

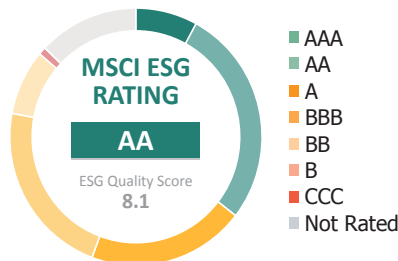
IST EUROPE SMALL MID CAPS

IST Portfolio

Portfolio Manager	Columbia Threadneedle Investments
ESG Rating ¹	AA
SFDR Category ²	Not applicable
Investment strategy	Active

¹ MSCI ESG Report: www.msci.com

² SFDR: The Sustainable Finance Disclosure Regulation is a European regulation introduced to improve transparency in the market for sustainable investment products. <https://www.eurosif.org/policies/sfdr/>



ESG Quality Score	ESG Rating
8.6 – 10	AAA
7.1 – 8.6	AA
5.7 – 7.1	A
4.3 – 5.7	BBB
2.9 – 4.3	BB
1.4 – 2.9	B
0.0 – 1.4	CCC

Applied ESG Approaches

Exclusion



Yes. IST exclusion list and process is applied:

Composition of IST exclusion list			
SVVK-ASIR	THEMATIC / SECTOR EXCLUSION	COUNTRY EXCLUSIONS	ENGAGEMENT / VIOLATIONS OF NORMS
<ul style="list-style-type: none"> – Nuclear weapons – Cluster munitions and anti-personnel mines 	<ul style="list-style-type: none"> – Coal mining and power generation (turnover > 25%) 	<ul style="list-style-type: none"> – UN Security Council Arms Embargo – OFAC – Swiss sanctions 	<ul style="list-style-type: none"> – Exclusion of non-cooperative companies – Violation of internationally acceptable standards

Source: <https://istfunds.ch/en/esg-ist/>

Proxy Voting



Yes. The portfolio manager is exercising the voting rights of foreign stock corporations.

Source: https://istfunds.ch/media/5354/exercise-voting-rights-foreign-equities_2021.pdf

Engagement



Yes.

Engagement activities by the portfolio manager through direct dialogue with investee companies.

Engagement activities by IST in collaboration with Sustainalytics:

CRITERIA	DIALOG / GOAL DEFINITION	TERMINATION OF ENGAGEMENT
<ul style="list-style-type: none"> – High ESG risk: Material Risk Engagement (MRE) – Thematic engagement (e.g. sustainable forests) 	<ul style="list-style-type: none"> – Definition of firm ESG-goals in cooperation with investee company 	2 possible outcomes: <ul style="list-style-type: none"> – Objective achieved («case resolved») – Objective not achieved resp. company is not cooperative *

*Assessment to consider adding to exclusion list

Source: https://www.istfunds.ch/media/5397/ist_d_engagementbericht-2021.pdf

ESG Integration



Yes. Identification of financially material impact of ESG issues is integral to the investment process. ESG factors are financially material, and important to sustainability and long-term value creation.

Source: <https://www.columbiathreadneedle.ch/en/inst/about-us/responsible-investment/#ESG-integration>

Best-in-Class

Not applicable

Thematic/ Impact Investing

Not applicable

Portfolio manager: Columbia Threadneedle Investments

Facts & figures

Assets under management	USD 699.8 bn
Whereof in sustainable investment strategies	USD 46.2 bn
Number of inv. profess.	701
Whereof dedicated to ESG	38
Signatory to UNPRI	Yes
UNPRI rating	A+ (Strategy & Governance)
Memberships (selection only):	
<ul style="list-style-type: none"> Global Impact Investing Network (GIIN) Global Investors Governance Network (GIGN) Climate Action 100+ 	<ul style="list-style-type: none"> Transition Pathway Initiative (TPI) Impact Investing Institute Net Zero Asset Managers Initiative CDP

Consultant/ Partnerships

- ISS, Glass Lewis (for proxy voting)

Carbon Strategy

Carbon footprint is measured since 2011 in line with the Carbon Trust Standard. Reduction is a key focus in its Environmental Management System (EMS).

Voting Activity

Yes. Votes for EMEA based funds are disclosed after seven days.

<https://vds.issgovernance.com/vds/#/Mjc3NQ==/>

Engagement

Engagement activities are reported on a quarterly basis ("Responsible Investment Quarterly" report)
<https://www.columbiathreadneedle.ch/en/inst/about-us/responsible-investment/#Thought-leadership>

Responsible Investment and ESG Integration

Columbia Threadneedle's responsible business framework:



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.

Columbia Threadneedle follows the UN Principles for Responsible Investments (PRI):

- We incorporate Environmental, Social, Governance (ESG) issues into investment analysis and decision-making processes
- We are active owners and incorporate ESG issues into our ownership policies and practices.
- We seek appropriate disclosure on ESG issues by the entities in which we invest
- We promote acceptance and implementation of the Principles within the investment industries
- We work together to enhance our effectiveness in implementing the Principles
- We report on our activities and progress towards implementing the Principles.

<https://www.columbiathreadneedle.ch/en/inst/about-us/responsible-business/>

<https://www.columbiathreadneedle.ch/en/inst/about-us/responsible-investment/>

Next steps and further developments

Columbia Threadneedle has joined the Net Zero Asset Managers initiative in 2021, to support net zero greenhouse gas emissions by 2050.