

RESPONSIBLE BUSINESS REPORT

EMEA 2019



PHOTOGRAPHY: On the cover and throughout this report we feature photographs taken by Columbia Threadneedle employees, as part of our summer photo competition. The competition coincides with our sponsorship of the Take One Picture exhibition at the National Gallery and celebrates the creative talents of our employees. The 2019 exhibition consisted of 200 photos submitted by 74 employees based in five office locations.

Cover: Ai Chun Chua, Singapore
 Page 6/7: David Oliphant, London
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This report provides an overview of how Columbia Threadneedle Investments operates as a responsible business in EMEA (Europe, Middle East and Africa), including our approach and activity highlights during 2019. For further detail please visit www.columbiathreadneedle.com

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A MESSAGE FROM OUR CEO

I'm pleased to share with you our 2019 Responsible Business report, outlining our commitment to managing our business in a responsible and transparent manner. This includes how we serve our clients, manage their assets, support and develop our employees and contribute to the communities we are part of. Emphasising the core roles we play, our responsible business framework is underpinned by our values of Client focus, Excellence, Integrity and Respect.

In today's rapidly changing environment, it's important that we continue to evolve our approach and respond to the changing needs and aspirations of all our stakeholders. As this report highlights, we've made good progress in several areas over the past year. Examples include our collaboration with The Big Exchange, a group of peer firms working to develop a mobile-first investment platform for social and environmental impact funds; the launch of our Responsible Investment Ratings; and the formal introduction of Smart Working across our EMEA business.

We recognise that the asset management industry plays an important role in the economy by helping to transfer today's savings into investment for tomorrow that will enhance productivity, support opportunity and enable future growth. Long-term responsible investment is even more critical given this underlying context.

We continue to see an increase in demand from our customers for investment opportunities that provide a means to contribute to sustainable development whilst also aiming to achieve positive financial returns. In this year's report we have included an overview of our sustainable and social themes, which align with the UN Sustainable Development Goals (SDGs) and can help to inform investor choices.

Being a responsible business is fundamental to our culture. I hope this report demonstrates how we seek to apply responsible practices to every aspect of our business.



Nick Ring
 CEO, EMEA

Columbia Threadneedle Investments



OVERVIEW

Millions of people around the world rely on Columbia Threadneedle Investments to manage their money. We look after investments for individual investors, financial advisers, wealth managers as well as insurance firms, pension funds and other institutions. Together, they entrust us with more than £373 billion (at 31 December 2019).

All our clients have needs, hopes and dreams bound up with their money, and our job is to do everything we can to help achieve them.

We are part of Ameriprise Financial, a US-based financial services provider, and we share a strong culture and commitment to helping our customers feel confident about their financial future.

We are equally committed to a responsible business approach that creates sustainable long-term value. The diagram below sets out our responsible business framework, which emphasises the core roles we play and is underpinned by our values of Client focus, Excellence, Integrity and Respect.

We are a member of Business in the Community, and we work together to ensure our approach includes continual improvement and reflects best practice.



CORPORATE RESPONSIBILITY VISION

We aim to deliver positive outcomes that meet the needs of our stakeholders and we commit to always act responsibly, transparently and in the best interests of those who trust us to manage their investments.

RESPONSIBLE PARTNER We strive to be a trusted partner to our clients	RESPONSIBLE INVESTOR We strive to be responsible stewards of our clients' assets within a framework of good governance and transparency	RESPONSIBLE EMPLOYER We strive to be a values-led organisation that attracts, develops and retains the best talent	RESPONSIBLE CITIZEN We strive to be a responsible member of our community and influence positive change
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COLUMBIA THREADNEEDLE VALUES

RESPECT | INTEGRITY | EXCELLENCE | CLIENT FOCUS

Table of Key Performance Indicators – EMEA

All figures are as at 31 December

	2019	2018	2017	2016
Responsible Partner				
Customer satisfaction (post-call satisfaction survey)	97%	97%	95%	96%
Responsible Investor				
AUM with responsible investment criteria	\$32.7bn	\$28.8bn	\$14.37bn	\$12bn
Total number of shareholder meetings	1,022	1,123	1,231	1,329
Meetings opposing management on at least one item	53%	55%	63%	62%
Responsible Employer				
Number of training hours per employee per year	11	13	12.5	9
Employee engagement survey response rate	86%	72%	89%	82%
Women on company board ¹	44%	45%	40%	33%
Women on Business Management Committee (Exec-Co)	36%	42%	40%	29%
Women in senior management (Executive level)	18%	20%	17%	20%
Women investment professionals	32%	26%	27%	29%
Women employees in total	39%	37%	36%	36%
Gender pay gap ²	Mean 30.4% Median 27.8%	Mean 30.9% Median 25.4%	Mean: 29.1% Median: 25.4%	NA
Bonus pay gap ²	Mean 68.7% Median 65.0 %	Mean 68.2% Median 59.3%	Mean: 69.1% Median: 66.4%	NA
Responsible Citizen				
Corporate donations to charity ³	£266,754	£256,737	£252,590	£258,372
Employees participating in payroll giving (UK only)	4.3%	4.5%	3.4%	7.9%
Employees taking part in organised volunteering	50%	49%	49%	45%
Tonnes of CO2 emissions per FTE: Scope 1, 2 and 3 (market based)	1.35	1.65	1.41	1.72
Water use (m3)	1,252	1,233	1,109	1,012

¹ Threadneedle Asset Management SARL.

² Threadneedle Management Services Limited is the UK employing entity for Columbia Threadneedle Investment's UK business. Pay gap data is based on hourly rates as at 5 April, bonus gap data is for the 12 months to 5 April.

³ Comprises donations from Columbia Threadneedle Foundation and additional corporate donations.

RESPONSIBLE PARTNER

We strive to be a trusted partner to our clients

The essence of our business is our ability to empower the investment success of our clients; this is captured in our brand promise 'Your success. Our priority.' We strive to provide our clients with value for money and a level of service that meets or exceeds their expectations. There are three core things we do that are crucial for all clients:

- Act in line with our values of Client focus, Excellence, Integrity and Respect.
- Provide sustained excellent risk-adjusted investment performance, net of fees.
- Ensure we maintain the infrastructure to support our clients, protect their assets and provide an excellent level of service, including administration, oversight, client transactions, information and performance analysis and reporting.

Our management structure and governance ensure we have a rigorous, efficient and effective operating model and can protect the interests of our clients and end-customers (the ultimate beneficiaries of the funds we manage). They also support effective engagement and challenge at all levels of the business and promote a strong culture.

In EMEA, our key senior management and decision-making forums are the Business Management Committee (BMC) and the Risk and Controls Committee (RCC). The BMC and RCC ensure all affairs of the business are cohesively managed and client interests and potential financial implications are considered by our most senior leaders. A series of cross-functional Advisory Groups facilitate engagement, ensure advocacy and support cross-functional decision making at all levels. These include

the Diversity and Inclusion Group, Environmental Advisory Group, Product Advisory Group, Talent Advisory Group and Culture and Conduct Advisory Group. The role of the Culture and Conduct Advisory Group includes ensuring that the organisation upholds its focus on appropriate employee behaviour relating to the client and customer, risk, conduct risk and our Values-led culture.

