

Columbia Threadneedle Investments

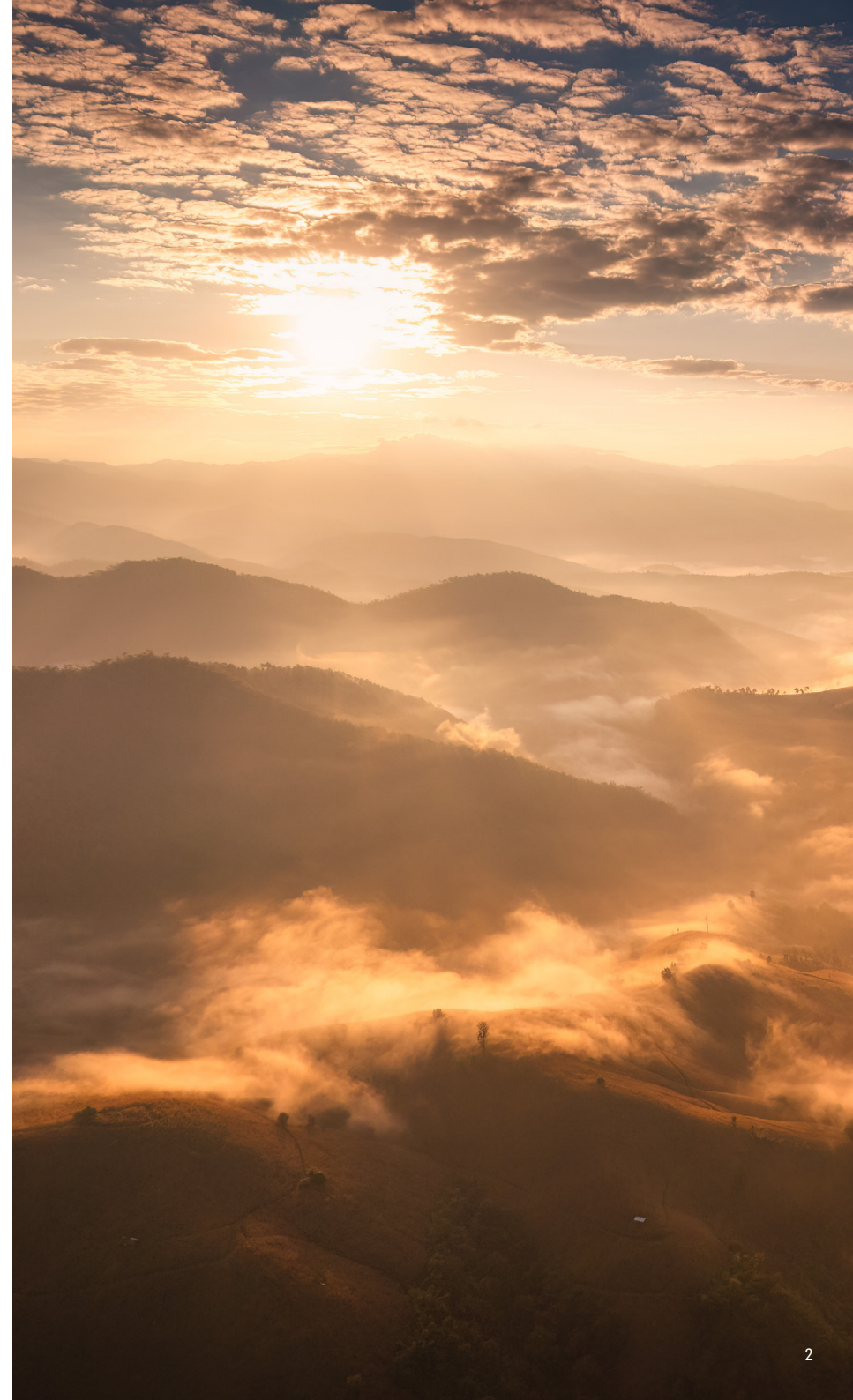
# Climate Report

JUNE 2025

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Our report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

A report on how Columbia Threadneedle Investments manages climate-related risks and opportunities in investment portfolios and across business operations under the framework established by the Task Force on Climate-related Financial Disclosures (TCFD)



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## About this report

This report is designed to summarise our approach to managing climate-related risks and opportunities. Metrics included are subject to measurement uncertainties given the evolving nature of climate reporting, and unless noted, all data is as of 31 December 2024. We reserve the right to update measurement techniques and methodologies in the future. The case studies and examples are provided for illustrative purposes only and may not be updated in future publications. While we believe engagement is an important part of understanding the risks and opportunities facing companies held in our portfolios, such engagement may not be effective in identifying all risks and opportunities, and we do not guarantee any specific outcomes as a result of such engagement.

This report broadly covers the various legal entities within Columbia Threadneedle Investments (Columbia Threadneedle), except for Pyrford International Limited, which reports separately on climate-related risks and opportunities. The reported AUMA figure for Columbia Threadneedle does, however, include Pyrford International Limited.

Our public disclosures, including our climate-related disclosures, encompass a range of topics that we believe are relevant to Columbia Threadneedle's business and may be of interest to clients and other stakeholders. The approach described may differ from the approach of our parent company, Ameriprise Financial, Inc. References to "we" and "our" in this report refer only to Columbia Threadneedle. Information contained in this report should not be construed as a characterisation regarding the materiality or financial impact of that information to Columbia Threadneedle, any of its affiliates or Ameriprise Financial, Inc., as individual entities or collectively as a whole.

# Foreword

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At Columbia Threadneedle, we strive to be a trusted partner to our clients and responsible stewards of their assets, allocating capital within a framework of robust research and good governance in accordance with their investment objectives.

Our core business is the active management of clients' investments through the well-researched allocation of capital to companies, issuers and alternative assets in a manner designed to create long-term value and support economic growth. In keeping with this aim, we manage our business responsibly, including understanding and thoughtfully responding to climate change, which presents both risks and opportunities for our clients and our business.

The management of climate-related financial risk requires consideration of multiple geopolitical factors and unique market characteristics of the issuers and assets in which we invest for our clients. We have extensive, global research capabilities that consider climate risks and opportunities of investee companies and issuers and are available to our portfolio managers as they invest client capital across asset classes and markets. In the pages that follow, we detail how these investment decisions can support the delivery of investment outcomes for our clients.

We recognise the differing preferences of our global client base for climate-aware investment strategies and as a client-focused organisation, offer them choice with regards to their investment solutions. This means that we offer various products to meet local demand and regulatory requirements within the multiple markets we

operate in. We further illustrate this work as a signatory to the UK, Taiwan, Japan and Korea Stewardship Codes, which we discuss in our Stewardship Report for 2025.

A critical component of managing our operational climate risk is our ability to measure and work to reduce our own emissions footprint. We have been reporting our operational emissions footprint since 2019, with an interim target of a 50% reduction in our operational emissions by 2030, using 2019 baseline data. As data availability improves and reporting methodologies evolve, we will continue to enhance our reporting. For example, in 2024, we took steps to further ensure the robustness of our data by introducing an employee commuter survey to more accurately assess emissions per employee.

In summary, this report provides updated information on how we manage climate-related risks and opportunities both for the investments we manage for our clients and our own business operations. I hope you find it informative.

**Ted Truscott**  
Chief Executive Officer



## UK attestation

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Columbia Threadneedle is a global, active asset manager. On behalf of our clients, we allocate capital as a long-term equity shareholder, bondholder and real estate investor. With a global reach, we have our regional headquarters in London, with a considerable presence in Swindon and Edinburgh, and we employ more than 1,000 people in the UK.

We are cognisant of the risks and opportunities posed by climate change and believe in the importance of transparency in our investment process, performance and operations on behalf of our stakeholders, including our clients, broader industry and the UK government.

