway and how green hydrogen will feature. We encouraged the company to consider incorporating Scope 3 emissions into their targets. To reduce scope

1 emissions, Linde stated it is developing projects with carbon capture and sequestration (CCS) technology. For scope 2 emissions, the company is currently sourcing around one third of its energy from renewable or low carbon sources but is looking to scale this up by 2035. The company confirmed it is well positioned to benefit from the development of green hydrogen technology but suggested that the commercial scale up of green hydrogen wouldn't likely be until the back end of this decade.

Our view: Linde has a clear sustainability focus. Its climate strategy is market-leading, underpinned by a transparent roadmap to reach its climate neutral ambition.



Tesco

Alongside another member of the Platform Living Wage Financials, we had a call with Tesco for an update on the living wage. Tesco recently undertook a supplier consultation to help formulate a new living wage strategy for banana supply chains – the first UK retailer to do so. Their own UK store employees now receive £9.55/hour. Whilst this is above the real living wage outside London, it falls short within.

Tesco is considering the effectiveness of their grievance mechanisms for agency workers in their own operations. They agreed that significant work needs to be done to ensure

these are understood and trusted, and are working with a human rights expert. For supply chains, Tesco see the sustainable long-term solution as operational grievance mechanisms at the supplying site level. They are working with Reckitt Benckiser to test a grievance mechanism tool kit in supplying sites globally.

Our view: Tesco's wage levels aren't sufficient to become a living wage accredited employer, but their openness to engagement is testament to their willingness to do better. Within supply chains, Tesco continues to improve labour standards; just one month after our call, Tesco announced its ambition pay the living wage gap to its banana producers.

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Telephone calls may be recorded.

 Follow us on LinkedIn

How Columbia Threadneedle Investments can help you

Columbia Threadneedle Investments incorporates material ESG issues into its investment processes across asset classes. We also offer our Responsible Funds range, which invests in companies operating sustainably and excludes those not meeting our ethical and ESG criteria.

To find out more visit columbiathreadneedle.com



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