Responding to regulatory change

The asset management industry continues to undergo change, providing the opportunity to redefine the way we work for our customers. We are committed to responding to the changing environment, ensuring the long-term interests of our customers are at the heart of everything we do. Two years ago our primary UK regulator, the Financial Conduct Authority, published a Market Study Report into asset management and has since published new rules and guidance to improve the quality of information provided to consumers. We believe customers need transparency and value from their asset managers and are pleased that the FCA has taken steps to help consumers understand more about the way their money is managed so that they can make better investment decisions. We are pleased to report that several of the FCA's remedies are consistent with practices already in place at Columbia Threadneedle. For example, we have had independent directors on our retail fund boards since 2014, including dedicated non-executive directors with specific accountability for representing the interests of the customer.

Listening to our customers

We continue to host our customer engagement programme, with informal discussions over breakfast or lunch with a small group of retail investors sharing their feedback on investment needs, attitudes and the offerings available to them. This year the discussions covered global markets, value for money and trust in asset managers. An engaging discussion saw recurring topics emerge, including the need for digital engagement, brand awareness, and understanding an investor's appetite for volatility and loss, alongside insights into what value for money means to different people, and how asset managers can rebuild trust. The programme has proved successful in providing increased insight and understanding of our customers.

In August 2019, we refreshed the stated Fund Objectives across our UK-domiciled (OEIC) range of funds to provide greater clarity for customers, introducing clear benchmarks and investment time horizons. In April 2020, we will publish the findings of our Asset Management Market Study Value Assessment. This report will cover our UK funds, addressing seven criteria as set out by the FCA and including any enhancements to our fund range. We believe the report will enable customers to better understand and assess the value our funds offer. During 2020 we will apply the same value assessment analysis across our Luxembourg-based range of funds (SICAV).

Product innovation and positive impact

This year we have seen a marked uplift in the number of investors looking to address sustainability through their investment choices and we continue to develop our responsible investment product range in response to customer demand.

In 2019 we celebrated the fifth anniversary of the Threadneedle UK Social Bond Fund, a milestone dispelling the myth that investors need to sacrifice investment performance to achieve social impact. Our European Social Bond strategy continues to attract interest from European institutional investors, including ING Bank, Farad Investment Advisors and Optimix Vermogensbeheer. The strategy matches investor capital to projects with a defined positive social outcome across affordable housing, health and welfare, education and training, employment, community, access to services and economic regeneration and development.

We added to our product range with two sustainable equity strategies. Our UK and global sustainable equity strategies invest in large, small and mid-cap companies delivering sustainable outcomes or progressing towards the delivery of such outcomes in line with the UN Sustainable Development Goals (SDGs).

This year we also launched our European sustainable infrastructure strategy, Europe's first evergreen

infrastructure offering focused on unlisted European mid-size infrastructure assets. With this strategy, we take a systematic approach to assessing and integrating sustainability across all stages of the investment process, mapped to the UN SDGs, from initial asset sourcing and selection through long-term ownership and active asset management. We were pleased to announce a first investment for the strategy, with the agreement to acquire Condor Ferries, an operator of lifeline freight and passenger ferry services between Guernsey, Jersey, the United Kingdom, and the Port of St. Malo in France. The acquisition is made in consortium with Brittany Ferries, a leading French ferry operator, who has a minority stake.

Our Low Carbon Workplace Strategy (LCW) will celebrate its 10th year in 2020. LCW is a partnership with real estate developer Stanhope and the Carbon Trust, a leading adviser to businesses, governments and the public sector on carbon reduction. It identifies suitable office buildings for refurbishment and turns them into modern, energy-efficient workplaces, while at the same time generating returns for investors. As manager, we then let and manage the buildings to ensure ongoing management and reduction of energy wastage.

Further information about these funds and strategies can be found on [our website](#).

The Big Exchange

In 2019 Columbia Threadneedle was part of a group of peer firms working with The Big Issue to develop a revolutionary mobile-first investment platform, designed to bring social and environmental funds direct to a retail audience for the first time. The Big Exchange will connect individuals to investment funds that make a positive contribution towards people and the planet, with fees among the lowest in the market. Educational content will help customers make better informed investment decisions and a unique Social Passport will enable users to track the social impact of their investments.

Promoting greater understanding of the UK's changing retirement landscape

For the past five years, Columbia Threadneedle has collaborated with the Pension Policy Institute (PPI), an independent educational research charity, to produce the DC Future Book. Pensions affect everyone, but too few people understand how they work and what is needed to provide an adequate retirement income. The DC Future Book aims to change that. It is an annual report on UK Defined Contribution (DC) workplace pensions that promotes greater understanding of the DC market, helping establish the direction of travel and offering insights into what could be done to ensure individuals can look forward to a comfortable retirement.

The DC Future Book sets out available data on the DC landscape alongside commentary, analysis and projections of future trends. In the past few years, it has explored how to overcome behavioural barriers to retirement saving, how default fund design can affect financial outcomes and how spending needs in retirement are changing. For the 2019 edition, we asked the PPI to take a closer look at ways to increase DC savers' pension pots and pinpoint those drivers that deliver the most value at the point of retirement. With the number of auto-enrolled DC savers continuing to grow, this research was timely and relevant.

In sponsoring the DC Future Book, our aim is to provide accessible information on the extent and nature of issues impacting retirement provision in the UK, for pension fund trustees and managers, policy-makers, employers and ultimately the 13 million DC savers in the country today.

Access the 2019 DC Future Book via our UK website.

RESPONSIBLE INVESTOR

We strive to be responsible stewards of our clients' assets within a framework of good governance and transparency

As an active investor and manager of substantial global equities, fixed income and real estate assets, we proactively seek to capture opportunities that help deliver sustainable growth and returns for our clients.

Being a responsible investor is integral to our business proposition and defines how we act in the marketplace. Core to our investment philosophy is the belief that effective stewardship benefits companies, investors and the economy. Well managed companies that look to the future are better positioned to navigate the risks and challenges inherent in business and achieve sustainable performance and long-term value creation.

Established in 1988, Columbia Threadneedle's global Responsible Investment (RI) team of 14 is embedded in the investment department, located in London and Minneapolis. The team includes experts in RI analytics, Environmental, Social and Governance (ESG) research and integration, stewardship and engagement, proxy voting, sustainable outcomes and thematic RI research. The team works alongside our portfolio managers and analysts on the integration of material ESG analysis into our research and investment process, company engagement, proxy voting, ESG policy issues and client reporting.

This capability and culture also allow us to innovate and deliver unique solutions for our clients. In addition to our range of funds, we provide segregated solutions for clients seeking alignment to certain sustainable thematic outcomes or otherwise requiring RI considerations to be more clearly reflected in investment selection and portfolio construction. As at end 31 December 2019 we manage approx. US\$30 billion in RI assets across equities, fixed income, commodities, real estate and infrastructure. Our outcome-oriented solutions are informed by our sustainable outcomes framework, which helps us assess the extent to which a company's or issuer's products and services provide solutions to global socio-economic challenges (see next page).

We subscribe to and are a signatory to the United Nations-backed Principles for Responsible Investment (PRI). The PRI frames our approach globally, with high level implementation of the principles as follows:

1. We incorporate Environmental, Social, Governance (ESG) issues into investment analysis and decision-making processes.

We have an integrated approach to responsible investment and ESG research that is embedded within our investment approach, and is supported by our culture of collaboration, sharing of research and ideas, and robust debate. In developing our understanding of a business, we consider its approach to managing environmental, social and governance issues, as well as any controversies that may have arisen.

Supporting this effort, in March 2019 we launched an innovative responsible investment ratings system that combines an assessment of a company's financial stewardship with a view on how well it manages its Environmental, Social and Governance risks. By combining both aspects into a single, forward-looking company rating from 1 to 5 this proprietary tool reflects our conviction that prudent management of financial and ESG factors is important to a company's ability to create long-term, sustainable value.