We trust that the information in this report outlining how Columbia Threadneedle manages climate-related financial risks and opportunities meets the requirements introduced by our regulator, the Financial Conduct Authority, in Policy Statement 21/24, which are applicable to certain of our legal entities based in the UK.



David Logan

Head of EMEA and Global Business Operations





## Governance

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At Columbia Threadneedle, we provide a broad array of investment strategies for individual and institutional investors.

Our clients rely on us as a leading global asset manager to help pursue positive outcomes for the individuals they serve; together they entrust us with \$681 billion.<sup>1</sup>

We are investing smarter for the world our clients want.

### Management

Columbia Threadneedle has a comprehensive governance framework designed to ensure that our business operates effectively. This framework provides a mechanism for escalation and resolution of business matters, including those related to climate-related risks and opportunities.

Our decisions related to global strategy are managed by our operating forums, the Global Executive Group (GEG) and the Global Business Group (GBG). The GEG, in consultation with the GBG, exercises, as part of its responsibilities, strategic oversight of our business. When appropriate, this includes climate-related risks and opportunities and management of our business-related carbon emissions. The two forums are chaired by our chief executive officer and are attended by senior executives representing various parts of our

business. This strategic oversight is in addition to the governance arrangements we have in place across the three regions in which we operate: North America; Europe, Middle East, and Africa (EMEA) and Asia Pacific (APAC).

Senior executives located in each region provide oversight through the Investment Oversight Committee (IOC) in North America, the Investment Management Committee (IMC) in EMEA and APAC, and for alternative asset classes globally through the Alternatives Investment Management Working Group. These committees meet monthly and have responsibilities for Columbia Threadneedle's overarching investment framework, including our engagement and proxy voting activities.

Our global chief investment officer (CIO) is responsible for ensuring that information related to environmental, social and governance (ESG) factors is included, where suitable, in our investment research for equities and corporate debt, helping to build a holistic view of the climate-related risks and opportunities attached to our holdings and potential investments.

Our Responsible Investment (RI) Council meets quarterly to align on RI implementation and define associated firm-wide priorities and mitigate RI risks, including those related to climate change, and acts as an escalation route to resolve cross-functional dependencies, risks and issues, among

other things. Members include representatives from the GEG; investment leadership across equities, fixed income, multi-asset and alternatives; RI; distribution; product; and legal and compliance. The council is chaired by the global head of RI.

Our Responsible Investment Advisory Council meets four times per year and helps us maintain the integrity of the standards by which our range of responsible and sustainable funds in EMEA are run, providing advice on ethical and sustainability criteria. Council members are leaders in their field and bring international experience across RI, environmental, social and ethical issues.

Our overall governance structure also supports our objectives to advance a culture of stewardship and compliance and to understand and manage both existing and emerging risks, including those relating to climate change. The Risk Management section of this report further details the oversight undertaken by our Investment Risk teams in EMEA and North America when monitoring climate risks within the portfolios that we manage on behalf of our clients. The Investment Risk team in EMEA may report any specific issue to the IMC or the Alternatives Investment Management Working Group; the Investment Risk team in North America may report any specific issue to the IOC or the Alternatives Investment Management Working Group. The Operational Risk Management Committee in North America and the Financial and Operational Risk Committee in EMEA and APAC among other things (i) provide oversight of the operational risk management strategies, policies and

practices that identify, assess, monitor and manage risk for Columbia Threadneedle, and (ii) act as points of escalation for emerging and long-term risk issues, including related to climate change.

## Board oversight

Certain boards within Columbia Threadneedle are responsible for overseeing our obligation to manage client assets in accordance with agreed upon investment guidelines. In connection with this oversight, these boards are provided with information related to climate-related risks and opportunities, our RI framework, and the degree to which consideration of climate-related targets and risks forms part of the investment process, if at all.

The board of directors for each regulated legal entity within Columbia Threadneedle Investments, supported by local governance committees, oversee the management of strategic business decisions and business performance together with the management of risk in line with our enterprise risk management framework, supported by control functions including operational risk, Legal and compliance.

For an investment product that has a specific climate-related target as directed by our clients, the relevant board would be provided with information on any related material risk issues to enable them to monitor the progress being made against the target. Certain boards in EMEA

have also been updated on the climate-related risks and opportunities that were identified within the asset classes that we manage and our business operations to support their responsibilities in this area. Investment strategies with climate-related targets are available to institutional investors globally and can be tailored to specific goals. Within the retail market, our current focus is on offering ESG and climate-related funds primarily to retail investors in the UK and European markets to meet client demand.

More information on strategies with ESG and climate elements can be found in the Strategy section below.



This governance structure also supports our objectives to advance a culture of stewardship and compliance, and to understand and manage both existing and emerging risks.



## Strategy

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We recognise the importance of managing financially material climate-related risks and opportunities effectively to sustain long-term investment returns.

Our aim is to be consistent and proactive in recognising these risks and opportunities, and to use our expertise and our role as a global investor to mitigate risks and seek to capture opportunities, acting in the long-term economic interests of our clients.

In this part of the report, we explain how we have assessed climate-related risk and opportunities relevant to our business and describe the elements of our climate strategy.

### Identification of climate risks and opportunities

We see three primary transmission mechanisms through which climate-related risks and opportunities can potentially affect our firm and our clients:

- **Investment performance:** The financial value of assets we invest in for clients could be susceptible to fluctuations due to how effectively the portfolio issuers in which we invest have managed such climate-related risks and opportunities.
- **Suitability of products:** Our ability to mitigate financially material climate-related risks and maximise climate-related opportunities could influence whether a client chooses to (or continues to) invest with us. Certain clients have additional climate-related targets or requirements; our ability to meet their needs will also determine our success in building our assets under management and advisement.
- **Costs:** Meeting regulatory requirements and client expectations on climate-related risks and opportunities may lead to additional costs being incurred.

## Analysis of risks and opportunities

The following table describes certain potential climate-related risks and opportunities to Columbia Threadneedle; the timeframe over which we believe these risks and opportunities could materialise; and the mitigating actions in place to address these potential risks.<sup>2</sup>

For timeframe, we define short term as less than 1 year; medium term as 1-5 years; and long term as 5-10 years.

Risk	Description of impact	Timeframe	Mitigation actions/actions to maximise opportunities
<b>Transition: Policy and regulation (Investment risks and opportunities)</b>	The performance of the investment portfolios we manage may be impacted by climate-related regulation or policy – resulting in both risks and opportunities.	Short term	Our investment teams in relevant asset classes have processes to identify potential investment-related impacts arising from climate change, described in the Strategy section of this report. This includes consideration of how policy and regulatory changes affect the risks and opportunities faced by our investee companies. Our research on transition topics and technologies, and engagement with companies in sectors with material climate impacts, support the integration of consideration of climate change as part of developing our investment theses.
<b>Transition: Policy and regulation (Operational risks)</b>	Laws, regulations or guidance linked to climate change or sustainability could result in additional compliance costs and penalties for non-compliance. There has been an increase in ESG-related regulation, such as product labelling or disclosure rules, and the anti-greenwashing measures being taken by regulators across the globe.	Short term	Our legal and compliance teams review the implications of upcoming legal and regulatory developments and work with relevant business stakeholders on their implementation by the required deadline. We may proactively contribute feedback to regulatory consultations where appropriate for the benefit of our clients. Our RI team, working with legal and compliance, responds to emerging regulations in areas such as fund labelling and disclosures, in line with client mandates. Our business, working with legal and compliance, gives appropriate consideration to greenwashing risks across the three lines of defence.
<b>Transition: Technology</b>	The requirement to keep pace with technological advancements to adequately identify, assess and manage climate risks and opportunities could result in additional personnel and/or data costs.	Short term	We work closely with clients to identify their expectations on technology and data. We have a dedicated and large internal technology team, which enables us to efficiently integrate third-party data and build proprietary analysis systems and tools, such as our net zero model outlined below, to inform our investment processes.
<b>Transition: Market</b>	The expectations of some clients for the management of climate risk are evolving in different ways, and managers who do not keep pace with such individualised client expectations may put assets at risk.	Short term	We developed data, risk management and reporting processes for relevant investment teams to ensure that climate-related risks are considered and can be reported to clients as appropriate and in line with their differing requirements. We have a broad product offering to suit and adapt to differing client needs and preferences.
<b>Transition: Reputation</b>	Managers are subject to heightened regulatory, media and client scrutiny around ESG and climate change. Negative perceptions of actions or inactions could create reputational risk and impact client relationships.	Short term	We continue to use our in-house expertise and industry networks to monitor climate developments, and we have robust processes to ensure that our reporting is accurate and appropriately manages reputational risks.
<b>Physical: Acute and chronic (Investment risks)</b>	A range of physical climate events could impact underlying asset performance. This could be particularly marked in certain regions (those subject to the greatest climate stress) and certain industries (such as agriculture and electric utilities).	Medium term	We aim to consider physical risk in relevant asset classes, mindful of data limitations. In listed asset classes, we conduct research on certain highly impacted sectors, including in 2025 the real estate and insurance industries. In direct real estate, we integrate physical climate risk data into our asset and sector analysis, including systematic flood risk assessments at acquisition and annually, helping to identify high-risk assets and guide mitigation strategies. We follow and participate in industry groups aimed at improving the ability of investors to understand and help mitigate physical climate risk.
<b>Physical: Acute and chronic (Operational risks)</b>	Office facilities, infrastructure (e.g. transport) or staff could be impacted by adverse climate events.	Medium term	Columbia Threadneedle leases most of its facilities and holds insurance, which helps to mitigate the potential financial impact of physical climate risks. Remote working options and disaster recovery plans are also in place to minimise disruption to business operations.
<b>Resource efficiency, energy source</b>	Investing in assets that support resource efficiency and/or low-carbon energy sources could result in improved investment performance.	Medium term	Our fundamental research process identifies value creation opportunities through improved resource efficiency and low-carbon energy sources, and we run specific products that target this as an investment theme in line with the demands of certain clients. We have conducted deep thematic research on key areas such as electric vehicles and sustainable aviation and held internal seminars to discuss the investment opportunities arising.
<b>Products and services, market, resilience</b>	Increasing client demand mainly in EMEA and APAC for products or services that meet their expectations around managing climate risk and opportunities could result in inflows into Columbia Threadneedle products.	Short term	We have a long track record in developing RI products, including many with a specific climate-related focus particularly in the EMEA and APAC regions, reflecting client demand. These are set out in further detail below. For specific clients, our evolving data tools, such as our net zero tool, support the analysis and reporting of climate transition readiness of investee companies in listed asset classes.

The landscape of climate-related risks and opportunities is rapidly changing, as climate policies, science and technologies evolve. Our mitigating actions and management of risks and opportunities are regularly reviewed, with oversight from senior management as set out in the Governance section above, and we expect these to evolve over time.

## Columbia Threadneedle's strategic approach to climate-related risks and opportunities

This section details our strategic response to the climate-related risks and opportunities presented to our business, and to the asset management industry holistically. The main impact is through our managed assets, which is the focus of this section given that climate-related risks and opportunities are a significant macro investment theme that we, like other asset managers, are actively considering as we seek to deliver both near- and long-term returns for clients. Our approach in relation to our operational emissions is set out in more detail in the later sections of this report.

Our strategy applies across our global business, subject to variations that depend on the category of asset class, differing client demands and different investment decision-making approaches pursued by portfolio managers. We also consider, where relevant, ESG factors and, specifically, climate-related factors in our decision-making related to delegated functions, such as the criteria for the selection of external third-party asset managers where this forms a part of client requirements.

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## Integrating financially material climate-related risks and opportunities into our investment process

As a research-driven active manager, we believe that the integration of ESG considerations<sup>3</sup> into our investment research can help us build a fuller picture of the risks and opportunities and future return prospects of the companies, debt issuers and assets we invest, or look to invest, in. While our investment approaches and styles vary depending on the product and strategy, including on how ESG factors are considered, our investment professionals share a common belief that companies that demonstrate a sustainable business model, organisational stability and the ability to evolve where necessary are better placed to deliver long-term value for our clients and support economic growth.

Our investment teams work together to highlight risks and opportunities within industries and sectors, looking at a range of factors including those linked to the impact of climate change, informing investment decisions across asset classes. Our climate specialists produce research, conduct training, and develop data tools and methodologies.

The analysis of ESG factors, including climate-related risks and opportunities, is important information available to our investment teams as part of their decision making, as appropriate. Information is tailored by asset class and product type, as set out below for key asset classes.

### Equities and corporate bonds

Climate change can impact the economic value of companies over time, both positively and negatively. Transition risks to our investee companies include policy risk, technology risk and changing consumer preferences, which can affect operating costs and shift demand patterns. Physical risks can result from acute climate events (e.g. storms, floods or hurricanes) or long-term changing weather patterns (e.g. implications from rising temperatures). If not effectively managed by the companies in which we invest, these events can have severe consequences, including such things as asset damage, supply

chain disruption, reduced water availability and quality, food security, employee health and safety, changing consumption patterns, rising costs (energy, raw materials, insurance) or capital expenditure (for climate resilience/mitigation/adaptation). All these risks could have a material impact on the financial returns we strive to generate for clients, which is why factoring them into our independent research into issuers is critical.

During 2024, we further deepened the integration of climate change and other material ESG factors into our investment processes by moving our sustainability analysts into our core research function. The Sustainable Research team's mandate is to enhance our fundamental understanding of material trends that are influencing company, investor and client decisions. By working closely with fundamental analysts and engaging with industry experts, the team works to ensure that sustainability insights are integrated into our broader investment

strategies. This collaborative approach enhances our ability to identify both risks and opportunities related to sustainable development, ultimately contributing to positive long-term investment outcomes.

Having identified key trends related to climate change and the energy transition, as well as related topics such as nature and biodiversity, the team conducts research and analyses the impact at a sectoral and company level, giving exposure ratings to capture the potential risk or opportunity. See page 12 for examples from 2024.

The Research team has also developed an energy transition framework, which analysts use to rate companies on their exposure to transition-related risks and opportunities. Analysts rate companies on a group of six metrics, including the potential revenue growth from climate-related products and services, and cost of regulatory compliance. In 2025, our fundamental analysts will rate the companies under their coverage for the third time; we will be evolving our process to embed scenario analysis, which will help us understand the dependency of financial impacts on the speed of the global transition.

Alongside this bottom-up fundamental research, our research and portfolio management teams have access to a wide range of climate-related metrics and data. We have built and made available TCFD carbon metrics into a dashboard so that our research and investment professionals can analyse the carbon risk and performance of a large universe of companies, where data is available. These metrics include weighted average carbon intensity, total carbon emissions,

carbon footprint, carbon intensity and exposure to carbon-related assets. We report parts of this data at the fund level to certain of our clients in EMEA.

We also have a proprietary net zero tool, which rates companies on their alignment to a net zero future based on factors, including strategy, metrics and targets – see page 18 for more detail on the model and how it is used within our net zero funds.

Ultimately, how these tools and ratings are used by portfolio managers is a function of the design of the products and the specific mandates agreed with clients.

### Sovereign bonds

Climate change presents risks to sovereign bond investments to the extent that physical risk, transition risk and policy responses may affect economic growth, government revenue and spending, inflation, interest rates and government creditworthiness. Examples include:

- Catastrophic weather events such as storms, which could cut economic growth and push up government spending on rebuilding.
- Extreme weather conditions such as prolonged drought or heatwaves, which could impact agricultural production and other weather-dependent activities, and impact governments where these form a major part of the tax base.