Utilising data science and cloud computing, our RI ratings provide our global investment teams with a more robust responsible investment framework and enhanced analysis of over 5,500 listed equities across the world, complementing our existing fundamental research. An evidence-based and forward-looking ratings system, it provides them with further insight into a company's leadership, governance, culture and operational standards of practice, focusing on issues that are material to long-term performance. This unique tool enhances our ability to evaluate investments on behalf of all our clients and puts real-time, actionable intelligence in the hands of our analysts and portfolio managers.

2. We are active owners and incorporate ESG issues into our ownership policies and practices.

We actively vote on our shares globally and have a thorough internal dialogue as well as corporate dialogue globally. We follow regional voting principles and consider local market practice.

3. We seek appropriate disclosure on ESG issues by the entities in which we invest.

We place substantial value on transparency by companies and encourage greater transparency in our dialogue around ESG performance.

4. We promote acceptance and implementation of the Principles within the investment industry.

We actively participate in external forums and discussions where relevant and are actively involved with the PRI secretariat.

5. We work together to enhance our effectiveness in implementing the Principles.

We are committed to meaningful collaboration with other investors in company dialogue and wider ESG-related issues. We consider consistency of purpose and conflict of interest policies.

6. We report on our activities and progress towards implementing the Principles.

Columbia Threadneedle reports annually in EMEA and in the US on our progress in responsible investment both to clients and to the PRI. Our annual PRI submissions are publicly available. In addition, regional policies can be viewed on our website.

As a PRI signatory we are assessed annually on how we incorporate ESG issues into investment practices across asset classes. In 2019 Columbia Threadneedle was awarded a clean sweep of A and A+ ratings, as set out in the table below.

2019 PRI ratings

	Columbia Threadneedle score	Industry median
Strategy & Governance	A+	A
Listed Equity – Incorporation	A+	B
Listed Equity – Active Ownership	A	B
Fixed Income – Sovereign, Supranationals and Agencies	A	B
Fixed Income – Corporate Financial	A	B
Fixed Income – Corporate Non-Financial	A	B
Property	A	B

Key industry associations

- Founding member of the United Nations-backed Principles for Responsible Investment (PRI) and signatory to the UK Stewardship Code.
- Active participant in a range of key industry initiatives including Investment Association committees, ICMA's Social Bond Principles, SASB working groups, PLSA Stewardship Advisory Group.
- Commercial partnerships with Big Issue Invest, INCO, Carbon Trust and Sustainalytics.

Stewardship, engagement and voting

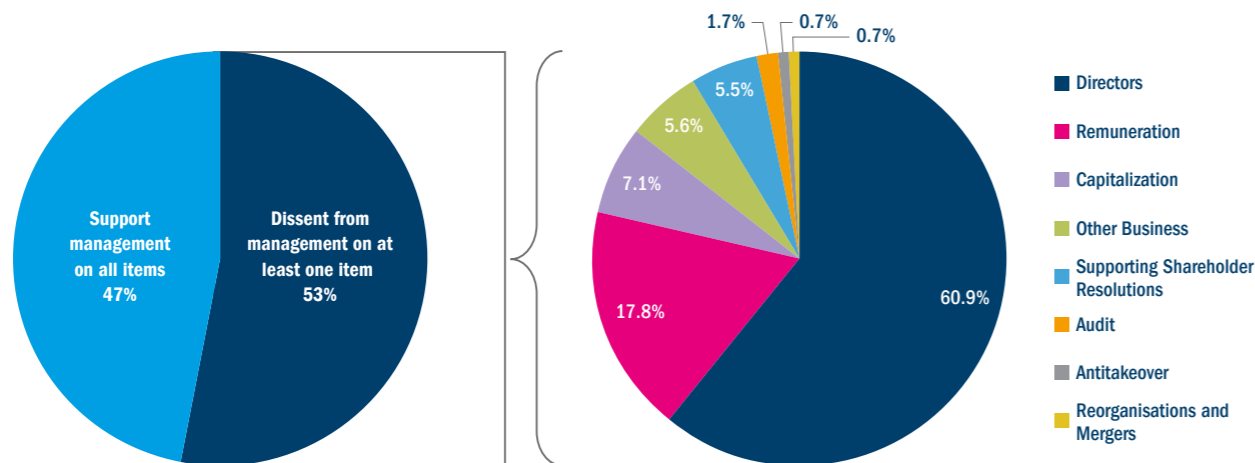
Our approach to engagement and voting is based on collaboration between our portfolio managers, analysts and RI team members. Engagement ensures investee companies and issuers are accountable and enhances our understanding of their exposure to risks and opportunities. In practice, engagement covers a broad range of issues, and regularly relates to ESG and sustainability matters. The decision to engage on certain issues considers factors including our assessment of the significance to the company, the risks to our clients, relative holdings, scope to effect change and opportunities to collaborate.

We actively vote in over 50 markets globally both as an extension of our engagement and in signalling support or concerns about a company's practices and proposals. Final votes are cast identically across all mandates for which we have voting authority. Decisions are made by the RI team following discussions with portfolio managers and analysts and are disclosed on our website. We also provide fund-specific reports to our clients.

As an active manager, we do not outsource voting to third parties. We carry out proxy voting in all markets, in accordance with our corporate governance and proxy voting principles and our proxy voting policy. Our highly engaged and principled approach sees us regularly opposing items where proxy voting advisers are more lenient and supporting where they are more aggressive. We regularly withhold support from individual directors and cast dissenting votes based on pay-related concerns. More recently in EMEA we have adopted a systematic approach to voting and engaging on executive pensions. We have signalled that from 2020 we will take a more systematic approach to voting on gender diversity at senior management as well as board level.

During 2019 we voted at 1,022 company meetings, registering dissent against one or more resolutions at 53% of those meetings. We publish our voting decisions seven days after the relevant general meeting and our proxy voting activities are published on [our website](#).

Columbia Threadneedle proxy voting 2019



Source: Columbia Threadneedle Investments, ISS ProxyExchange, 31 December 2019.

Columbia Threadneedle sustainable and social investment themes

Our clients increasingly want to understand and measure how capital allocation decisions are supporting delivery of the United Nations' Sustainable Development Goals (SDGs). The SDGs provide investors across all regions with a thematic framework around which public policy, reform and development priorities will be focused, catalysing demand for innovation and new or increased investment. They also help businesses align with global priorities: companies can use the SDGs as an overarching guide to shape and steer the development and implementation of their own strategies.

Translating the SDGs to investment opportunities provides us, our clients, and the wider industry, with a compelling means to contribute to sustainable development whilst aiming to achieve positive financial returns. We look to identify and categorise companies based on commercialised outputs, products and services addressing major social and economic needs. This approach helps capital to flow towards issuers delivering positive change and offers earnings growth and financial return – giving force to the notion of 'doing well by going good'.