Our investment analysis of sovereign debt includes ESG factors, where these may be material to the investment case.

We also run specialist mandates at the request of clients that explicitly tilt portfolios based on ESG factors, such as climate transition.

Many governments also have a green bond issuance programme, allowing investors to allocate capital towards issues focused on climate solutions. We run several green bond mandates in line with demand from certain clients, which include sovereign bonds, and have processes in place to monitor the green bond quality. These processes are also used more widely across our sustainable and responsible fund ranges, where both corporate and sovereign green bonds are recognized in our approach to sustainable investments.

As part of our ongoing work to enhance our methodology for those funds that apply a net zero approach, this year we developed a new tool to rate sovereigns on their net zero alignment. This is discussed further in Section 3.

### Real estate

Real estate plays a fundamental role in meeting basic human needs, from shelter to economic infrastructure. This centrality underscores the significant exposure and responsibility the sector holds in addressing climate-related risks and opportunities. Buildings must not only endure increasingly severe weather events but also contribute positively to resource efficiency, environmental protection and the broader transition to a low-carbon economy.

## How we research material climate and energy transition topics

Our sustainability analysts identify material climate and energy transition topics that could impact the financial performance of the companies we invest in. They combine research on policies and technologies with company engagement to inform our view of the materiality of the topic; the exposure of investee companies to risk or opportunity and how they are managing this; and the potential impact on financial performance.

Examples of our 2024 focus areas included:

### Electrification of passenger vehicles

Around 20% of passenger cars sold in 2024 were electric vehicles (EVs). By 2030, over half of sales in China and Europe are projected to be EVs. The EV transition represents a fundamental shift in the auto industry that will reshape competitive dynamics and company valuations. Legacy automakers face existential risks if they fail to successfully navigate this transition, while those that succeed could capture significant value.

We conducted a **comprehensive analysis of three key EV transition drivers**: technologies and cost reduction potential; policy support; and competition from Chinese automakers. This included:

- Identifying and quantifying 16 cost reduction levers that automakers are using to reduce EV upfront costs and appraise how advanced 10 automakers are on capitalising on these levers.
- Building a database tracking approximately 300 automaker deals related to critical minerals, battery offtake agreements and production plans to appraise the quality of automakers' EV supply chain, and their ability to flex their EV production to meet different demand scenarios.
- Appraising EV subsidies and tax support across the 20 largest auto markets, focusing on the impacts of potential Inflation Reduction Act phase-out and EU fleet emission fines.
- Reviewing the overseas expansion plans of Chinese automakers and tariff barriers to identify threatened markets and likely entry strategies.

The analysis has enabled us to identify the automakers that are best and worst positioned for different EV transition scenarios and to launch ratings on 10 automakers that are shared with relevant investment desks. Several funds used this analysis to refine their allocations across the auto sector.

### Investment implications of rising physical climate risk

Due to climate change and demographic trends, the cost of natural disasters in the US has more than doubled to ~\$150 billion per year over the last five years. This is creating mounting pressure on property insurability and premiums in high-risk regions, with potential implications for property values and the real estate industry.

We built a **framework to assess climate risk for real estate investment trusts (REITs)**. This involved:

- Analysing company disclosures, earnings calls and management discussions to evaluate climate risk management strategies.
- Assessing state-level insurance regulation and potential changes, particularly in key markets like California and Florida. We combined Federal Emergency Management Agency risk data with insurance exposure metrics (premiums and non-renewals) to support this analysis, as well as evaluating property value trends in climate-exposed regions.

The analysis enabled us to develop forward looking exposure ratings on eight major US residential REITs' exposure to climate risks, and to proactively develop our views on climate risks to the sector, by highlighting key environmental and regulatory catalysts and risks.

### Prospects for nuclear power expansion

At COP 28, over 20 nations committed to tripling nuclear power capacity by 2050. As a result, broader interest in nuclear energy has surged and we view this as a driver of investment opportunities.

We conducted **comprehensive bottom-up research to quantify the potential market size and assess investment opportunities** related to nuclear power. The analysis included:

- Projecting potential nuclear capacity resulting from the current global pipeline over the next decade across different scenarios, with our base case forecasting around \$550 billion of investment opportunities.
- Screening 50 companies across the nuclear value chain and assessing their risk and opportunity exposure, through an appraisal of committed capex and eight different risk factors, including reactor type, fuel type and execution risk.
- Supplementing our research with consultation with over 30 experts, including regulators, engineers and scientists, as well as engagements with a subset of the 50 companies.

This work enabled us to rank companies on a relative basis across each value chain stage (e.g. uranium production, nuclear construction, energy generation) to guide investment teams on the level of financial risk and opportunity facing each company.

In our direct real estate operations, ESG considerations are embedded into every stage of the investment process. Our due diligence framework includes asset-level analysis of key climate-related factors such as:

- **Energy performance:** Reviewing Energy Performance Certificate (EPC) ratings and energy intensity metrics (kWh/m<sup>2</sup>) to identify opportunities for operational improvement or retrofitting.
- **Flood and climate risk:** Assessing exposure by undertaking comprehensive flood and climate risk assessments tailored to the asset's location and characteristics.
- **Carbon impact alignment:** Evaluating compatibility with our net zero targets through projected emissions modelling and exploring ways to quantify embodied carbon into our refurbishments or developments.

Post-acquisition, ESG performance is monitored through periodic property-level assessments that inform both fund- and asset-level business planning. These reviews incorporate tangible performance indicators, including Scope 1, 2, and 3 emissions, water consumption trends and waste diversion rates. Where relevant, we implement climate adaptation measures or establish net zero transition pathways aligned with the Carbon Risk Real Estate Monitor (CRREM) decarbonisation pathway, ensuring that assets remain on track to meet carbon reduction targets in line with regulatory and market expectations.

We also evaluate transition risk by analysing portfolio-wide distributions of EPC ratings, tracking progress toward regulatory compliance and forecasting potential financial impacts under emerging carbon pricing scenarios.

Furthermore, we have extensive physical risk data across our real estate portfolio, enabling a robust understanding of climate-related exposure. Columbia Threadneedle systematically reviews this data to manage our real estate portfolios' physical climate risks and opportunities. A core element of this process is the use of flood risk assessments, conducted at acquisition for all real assets and annually across the portfolio, to identify and prioritise physical risks and anticipate potential budgetary implications. At the entity level, these assessments help quantify the value at risk from flooding. Assets falling into higher or extreme risk categories undergo more detailed analysis, including site-specific flood risk assessments and, where required, costed mitigation strategies integrated into asset management plans.

We continually refine our strategy to reflect regulatory developments and evolving best practices.

### Private equity

Within private equity we believe that actively integrating financially material ESG factors – including climate – throughout our investment process reduces risk, supports cashflows and underpins long-term, sustainable returns.

The exposure to climate-related risks, as well as opportunities, is assessed as standard within our ESG due diligence and monitored through to exit. We actively seek companies that exhibit strong climate resilience and are well positioned to benefit from the secular tailwinds of the net zero transition. We apply a negative screen at the outset, excluding companies or sectors that do not meet our sustainable criteria such as thermal coal. We also incorporate internationally recognised frameworks, including the UN Sustainable Development Goals and UN Global Compact, to guide and structure our decision-making. During due diligence, we assess both physical and transitional climate risks. We consider companies' resilience to shifting climate patterns, supply chain disruption, rising costs, regulatory changes, and evolving consumption patterns. We favour resilient business models and companies whose products and services address non-cyclical, fundamental needs.

Post-investment, we track and report on climate-related metrics annually through our Private Equity ESG Survey. In 2024, 74% (62% in 2023) of holdings tracked greenhouse gas (GHG) emissions; 23% (17% in 2023) had a formal net zero targets in place; and 19% (13% in 2023) adhered to TCFD reporting. This is of note given almost all of our lower-mid-market universe falls below the scope of mandatory TCFD reporting and do so on a voluntary basis. The ESG Survey allows us to identify areas for improvement and acts as a formal engagement tool to feed back to managers.

## Fiduciary management

### Dutch fiduciary management

Our Dutch fiduciary team uses our in-house net zero tool. The tool pulls data from our engagement efforts and from specialised external sources. We use this tool, combined with the climate and sector expertise of the RI team, to map the climate-related investment performance of clients' portfolio holdings, where applicable. For fiduciary clients in the Netherlands, net zero commitments have become established market practice.

We can use net zero analysis for complete portfolios or for select sets of asset classes or mandates, depending on client preferences. We then translate the findings into strategic investment, portfolio construction and policy advice. In doing so, we not only look at climate-related risks, but also at investment opportunities like green bonds or climate (mitigation and/or adaptation) solutions providers. Following our advice, clients have mandated us to implement net zero strategies across some €10 billion of their assets.

For asset liability management (ALM) studies, and when advising about the strategic asset allocation of the investment portfolio of a pension fund, we will liaise with a client or with their consultant to ensure climate-related risks have been taken into account consistent with client expectations.

We can calculate climate-related risks for 22 asset classes in our Capital Market Assumptions model and can compare these top-down outcomes with bottom-up VaR (Value at Risk) and factor analyses per mandate/asset class.

For most of our fiduciary clients, we partner with them to implement their net zero commitments by implementing guidelines across significant parts of their allocations. This started with feasibility studies against various net zero frameworks, commitments and guidance documents, both national and international. It was followed up by implementation plans spanning several years and covering as many asset classes as possible. For those clients, we are now looking for opportunities to further optimise portfolios from a climate risk point of view.

Our delegated investment officers, RI strategists, investment strategists and multi-manager teams work together to implement net zero with each client's appointed external managers.

More specifically, we have drafted a client's action plan to be submitted under the financial sector's commitment under the Dutch Climate Accord. We have also incorporated net zero key performance indicators in the ESG progress reporting we regularly present to clients' boards of trustees. This allows trustees to monitor net zero implementation progress and climate-related risks and impacts relating to the portfolios and mandates they oversee.



Our investment professionals share a common belief that companies that demonstrate a sustainable business model, organisational stability and the ability to evolve where necessary are better placed to deliver long-term value for our clients.

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## Undertaking stewardship

### Stewardship with companies

As stewards, proactive engagement with the issuers we invest in on behalf of clients is an integral part of our approach to research and investment. Through understanding investee companies and constructively encouraging them to evolve, engagement can enhance our research insights and support our commitment to deliver long-term returns for clients. Engagement takes place collaboratively, with our Sustainable Research team, fundamental research analysts and portfolio managers working together consistent with client mandates.

We ensure an informed approach to our engagement, underpinned by collaboration across asset classes and thematic and sectoral disciplines. We engage to enhance our research insights, to deepen relationships with the companies we invest in, and to understand how they are positioned for transition. We set specific engagement objectives and track progress against these Milestones.<sup>4</sup>

We engage both directly one-on-one and through selected engagement collaborations where these align with our goals of serving our clients, including the Climate Action 100+ (CA100+) initiative. Going forward, we will be refocusing our CA100+ involvement by shifting our membership to our EMEA business only and adopting individual engager status. This change reflects the continued importance we place on continuing to deliver on the expectations of certain clients in the wider business, particularly in the EMEA and APAC regions, including the \$52 billion we manage for clients under

net zero mandates with the need to balance changes in the operating environment in the US market. As an individual engager, we will be able to continue with our preferred one-on-one engagement with companies – where we enjoy excellent corporate access as a large global manager – whilst also remaining involved with the initiative as a whole.

Consistent with client expectations, we engage with issuers in companies and sectors where we believe climate risk may be financially material. We see the following elements as indicators of good practice in the management of climate change and energy transition risk:

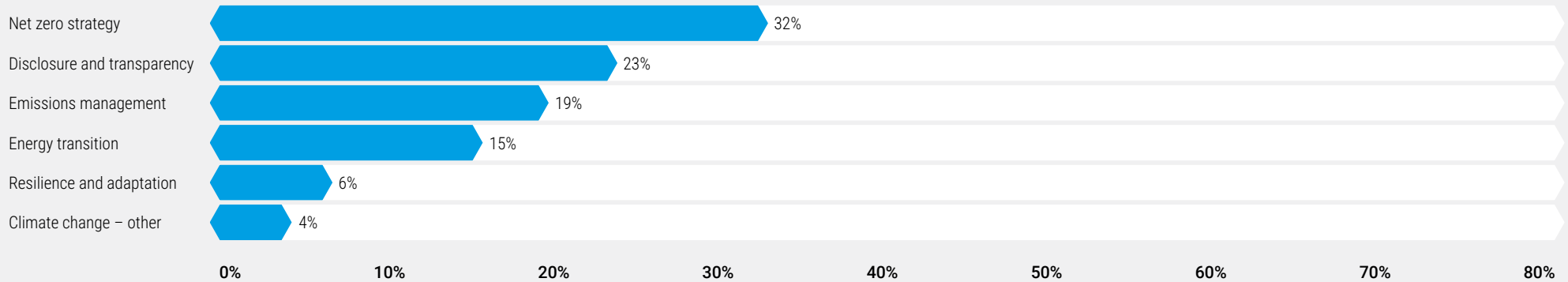
- Disclosure of emissions, including Scope 1 and 2, and metrics capturing value chain exposure
- Short- and medium-term emissions targets
- A credible transition strategy, including identification and quantification of levers to achieve targets, and quantification of how operational and capital expenditure is allocated
- Good governance of climate risks and opportunities, including board-level oversight and a link of material climate factors to remuneration

In 2024, Columbia Threadneedle conducted 471 climate-specific engagements with 348 different companies and logged 48 climate-related milestones, where issuers recorded significant climate progress related to the priorities raised during engagements. As our understanding of climate-related risks and opportunities has progressed, the content of these engagements has evolved.

Many engagements have moved from discussing with companies the impact of climate change as a potential financial risk and the setting of preliminary targets into the technicalities and challenges of taking the steps necessary to achieve such targets, in line with the emerging best practice on transition plans.

We recognise that industries are different, and we remain in dialogue with companies in sectors where carbon emissions are hard to abate, seeking to understand how such companies are working to overcome the challenges they face. Examples include our engagements with companies in sectors including cement, steel and waste. Increasingly we also consider how companies are tackling the interconnected issues of climate change and nature, as some of the case studies on page 17 demonstrate, as well as the social impacts of the energy transition where material for particular companies or sectors.

### Climate change topics covered in engagements in 2024



Each engagement may cover multiple climate topics, meaning that data will sum to more than 100%. Source: Columbia Threadneedle Investments, as at 31 December 2024.

Alongside engagement, proxy voting is a tool available to us as stewards of clients’ capital. Where companies in high-impact sectors fail to provide investment-relevant climate disclosure or do not have a robust climate change risk management strategy, we may take this into account in determining whether to support or oppose certain management resolutions if we conclude this could impede the ability of the company to deliver long-term financial performance for its investors. We consider all shareholder resolutions that appear on the ballot, including those encouraging companies to improve their business planning and public disclosure in relation to climate risks and opportunities, and vote in accordance with our view of the long-term economic benefit to shareholders. We take into account whether such resolutions may be too prescriptive and consequently could impede a company’s management in determining how best to operate its business. In considering any shareholder resolutions, we will review company and outside data and information, assess peers for benchmarking and consider the proponents’ and company’s arguments in full. Note that we apply our voting guidelines to client portfolios in a manner that considers our clients’ respective

investment objectives, including any specific ESG approaches to be applied, and best long-term economic interests. This could result in our taking a different voting position on a matter for some clients compared with others.