Columbia Threadneedle Investments sustainable themes

Primary SDG	Additive/Contextual SDGs	Columbia Threadneedle theme	Defining the commercial opportunity	Core sectors of opportunity
3 GOOD HEALTH AND WELLBEING	Zero Hunger Life Below Water Clean Water and Sanitation	Health, Wellbeing & Food Security	Solutions advancing human health, wellbeing, nutrition and food security	Consumer Discretionary, Consumer Staples Financials (Insurance), Health Care
4 QUALITY EDUCATION	Good Health & Wellbeing Gender Equality Decent Work & Economic Growth	Education & Training	Delivery of education and transference of key skills	Consumer Discretionary IT (Home Entertainment Software)
11 SUSTAINABLE CITIES AND COMMUNITIES	Reduced Inequalities Peace, Justice & Strong Institutions Climate Action	Community Formation & Support	Solutions supporting modern communities - both physical and virtual	Consumer Discretionary Health Care, Industrials IT (Internet Software & Services) Real Estate
10 REDUCED INEQUALITIES	Partnership for the Goals No Poverty Good Health & Wellbeing	Financial & Technological Inclusion	Financial and technological solutions increasing participation and opportunity	Financials, IT Telecommunication Services
7 AFFORDABLE AND CLEAN ENERGY	Climate Action Sustainable Cities & Communities Responsible Consumption & Production	Energy & Climate Transition	Transition to a low carbon, climate resilient and inclusive economy	Consumer Discretionary Energy, IT Industrials (Electrical Components & Equipment) Utilities (Renewable Electricity)
8 DECENT WORK AND ECONOMIC GROWTH	Gender Equality Industry, Innovation & Infrastructure Peace, Justice & Strong Institutions	Inclusive Work & Economic Development	Creation of productive and inclusive work, economic resilience and global opportunities	Consumer Discretionary Industrials, IT Real Estate (Hotel and Resort REITs)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Affordable & Clean Energy Sustainable Cities & Communities	Regeneration & Infrastructure	Creation and maintenance of accessible, resilient and sustainable infrastructure	Consumer Discretionary, Industrials, Materials (Construction Materials) Real Estate, Utilities (Electric/Gas/ Multi Utilities)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Clean Water & Sanitation Life Below Water Life on Land	Sustainable Resource Management & Transformation	Sustainable and efficient resource use, consumption and production	Industrials (Agricultural & Farm Machinery) Materials, Utilities (Water Utilities)

Note: Use of the SDG does not imply UN endorsement.



Managing real estate responsibly – our five-stage approach

Buildings are on the front line in the fight against climate change, as real estate consumes around 40% of the world's energy and contributes up to 30% of its annual greenhouse gas emissions⁴. With the UK committed to cutting its carbon emissions by 80% by 2050⁵, the country's real estate owners have an important part to play in achieving this reduction. Investing responsibly in real estate is complementary to our core objective of delivering strong risk-adjusted returns for clients.

Key to our approach is an understanding of the environmental and social risks posed by real estate assets. We focus on mitigating those risks and seeking continuous improvement by assessing the environmental and social impacts throughout the lifecycle of our property assets. This approach is ingrained within the day-to-day activities of our business.

1. Property investment (asset acquisition).

Our fund managers carry out forensic due diligence and comprehensively survey all properties considered for acquisition. They look at factors including energy performance/MEES (minimum energy efficiency standards), environmental risks/impact (including flood risk), and areas for potential improvement in terms of sustainability performance.

2. Strategic asset management.

Our asset managers develop unique strategies to add value to every building we manage. They consider areas including environmental, energy and water efficiency, waste management and sustainability best practices. They also look at ways to promote health and well-being and community engagement. Finally, our asset managers seek opportunities to promote information sharing and co-operation with tenants, to enable sustainability strategies to be

jointly implemented by the occupier and the management team.

3. Refurbishment and building improvement.

Refurbishments carried out by our asset managers offer the greatest potential to improve the environmental and social impact of our buildings. Our Refurbishment Guide promotes high sustainability standards, and construction projects incorporate a set of minimum requirements relating to: environmental management; building quality and flexibility; health and well-being; energy efficiency; transport; water; building materials; waste management; and ecology and pollution.

4. Property management.

We are active managers who seek to continually improve the day-to-day environmental impact of our buildings while maintaining high levels of occupier satisfaction and engagement. This is achieved by dedicated Oversight Managers who collaborate with third-party managing agents to deliver objectives aligned to clearly defined targets set out in our Sustainability Road Map (see next page). Oversight Managers are also responsible for monitoring health and safety on all our properties, ensuring oversight through monthly reporting, meetings, and independent annual audits.

5. Risk and governance.

Our Real Estate team benefits from rigorous risk and governance controls. We have an integrated Real Estate Governance team providing 'first line' risk and governance oversight. The team also has a liaison function with Group Investment and Operations Risk and Compliance ('second line' functions), and with Audit ('third line') as required. Our investment and management process controls are also independently audited on an annual basis as part of our company's ISAE reporting obligations.

Real Estate Sustainability Road Map Targets

Energy management and reduction: target 10% reduction in energy use by 2024.

Greenhouse gas: target 15% reduction in GHG use by 2024.

Energy procurement: target 95% of directly managed property to have green energy tariffs by end 2019.

Waste management: target 95% of directly managed property to have zero waste to landfill by end 2019.

Community: identify opportunities to positively impact communities and stakeholders.

Tenant engagement: undertake regular occupier satisfaction surveys.

Our real estate funds are independently assessed against the **Global Real Estate Sustainability Benchmark**. Highlights achieved in 2019 include:

- Overall 8% improvement on 2018 scores across three funds.
- Overall score of 90 achieved by our Low Carbon Workplace strategy, ranking 4th among a peer group of 16.
- Overall score of 73 achieved by Threadneedle Pensions Limited Pooled Property Fund, ranking 25th among a peer group of 79.
- Overall score of 74 achieved by Threadneedle Property Unit Trust, ranking 23rd among a peer group of 79.

⁴ Sustainable real estate investment: Implementing the Paris Climate agreement – an action framework, PRI, 2016
<https://www.unpri.org/property/sustainable-real-estate-investment-implementing-the-paris-climate-agreement/138.article>

⁵ Source: <https://gresb.com>.

RESPONSIBLE EMPLOYER

We strive to be a values-led organisation that attracts, develops and retains the best talent

Our Values and Code of Conduct

We have a fiduciary duty to our clients as managers of their financial assets. Our commitment to our clients is reflected in our Values and in the Code of Conduct which all employees formally sign, acknowledging how we must always act. We expect to be held accountable to our Values, as set out below, in all we do.

Client focus: We think strategically and creatively to drive innovation in order to best serve our clients and other stakeholders.

Excellence: We operate at the highest standards to deliver excellent results and manage risk for our stakeholders and the company.

Respect: We are ethical, principled, respectful, collaborative and inclusive. We support our communities.

Integrity: We actively identify opportunities to improve and are accountable for earning and keeping our stakeholders' trust.

Our Global Code of Conduct includes adherence to specific client-related standards:

1. Delivering an outstanding client experience by exceeding expectations:

- We create a culture of client focus across the firm.
- We listen and respond to our clients.
- We recognise the privilege of being entrusted with our clients' money.

2. Demonstrating a desire to deliver quality outcomes to clients:

- We strive to deliver outstanding client service through collaboration with others and maximising contributions.
- We are committed to building professional relationships to enable best outcomes.
- Everything we do is for our clients.

3. Demonstrating a quality service to clients by effectively managing firm-wide risk:

- We actively consider the client's best interests at all times.

- We recognise that risk management is everyone's responsibility.

- We actively manage conflicts appropriately seeking best results and collaborating effectively for the benefit of our clients.

Every employee's performance is measured against our Values of Client Focus, Excellence, Integrity and Respect, with the Values reflected in appraisal and personal development plans, and an explicit link to our annual incentive reward cycle. This ensures we are rewarded not just for what we do, but how we do it.