#### Engagement with policymakers

We engage with policymakers and regulators on climate change and energy transition, either directly or via trade associations in which we participate, to the extent we believe it would be in the best interests of clients to do so. We are a member of the Institutional Investors Group on Climate Change, which is the European membership body for investor collaboration on climate change, where we play an active role in several working groups. We also contribute to climate change work by wider industry groups such as the UK’s Investment Association, where we co-chair the Climate Change Working Group, and the Investment Company Institute in the US.

Our work in 2024 included contributing to the Climate Financial Risk Forum, a collaboration set up by UK financial

regulators to develop and share guidance on climate-related financial risks. As a member of the working group on adaptation and resilience, we contributed to a report setting out how adaptation finance can be mobilised to support adaptation.<sup>5</sup>

We also published a piece setting out Columbia Threadneedle’s views ahead of the COP29 climate negotiations.<sup>6</sup> We outlined the steps governments could take to provide greater clarity and transparency to investors, particularly through the nationally determined contribution plans, which would increase the investability of the energy transition and promote capital flows.

Following on from this, in 2025 we will be contributing to the work of the Transition Finance Council (TFC), as participants in two of the three working groups. The TFC is a UK government-led initiative to ensure a credible market definition of transition finance and implement steps to improve the efficiency of capital flows into the energy transition.

# 2024 engagement case studies



## Waste Connections

### Background

Waste Connections is the third-largest waste manager in the US, with a large presence in rural America. It has a key role in enabling a circular economy and mitigating environmental impacts like emissions and plastic pollution, which may also lend itself to certain commercial opportunities.

We engaged with Waste Communications' vice president of engineering and sustainability to discuss the company's environmental strategy, including how it is implementing its net zero targets.

### Action

Our discussion of the company's emissions management strategy covered their view on expanding their renewable natural gas (RNG) processing capabilities. We were interested to discover that the issuer is exploring technologies to better model and capture emissions from landfills. We learned that it is spending aggressively on RNG facilities for enhanced biogas generation. This will be a significant revenue generator, as well as having environmental benefits.

### Outcome

Waste Connections expects to achieve its emissions targets through enhanced modelling, the capturing of fugitive emissions and the electrification of its fleet. RNG facilities are also expected to enhance revenues and generate carbon offsets. Our engagement gave us a clearer picture of how the company plans to use this set of levers to work toward its targets and how some of these measures will also provide additional revenue streams.



## Smurfit Westrock

### Background

Smurfit Westrock is a supplier of paper-based packaging. The company is vertically integrated, spanning forestry assets (mainly in Colombia), mills and plants, and is one of the largest paper and board producers in the world. Climate- and nature-related risks are material for this sector, as a significant part of the investment thesis is that sustainable paper producers will benefit from the shift from plastic to paper packaging, and sites with poor management of water and biodiversity impacts are more exposed to community action and government intervention. We conducted a two-day site visit to Smurfit Westrock's forestry assets and pulp mill in Colombia, accompanied by the company's chief sustainability officer.

### Action

During the visit, we witnessed the company's scientific rigor and collaborations with universities in forestry research. The plantations are established on degraded cattle pastures; we observed evidence of heavy soil erosion on similar cattle assets, indicating the positive impact of afforestation in controlling erosion. Additionally, we toured a new biomass boiler under construction, which will replace coal. We encouraged the company to ensure that any third-party sourced biomass is certified.

### Outcome

We were impressed by Smurfit Westrock's approach and pleased to see the improvements that the company has made on its management of operational impacts on biodiversity, which has been a focus of our engagement for the past two years. Moving forward we will focus our engagement on encouraging the company to sustainably sourced feedstock for the biomass boiler and continue to maintain productive relationships with local indigenous communities.



## Reliance Industries

### Background

Reliance Industries is an Indian conglomerate with businesses including the exploration and production of oil and gas and the manufacture of related petroleum-based products.

Ahead of the company's 2024 annual general meeting, we engaged with the company on its energy transition approach, given the risks and opportunities presented by the long-term structural shifts in the energy system.

### Action

In our engagement, we discussed Reliance's net zero strategy, which centres around a 2035 net zero target for Scope 1 and 2 emissions. While its target is ambitious, we flagged scope for improvement in disclosing the relative contribution of identified decarbonization levers and roadmaps for execution.

### Outcome

We were encouraged to learn that Reliance does have bottom-up assessments of emissions reduction pathways internally covering the short term, which are critical for investment and execution. The company stated that it is confident in meeting its 2035 net zero target but acknowledged the need for improved disclosure on its decarbonization roadmap.

On this basis, we will continue to monitor Reliance's progress for evidence of improvements and look to engage with the company further.

# 3 Delivering investment strategies and solutions

We offer investment solutions that allow investors, if they wish, to place extra emphasis on managing certain ESG factors in their portfolios. As at 31 December 2024, we had \$58.2 billion in AUM with specific and binding ESG or sustainability objectives or constraints in their investment guidelines. This includes a wide range of funds with a net zero methodology applied, and/or other climate-related criteria such as exclusions or targets, as well as investment strategies that seek to identify specific climate-related investment opportunities.

## Net zero fund-level methodology

We have developed net zero methodologies in three asset classes: listed companies (equities and corporate bonds), direct real estate and sovereign bonds. In 2025-2026 we will consider adding a methodology on private equity. We continue to actively contribute to the development of industry methodologies on net zero and related topics.

We are using the Net Zero Investment Framework (NZIF) as a key reference for our methodologies, applying this as appropriate for the asset class, and taking into account availability and quality of data. Certain mandates that we manage have a bespoke net zero approach, where a client has specified their own emissions targets.

The methodologies are applied at a fund or mandate level, in line with client preferences, as described further below.

Asset Class	Methodology
<b>Equities and corporate bonds</b>	<p>We have a proprietary model<sup>7</sup> that rates corporate alignment with net zero – classing corporates as aligned, aligning, committed, not aligned or not assessed. This model uses five data sources (CA100+ benchmark, Transition Pathway Initiative, Science-based Targets Initiative, CDP and MSCI ESG), and uses selected data points to produce ratings for over 12,000 issuers we hold. These ratings are made available to our investment teams through our portfolio management tool (Aladdin).</p> <p>For each portfolio that has adopted our net zero commitment, we have a target for 70% of financed emissions intensity at the portfolio level to be either aligned or under engagement each year, as recommended by the Net Zero Investment Framework.</p> <p>For these portfolios, we also set an emissions reference pathway to 2030, based on a 50% reduction in emissions intensity for each portfolio's benchmark, from a 2019 base year. We use this to monitor and track progress relative to a 1.5°C-aligned trajectory. This is not a binding target, as we want to avoid unintended consequences occurring.</p>
<b>Real estate</b>	<p>We have conducted net zero carbon assessments across our portfolio, which inform tailored decarbonisation pathways for each asset. These assessments are benchmarked against the CRREM decarbonisation pathway, enabling us to identify potential stranding risks and align capital planning with long-term emissions reduction targets.</p> <p>To support this work, we have developed a dedicated data platform that models the outputs of our net zero carbon assessments through to 2050. This platform allows us to visualise forecasted emissions trajectories against the CRREM benchmark, helping to prioritise interventions, quantify performance gaps and guide strategic decision-making at both asset and fund levels.</p> <p>We are also investing in improved data quality, particularly for Scope 3 emissions. This includes the rollout of automated data capture systems to ensure more comprehensive and accurate measurement of energy use across our properties.</p> <p>Our implementation measures range from energy efficiency upgrades and electrification of building systems to the integration of onsite renewables and deep retrofit strategies where appropriate. These efforts are monitored through regular asset-level reviews, feeding directly into fund-level business plans and climate transition roadmaps.</p>
<b>Sovereign bonds</b>	<p>In 2024 we developed our own sovereign bond net zero methodology based on the recommendations of the NZIF. This proprietary approach assesses sovereign alignment with a net zero trajectory on a current and forward-looking basis. This model uses four data sources (Bloomberg, Transition Pathway Initiative, Klimalog, MSCI ESG) and selected data points to produce ratings for national government issuers.</p> <p>Our methodology takes into account the different circumstances of developed countries and emerging economies, and the challenges faced by some lower-income countries in mitigating emissions whilst also growing their economies and tackling human development challenges. In practice this means that developing countries will take longer to reach peak emissions.</p> <p>The alignment ratings we produce are aimed at supporting our portfolio managers who invest in sovereign debt to identify which countries are leading or lagging on the energy transition, providing a starting point for the appraisal of potential transition risks or opportunities relevant to the portfolio. Following methodology development in 2024, these ratings were made available to our investment teams through our portfolio management tool (Aladdin) in early 2025.</p>