Attracting, engaging and developing our people

Investment management is a people business and we recognise that our success is due to our talented people who bring diverse and complementary skills and capabilities, working together to identify and develop the best ideas and opportunities for our clients. By creating an inclusive environment that values fresh ideas from a variety of backgrounds, demands input and commends teamwork, we leverage the diverse skills and perspectives of our people to generate our best investment thinking and business results. We are committed to supporting individuals who have taken a career break and are looking to return to the workplace for all our roles.

We support our employees with continuous development opportunities, both specific to their role and in other areas, through our talent development programmes. Our Talent Advisory Group comprises senior managers from across the business and oversees the career development of our employees, ensuring they are given the training, opportunities and tools they need, within the right culture, to excel.

We have fostered a culture of idea sharing, collaboration and debate that is an integral part of our highly successful investment process and our success as a business. This is underpinned by our values of Client focus, Excellence, Integrity and Respect. We strive to deliver the best outcomes for our stakeholders and in our most recent employee engagement survey 89% said 'In my department, we are committed to exceeding our client/business partner expectations'.

As active members of our community, our employees are encouraged to take up volunteering opportunities to provide support to the community in which they work, build relationships with their colleagues and develop new skills.

Ensuring a diverse and inclusive culture

Increasing inclusivity and diversity throughout our employee population is one of our strategic imperatives. Our employee-led Diversity and Inclusion Advisory Group has been in place since 2013. Reporting to the CEO and regional Executive Committee, the Group champions best practice to ensure a workplace culture that reflects the diversity of our clients and employees. As a result, the following initiatives are now embedded:

- Education and training, including unconscious bias training for all hiring managers.
- Recruitment guidelines to ensure both male and female representation on candidate lists and advance more qualified women to the interview phase.
- For senior hires, at least one woman must be part of the interview panel.
- All recruitment, by gender, is reported to the regional Executive Committee each quarter.
- Improved maternity and paternity policies.
- Promotion of shared parental leave, encouraging male employees to take advantage of the opportunity.
- The ability for UK employees to purchase additional holidays, supporting more flexible working.
- Mentoring to support career progression for junior and mid-level employees.
- Support for and participation in industry-wide returners programmes.
- Regular employee events with internal and external speakers to showcase successful, diverse role models.
- Employee Networks: Pride & Allies, BEN (Black Employee Network) and Aloud (Women's Network).

We are working to improve social mobility in our organisation, partnering with the Social Mobility Foundation to provide work experience for school students from diverse backgrounds. In 2019 we signed the Social Mobility Pledge committing to work

with schools and colleges to offer coaching and career advice, structured work experience and apprenticeship opportunities, in addition to ensuring open recruitment practices that promote a level playing field.

Columbia Threadneedle continues to partner with industry bodies including the Investment Association, The Diversity Project and Investment 2020 to share best practice and work collaboratively to improve diversity and inclusion within asset management.

Gender balance: our path to 50/50

Columbia Threadneedle signed the Women in Finance Charter (WIFC) in March 2016, becoming a founding signatory and the first asset manager to sign the Charter. Since then we have worked to implement changes that drive improved gender balance across our EMEA business. In 2019 we enhanced our strategic approach to align with our global organisation, adopting an organisation-wide blueprint which sets out our strategy for advancing diversity and inclusion to deliver business results. We actively measure gender balance initiatives and report to senior management on a regular basis to ensure we continue to make progress. We have a robust gender action plan based on four strategic pillars of our broader diversity and inclusion blueprint:

- 1.** Build inclusive leadership skills of employees through training and awareness.
- 2.** Strengthen our pipeline of female leaders with continued focus on development and engagement.
- 3.** Maintain focus on recruitment of female talent.
- 4.** Leverage community partnerships to engage internal and external stakeholders.

In February 2019 we published our second gender pay gap report under UK legislation. We support gender pay gap reporting, recognising that disclosure is an important step towards improvement.

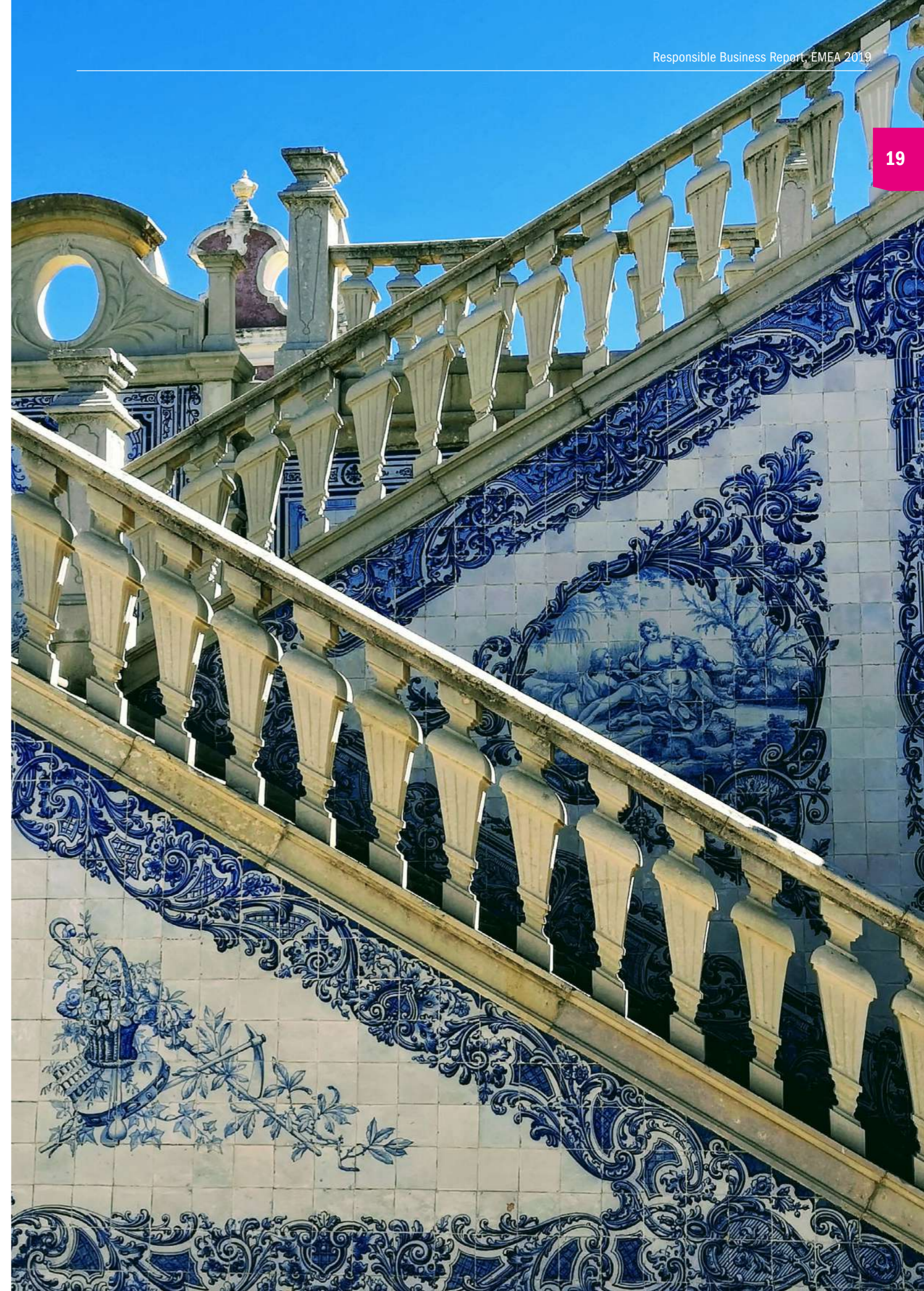
Our key gender data is presented in the table on page 3 and our annual WIFC progress reports and our full gender pay gap reports can be found on [our website](#).



Smart Working

Recognising that all our employees have varying needs inside and outside of work, in July 2019 we formally launched Smart Working, our approach to working flexibly across EMEA. Flexible working has been proven to boost well-being and morale, increase productivity and enhance job satisfaction and retention. Smart Working covers any type of working arrangement that gives some degree of flexibility on how long, where and when work is performed. Flexible working can vary in shape and form, from a formal contractual flexible working pattern to informal, infrequent working arrangements.

Smart Working can allow an individual to pursue a hobby or interest, enable time for school runs or nursery drop-offs, support the ability to care for elderly relatives or simply provide a different work/life balance. We believe employees who can work smartly will be less stressed, feel more valued and trusted by the company and will therefore be more inclined to stay and progress their careers with us over the long-term.



Black Employee Network

In 2019 our Black Employee Network (BEN) was launched. BEN EMEA is a community of Black professionals offering its members resources and strategies to enhance and promote personal and professional growth whilst contributing to our overall success. BEN is an open and inclusive network and its impact and success is dependent on the support and engagement of all employees. BEN has four pillars of focus with initiatives and events designed to deliver:

- Employee engagement and professional development – building business, leadership and networking skills.
- Business support – bringing greater support and awareness to business initiatives across the region.
- Community involvement – supporting and developing partnerships which support the Black community.
- Cultural awareness – building a community among network members and employees and raising awareness of Black culture in the UK.

Black History Month

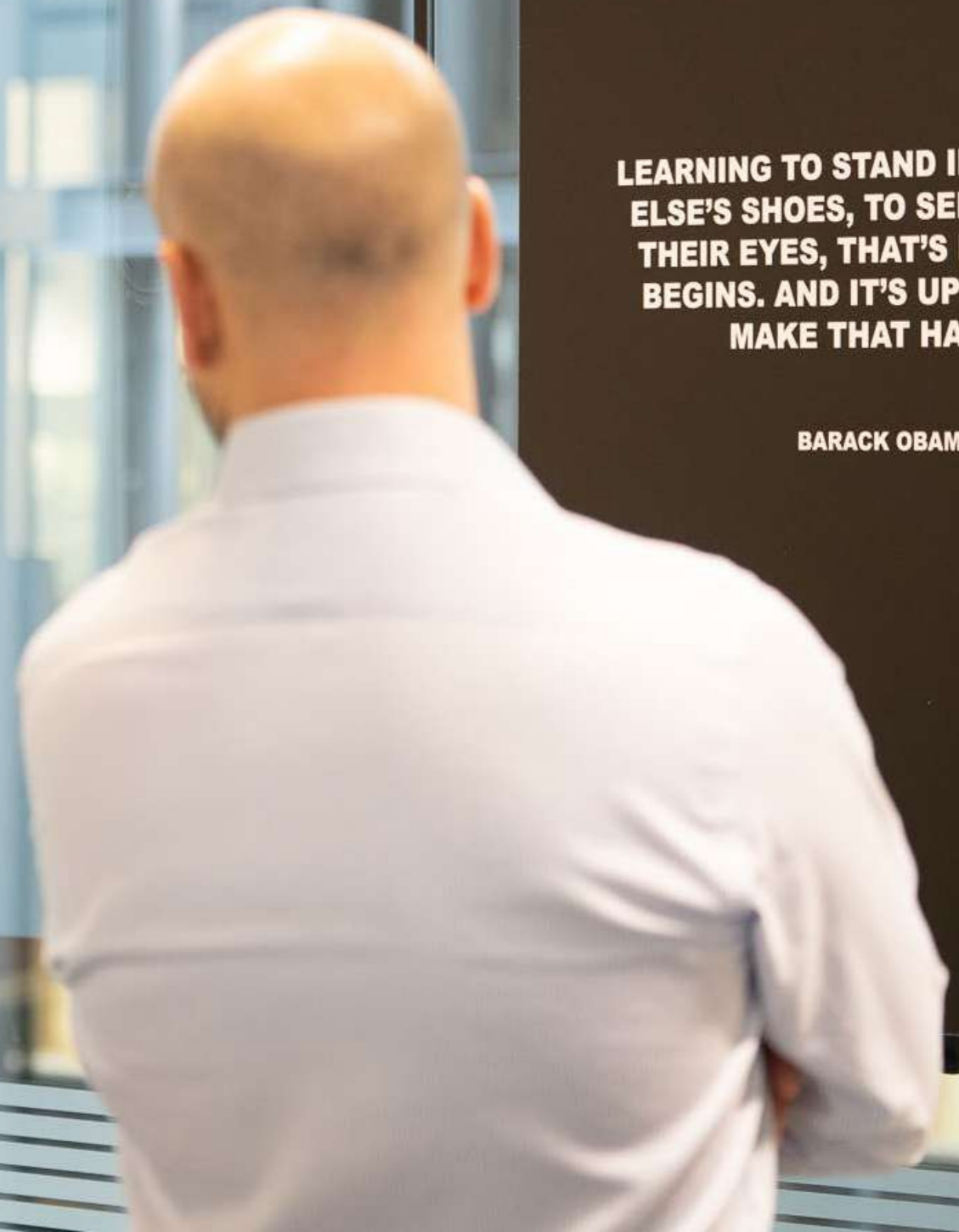
To mark Black History Month in October 2019, we hosted an exhibition of images from the 56 Black Men campaign in our office at Cannon Place, culminating in a lunchtime presentation and discussion with its founder Cephias Williams. According to Cephias, "The mission of 56 Black Men is to put black men at the forefront of our own conversation and aims to dramatically reduce the negative portrayal of black men throughout various forms of mainstream media."



#32
RAFAEL DAPUAN
56 BLACK MEN
MANUFACTURING ENGINEER
IN THE SERVICE OF COMMERCIAL POLICY SERVICES



#2
CHARLES BANIGO
56 BLACK MEN
MAGISTRATE COURT | COURT CLERK
TUWON | FASHION DESIGNER



LEARNING TO STAND IN SOMEBODY ELSE'S SHOES, TO SEE THROUGH THEIR EYES, THAT'S HOW PEACE BEGINS. AND IT'S UP TO YOU TO MAKE THAT HAPPEN

BARACK OBAMA

RESPONSIBLE CITIZEN

We strive to be a responsible member of our community and influence positive change

We contribute to the broader community through philanthropic and cultural partnerships and employee volunteering, via Columbia Threadneedle Foundation. We are committed to managing our environmental footprint to ensure we understand, measure and manage the environmental impacts resulting from our business activities and we recognise our responsibility to support a sustainable supply chain.

Columbia Threadneedle Foundation

Through our Foundation, we work with long-term charity partners to improve individual lives while also driving fundamental social change. We seek to address critical social issues – inclusion, opportunity, employment, empowerment and mental health – using the power of art, sport and education as catalysts for change. And we aspire to be a transformative partner to the charities we work with through funding, specialist advice and support, pro bono assistance, employee volunteering and advocacy.

In 2019 the Foundation celebrated its fifth anniversary. To mark this milestone, we undertook an impact evaluation and are proud to provide this snapshot of the results.