## Net zero assets managed by Columbia Threadneedle

Asset Class	June 2022	December 2023	December 2024 <sup>8</sup>
<b>Total net zero aligned strategies as % total Columbia Threadneedle AUM and \$ billion</b>	7.4% (\$43.5 billion)	7.1% (\$44.9 billion)	8.1% (\$52.0 billion)
<b>Total net zero SICAV funds AUM as % total SICAV AUM</b>	65%	66%	73%
<b>Total net zero OEIC funds AUM as % total OEIC AUM</b>	31%	33%	35%

As at 31 December 2024, 8.1% of our global AUM was managed in line with our net zero methodologies, representing assets of \$52.0 billion across 88 of our pooled funds and segregated mandates. This was an increase from the previous year, reflecting the application of the methodology to certain additional funds and mandates in the EMEA region. It includes both funds applying our own net zero methodology as set out above, and certain segregated mandates where we are implementing the client's own net zero methodology and targets.

In previous Climate Reports, we have referenced our overall ambition for 100% of our AUM to be managed in line with net zero by 2050. Uptake for committing portfolios to be managed in line with our net zero investment approach has been significantly stronger amongst our European clients compared with other regions of the world, and at this time we do not have any US-domiciled portfolios with a net zero commitment. Going forward, given that we have seen that our global client base has differing views on net zero, we have pragmatically decided to no longer pursue the ambition to reach net zero across all AUM. At a product level, this will have no

impact on our ability to continue to deliver a net zero aligned investment approach for specific funds and mandates in line with client preferences. We will continue to report on the proportion of our assets covered by this approach.<sup>9</sup>

Previous reports also referenced our membership of the Net Zero Asset Managers Initiative. The initiative suspended its operations in January 2025, pending a strategic review. We are awaiting the outcome of this review process to determine next steps.

## Funds and strategies with specific climate-related elements

We have a number of funds, client mandates and strategies that have specific climate-related elements embedded into their investment approach.

Examples of such strategies include:<sup>10</sup>

- Responsible and sustainable equity:** Most broadly these funds have exclusions related to companies' fossil fuel exposure. Other exclusions for certain funds include deforestation and certain transport exposure, as well as companies in high impact sectors that do not have comprehensive strategies in relation to climate change, or other material sustainability issues including biodiversity. Some funds additionally have a thematic focus, targeting investments in areas including energy transition and sustainable cities.
- Private equity:** Our Climate Opportunity Partners private equity fund<sup>11</sup> provides its investors access to investment opportunities arising from global efforts to tackle the causes and impacts of climate change, and our new Castle Mount Impact Partners LP strategy targets environmental sustainability as an investment theme.
- Responsible Engagement Overlay (reo<sup>®</sup>) service:** Clients of our standalone engagement and voting service benefit from a comprehensive approach to stewardship across their assets, wherever they may be managed. Climate change is one of the key themes covered by this service.
- Our Net Zero Transition fixed income range:** As well as our net zero methodology, our LDI Net Zero Transition funds apply additional elements to comply with the ESMA guidelines on funds' names using ESG or sustainability-related terms. Using our net zero tool and additional data, we ensure that 80% of assets by net asset value (NAV) are on a clear and measurable path to environmental transition, measured by scoring at least "Committed" in our net zero tool. We will engage with selected high-emitting companies on the quality of their transition plans; those which do not progress from "Committed" by May 2027 will no longer qualify to be part of the 80% target.
- Social and green bonds:** Our social bond strategies are designed to unlock the full potential of bonds to deliver both a financial return and positive social outcomes. As the pursuit of net zero presents issues beyond the purely environmental, the strategy focuses on issuers who factor in social considerations in their transition pathway to minimise potentially negative societal impacts. We also provide green bond mandates for segregated clients.

# Risk management

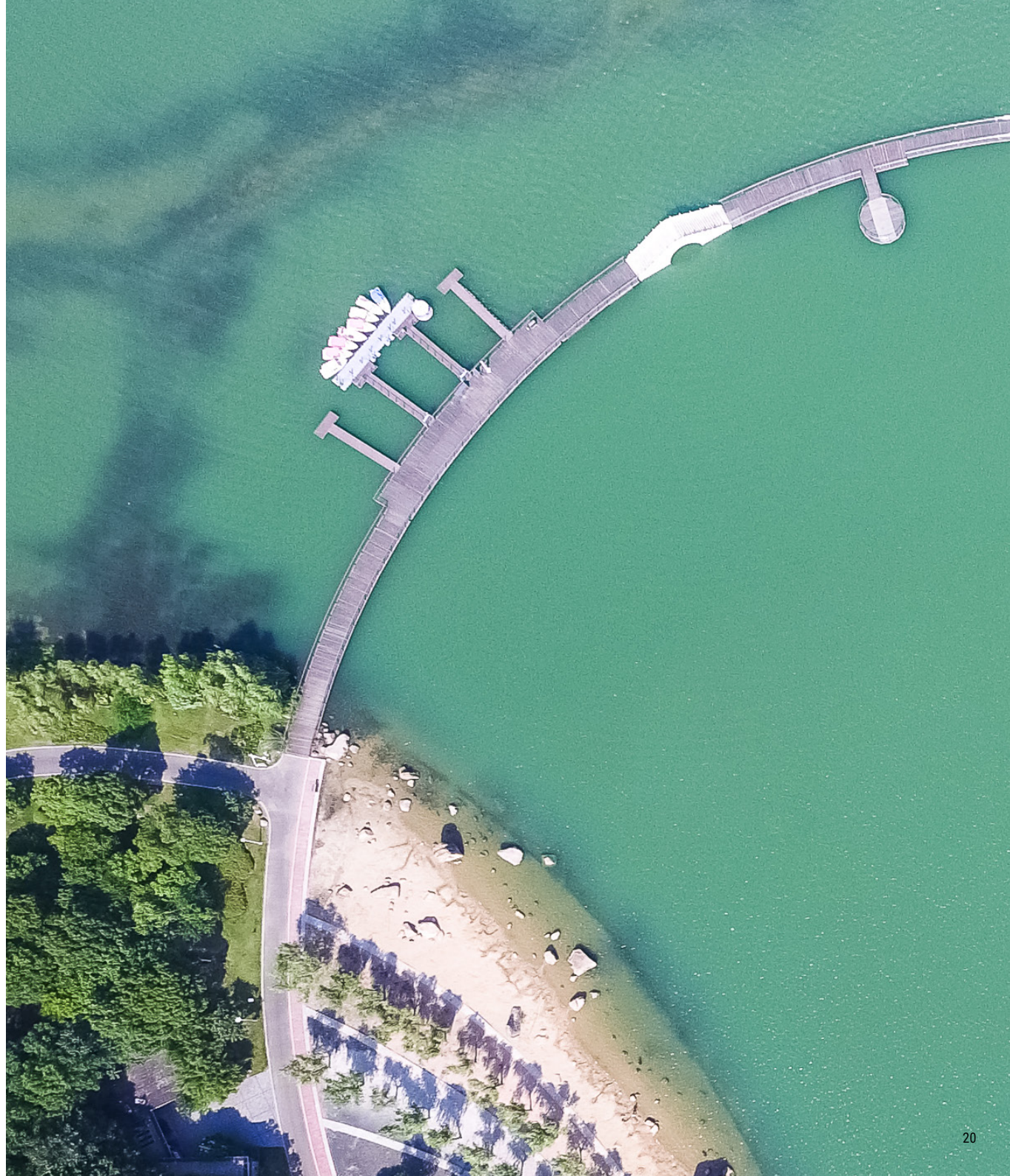
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Climate change risk is unusual in that the risk takes two interlinked forms: the financial risks of climate change to the companies in which we invest and the risks to the climate from the actions of the companies themselves.