COLUMBIA THREADNEEDLE FOUNDATION

Columbia Threadneedle Foundation is celebrating its 5th birthday

- Over £1,500,000** donated to charities.
- 1,294** volunteer days provided.
- 344** teachers from **157** primary schools received CPD training from the National Gallery.
- 5,630** children submitted work to **Take One Picture** at the National Gallery.
- 200** children improved emotional well-being, conduct and pro-social behaviour via art-based interventions.
- 150** disadvantaged young people supported on career pathways.
- 6,200** children across **100** schools improved financial literacy.
- 596** Easter eggs delivered to Swindon families.
- 75** women with lived experience of the criminal justice system benefitted from theatre workshops and tailored support.
- 25** men were supported on the journey from custody to release to employment.
- 407** Money Mentors trained to teach skills in planning, budgeting and saving.
- 20,000** people across London supported by a community Money Mentor.
- 9,396** disadvantaged and disabled young people participated in sports at local clubs.
- 415** community sports coaches trained.
- 1,000** young people achieved "physical literacy" (run, swim, ride).

Find out more: www.columbiathreadneedle.com/foundation

At the beginning of 2019 the Foundation announced two new partnerships with innovative charities working to reduce recidivism and transform the lives of men and women who have experience of the UK prison system.

Clean Break

Women's offending is frequently underpinned by a range of complex and gender-specific needs. Clean Break produces ground-breaking theatre which puts women's voices at its heart. Through theatre and tailored support, Clean Break builds women's resilience, skills and creativity and gives them a voice. The Foundation will support Clean Break's Members Programme, which is open to women aged 17 and above who have lived experience of the criminal justice system or are at risk of entering it. It offers a foundation of learning and skills in theatre performance, creativity and wellbeing, as well as opportunities to engage in professional, public facing performance projects. Through a unique repertory of new plays and theatre-based creative learning, Clean Break raises difficult questions, inspires debate, and helps to effect profound and positive change in the lives of women with experience of the criminal justice system.

To mark City Giving Day on 24 September we showcased Clean Break's performance of 'Sweatbox' outside Mansion House in London, with a visit from the Lord Mayor.

During the year we also launched an innovative pilot mentoring programme which aims to help Clean Break's Members specifically around employability. The pilot programme, the first of its kind for the charity, aims to build positive relationships and bring a different perspective for both mentors and mentees.

Bounce Back

Bounce Back charity and social enterprise works both in and out of prison to train and prepare people for employment. With training centres in several prisons as well as in the community, their focus is on giving people the opportunity to gain skills and qualifications that will enable them to secure employment on release either in the Bounce Back Decorating Team or with construction industry partners. They train in skills that are in demand including painting and decorating, scaffolding, dry lining and aerial window cleaning. Fully supporting people throughout their time in prison and through the gate, Bounce Back act as a 'bridge' working with individuals for up to a year as they return to their lives and into work. Columbia Threadneedle Foundation is providing capacity funding including essential infrastructure and case management resources.

During the year we held two volunteering events with Bounce Back. In June, volunteers joined Bounce Back members for a day of painting and decoration training. In September, volunteers were taken to HMP ISIS to help young offenders approaching their release date write CVs.

AT The Bus

Rates of depression and anxiety have increased among teenagers by 70% in the last 25 years⁶. In the UK, 60% of those who need mental health support do not have access to it during childhood⁷. The majority of lifelong mental illness starts during adolescence, with 93% of teachers reporting increased rates of mental health issues amongst children and teenagers.

AT The Bus offers a school-based programme of art as therapy to support the mental wellbeing of children and young people aged 5-18. Group sessions take

place during the school day in a purposely designed therapeutic studio space in a double decker bus located on school grounds. Students work in small groups led by experienced facilitators trained in creative therapeutic interventions that support mental wellbeing, alleviate anxiety, develop resilience and help young people build their self-esteem, self-confidence and independence.



A LA PAR in Spain

Reflecting our growing presence in Europe, in June 2019 the Foundation partnered with A LA PAR, a charity based in Spain that supports people with intellectual disabilities. Our partnership helped to bring professional athletes together with A LA PAR members to participate in the Transpyr mountain bike race, a seven-day event covering approx 800km and ascending an elevation of 20,000m. Transpyr is a demanding challenge, immersing riders in the scenery and culture of Spain, from the southern slopes of the Pyrenees, crossing and merging Catalonia Pyrenees, Aragón, Navarra and Euskadi.

Swindon Foundation team

A group of our Swindon-based employees represent the Foundation locally, engaging with the community and supporting charities working in and around the local area.

Seven employees from the Swindon office challenged themselves to face their fears and take on a charity skydive in aid of Youth Adventure Trust. The Trust gives vulnerable young people opportunities they wouldn't normally have, taking part in outdoor group activities and building confidence and belief via a three-year programme during the crucial development ages from 11 to 14. The team surpassed all expectations, raising more than £8,500 which is enough to fund two children through the entire Youth Adventure Trust programme.

In December, colleagues spent a night in the cold to raise awareness for Threshold Housing Link, a charity that provides accommodation for homeless people. Employees also donated bedding, blankets, warm clothing, food items and toiletries.

Charities supported in Swindon include Openhouse, Reach Inclusive Arts, The Salvation Army (The Sandwich People), Swindon Children's Scrapstore, Swindon Mentoring and Self Help (SMASH), Threshold Housing Link and Youth Adventure Trust.

In addition to the activities highlighted here, the Foundation continued its multi-year support for charity partners including Access Sport, SEO London and KickStart Money. For more information about the Foundation and its activities visit [our website](#).

⁶ Survey for Parent Zone 2016.

⁷ Dr Mina Fazel, Associate Professor, Child and Adolescent Psychiatry, University of Oxford.



Volunteering

In 2019 over 300 Columbia Threadneedle employees volunteered, working with a wide range of charities and community organisations:

- Preparing hot meals for the homeless with Ace of Clubs.
- Planting more than 400 trees in London with Trees for Cities.
- Hosting fun-packed activity days with Manorfield Primary School learning about teamwork and enterprise.
- Organising sports days for teenagers with Access Sport including BMX cycling and hockey games in Olympic Park.
- Supporting over 250 under-11s to learn how to code with the Institute of Imagination.
- Providing much needed maintenance and gardening support for Thrive and Stepney City Farm.

Take One Picture at The National Gallery

In 2019 we continued our support for the National Gallery's Take One Picture learning programme and exhibition, an annual programme that invites primary schools to focus on one of the Gallery's paintings to create an artwork based on its themes, subject matter, historical context, or composition. Schools use the artwork to inspire cross-curricular work over the school year and submit their work for an annual exhibition.

The painting selected as the source of inspiration for the 2019 exhibition was An Experiment on a Bird in an Air Pump, by Joseph Wright of Derby. More than 300 teachers from 175 schools across the country attended Continuing Professional Development (CPD) days focused on the painting. Over 320 visual and written responses were submitted, with around 17,000 children from these schools taking part. A great number of other schools held local events and exhibitions to celebrate their work. The final exhibition at the Gallery included 48 artworks from 31 schools and ran from 9 May until 11 August 2019, attracting



Joseph Wright of Derby, An Experiment on a Bird in the Air Pump (1786)
© The National Gallery, London.

152,716 visitors (up from 120,217 in 2018). This year the National Gallery focused on making the exhibition more interactive and child-friendly, which proved to be popular with teachers, children and members of the public. For example, 37,322 people had their photo taken with the 'Wings of Wisdom' and a large portion shared their photo on social media.



Feedback from participating teachers:

"I think it's a fantastic and wonderful scheme to run. The exhibition looked great and the artwork is presented to a high standard. It is very humbling for our school to have work exhibited at the National Gallery and it has had a significant positive impact on pupils at our school."

"Having our children's work chosen to be part of the exhibition was the highlight of the academic year...When the children actually saw their posters in the exhibition, they could not contain their excitement. So much so that they asked their teachers if they could tell other visitors about their work. Of course, the staff agreed and they spent the next hour proudly informing members of the public that this was their work! This opportunity will stay with our children for their entire lives."



Environmental management

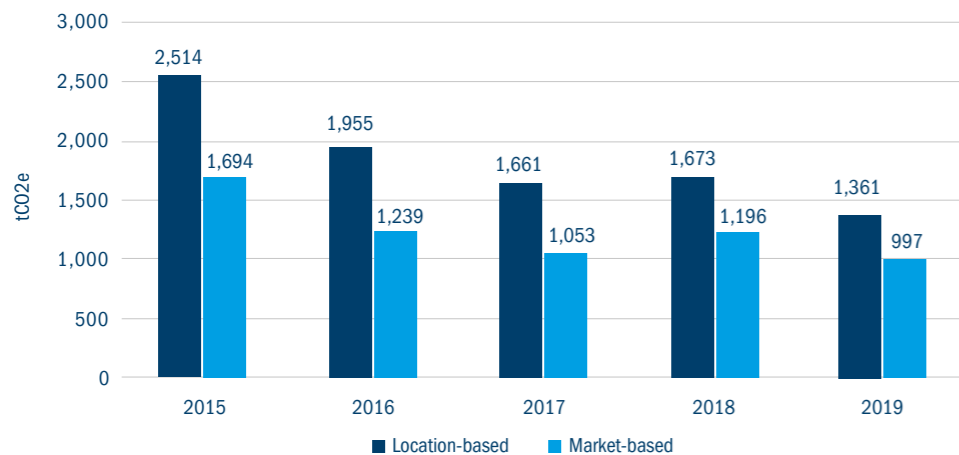
Our employee-led Environmental Advisory Group (EAG) focuses on identifying, measuring and reducing the major environmental impacts resulting from our business activities, internally and in the wider community. These major impacts consist of travel, waste and usage of energy, water and raw materials.

Columbia Threadneedle recognises the importance of environmental stewardship and maintains an Environmental Management System (EMS) to ensure measurable and auditable data is accurately maintained

for all our major environmental impacts. Some of the key EMS achievements for 2019 are: the successful delivery of waste management and world environment day staff engagement campaigns focussing on plastics and removal of plastic cutlery, continued supply chain and life cycle assessments and a reduction in paper usage through 'follow me' printing.

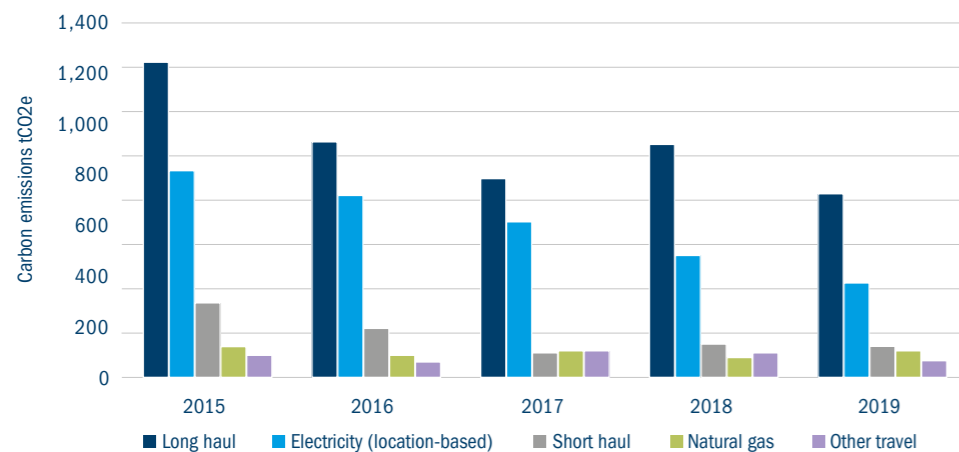
We continued to meet all requirements for the ISO14001:2015 standard throughout 2019 and our total carbon emissions were 18.6% lower than in 2018, a reduction primarily due to reduced air travel.

Columbia Threadneedle UK carbon footprint, scope 1, 2 and 3 emissions (location and market based)



A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen.

Columbia Threadneedle UK carbon emissions 2015 – 2019



Travel data includes all UK employees Energy data is for Cannon Place London.



Keep cup initiative

Paper cups have plastic or wax lining which makes them difficult to recycle. Most UK paper cups will go to 'energy from waste' or landfill, instead of being recycled. In 2019, we provided each employee with a Keep Cup, saving the waste of 350,000 paper cups per annum, at an ongoing cost of £15,500.00. By doing so we also reduced our carbon footprint and further strengthened our ISO14001:2015 continuous improvement requirement.



Supplier management

We have been a Living Wage employer since 2015, which means everyone working at Columbia Threadneedle in the UK, regardless of whether they are permanent employees or third-party contractors, receives a minimum hourly wage of £10.75 in London and £9.30 outside London – significantly higher than the national minimum wage of £8.21. Columbia Threadneedle has also met with other occupiers to ensure that the London Living Wage is paid to any contractors engaged by the landlord of our head office building Cannon Place. The Living Wage is set independently and updated annually, calculated according to the basic cost of

living using the Minimum Income Standard for the UK. Decisions about what to include in this standard are set by the public; it is therefore a social consensus about what people need to make ends meet.

We continue to work with our suppliers to reduce the environmental and social impacts along our value chain. In 2019 this included working with our stationery, printing, waste management and cleaning contractors and landlords to implement ways of reducing our sustainability impacts.

Columbia Threadneedle complies with the Modern Slavery Act (MSA) and publishes an MSA statement on our website as per the requirement for public disclosure.

Columbia Threadneedle EMEA 2020 EMS targets

Objective	Targets and actions	SDGs
Minimise waste generation and improve recycling, recovery and reuse of waste	<ul style="list-style-type: none"> Two-year target to reduce residual waste through employee awareness and behavioural change campaigns to improve employee support for the waste hierarchy Continued work with suppliers and landlords to enhance reducing, reusing and recycling all waste materials 	12, 15
Continue to reduce utility usage	<ul style="list-style-type: none"> Target set for usage of electricity and gas measured at kWh per employee per month Target to be achieved through work with building management to improve energy efficiency and employee behaviour change campaigns 	7, 13
Improve resource efficiency	<ul style="list-style-type: none"> Targets to maintain paper usage per employee monitored through printer and paper purchasing data Review all procurement processes and develop guidance and training to enable all procurement staff to make sustainable choices Develop Event Sustainability Checklist and implement processes to measure and reduce impacts for events Carry out behavioural change and awareness raising initiatives with employees and key stakeholders to improve resource efficiency 	12, 15, 13, 14, 1
Reducing environmental impacts of business travel	<ul style="list-style-type: none"> Identify and develop opportunities to reduce the impact of business travel Introduce hotel sustainability checklist and implement processes to monitor and reduce impacts of employee hotel use 	13
Reduce carbon footprint	<ul style="list-style-type: none"> Calculate and track annual carbon footprint of UK operations and implement ongoing initiatives to reduce the footprint Continued work with HR and Senior Management to support SMART working practices, reducing carbon footprint and improving employee well-being 	13

To find out more visit
COLUMBIATHREADNEEDLE.COM



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