To tackle the first risk, we use scenario analysis and the other risk tools we describe in this section. We aim to address the second risk via our stewardship activities and net zero commitment as described above.

Financial risks from climate change primarily arise from:

- Transition risks from the process of adjustment towards a low-carbon economy. This includes climate-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences or evolving evidence, frameworks and legal interpretations
- Physical risks relating to specific weather events (such as heatwaves, floods, wildfires and storms) and longer-term climate shifts (such as changes in precipitation, extreme weather variability, sea level rise and rising mean temperatures).





### Climate change risks for Columbia Threadneedle

Climate change risk can affect Columbia Threadneedle both directly (e.g. catastrophic weather events affecting our buildings) and indirectly, via changing client preferences for investment products and evolving regulatory regimes. We are also mindful of the impact of our own business in terms of the emissions we are directly and indirectly responsible for, such as through our use of buildings.

Our enterprise risk management process includes assessing, protecting against and mitigating the physical risks of catastrophic weather events affecting our company. Specifically, our business continuity planning considers climate risk. In the “Analysis of risks and opportunities” table presented in the Strategy section of this report, we discuss some of the potential climate-related risks to, and opportunities for, our business and the mitigation actions in place to address these potential risks.

As a financial services firm, Columbia Threadneedle generates low levels of direct GHG emissions relative to other industries.<sup>12</sup> The main contributor to those emissions is our corporate real estate, and we have set targets for reduction in our operational emissions as described in the Metrics and Targets section of this report.

### The use of scenario analysis

The future path of global temperature is uncertain. Transition risk and physical risks can be seen as potentially offsetting each other – earlier and more vigorous government action could increase transition risk but decrease physical risk. This uncertainty leads us to the use of climate scenario analysis to understand the different sensitivities of our investment holdings and portfolios<sup>13</sup> to these various options as we remain focused on delivering long-term economic value for our clients.

**One of the scenario analysis tools we use is Climate Value at Risk.** In Europe and the UK, where sufficient data is available, climate value at risk data is included in detailed product level disclosure documents as further detailed below. The data provides a relative guide on the potential upside or downside impact to a portfolio from climate risks under a variety of climate scenarios.

The scenarios are based on the Network for Greening the Financial System (NGFS) public scenarios and are modelled using the REMIND model.<sup>14</sup> In the UK and Europe, a portfolio’s value at risk is compared against its benchmark under three different scenarios: orderly transition, disorderly transition and hothouse world.

Our example to the right gives the definitions of these three scenarios. This exercise enables an assessment of the range of outcomes for each portfolio under the different scenarios compared to its benchmark, which indicates the level of sensitivity of the portfolio compared to its benchmark to different climate outcomes.

The results of this product-level scenario analysis are reviewed periodically by our investment risk team to identify products with potentially large benchmark-relative sensitivities to different climate outcomes.

### Climate scenario analysis

Information provided on a climate value at risk is intended to provide an indication of the potential impact to a portfolio from climate risks, under a variety of climate scenarios. These include acute and chronic changes to the climate (physical risk), as well as “transition risks”, which can include policy changes or changes in markets, technology, demand, etc. The scenarios are based on the NGFS public scenarios and are modelled by MSCI ESG using the REMIND model.

Scenario-analysis should be thought of as an exercise in ‘stress testing’ rather than looking for absolute outcomes and should

be considered as part of overall portfolio risk management and not in isolation. Columbia Threadneedle seeks to identify and manage climate risks and opportunities as part of our integration of consideration of ESG factors, as set out in this report.

### Assessing portfolio-level resilience using scenario analysis: Example of output

The range of outcomes for this example portfolio between the different climate scenarios is lower to that of the benchmark, suggesting a similar level of sensitivity to different future climate outcomes.

#### Orderly transition

Orderly transition scenarios assume climate policies are introduced early and become gradually more stringent, reaching global net zero emissions around 2050. We assume a 1.5°C temperature rise in this scenario.

**Estimated value at risk:** 7.4% lower than the benchmark.

In the orderly transition scenario, transition risks are lower for this portfolio than the benchmark, and physical risks are also lower.

There are regulatory and transition risks for those companies in carbon-intensive sectors. Risks manifest where companies fail to transition, and opportunities arise where companies can provide the solutions and services required in a low carbon economy. Physical risks are relatively low in this orderly transition scenario, as global temperatures are limited to 1.5°C.

#### Disorderly transition

Disorderly transition scenarios assume climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks to limit the global temperature rise. We assume a 2°C temperature rise in this scenario.

**Estimated value at risk:** 5.9% higher than the benchmark.

In the disorderly transition scenario, transition risks are higher for this portfolio than the benchmark, and physical risks are lower. In this scenario physical risks become more pronounced. Transition risks present particular challenges due to regional divergence. The companies within the portfolio with high carbon intensity may feel these more acutely.

#### Hothouse world

Hothouse world scenarios assume that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. Critical temperature thresholds are exceeded, leading to severe physical risks and irreversible impacts. We assume a 3°C temperature rise in this scenario.

**Estimated value at risk:** 7.0% lower than the benchmark.

In the hothouse world scenario, transition risks are similar for this portfolio than the benchmark, whilst physical risks are lower.

This scenario has high physical risk exposure, and more limited regulatory and carbon risks. Risk is therefore less correlated to exposure to carbon-intensive assets than in other scenarios but is more strongly related to the exposure to climate impacts. Key factors determining the overall risk will include the geographical location of companies’ assets.

## Physical risk

As potential real-world impacts of climate change become more apparent, attention is being directed to the physical risks and the need to appraise the resilience of issuers to these risks. The data available to investors is, however, often opaque and uncertain, putting the onus on users to understand the limitations of applying this type of data to managing issuer-level risks.

In our publication “The challenges of assessing physical climate risk” we discussed four limitations of physical risk data and suggested ways in which qualitative and quantitative analysis could be combined to develop a deeper understanding of this issue. We are addressing this through the fundamental research we conduct, as set out in the Strategy section in this report.

## Monitoring climate-related risks

Columbia Threadneedle has a three lines of defence model for its overall risk management framework. Climate-related risks and opportunities are initially identified as part of our investment management and research process. This is discussed in the Strategy section in this report.

## Investment risk

Our independent Investment Risk team, part of the second line of defence, monitors portfolios daily against a number of risk-based guidelines. We monitor risk holistically – considering climate-related risks alongside other types of risks (e.g. market, liquidity, credit). The levels of all our risk guidelines are informed by the differing risk and return preferences and targets of our funds/clients and their portfolios.

If a portfolio is outside of risk guidelines, an investment risk analyst will look at the cause and, if needed, discuss it with the portfolio manager. If the Investment Risk team is not satisfied with the outcome of the discussion and any actions taken by the portfolio manager, there is a well-defined escalation route – to the desk head, the asset class head and then the CIO (or head of alternatives). In an extreme case any escalation could be taken to the relevant fund board.

The Investment Risk team also provides an independent oversight of the progress of relevant funds towards the net zero commitment.

The Compliance team monitors portfolios for compliance with client-directed investment limits.

## Internal audit

The independent internal audit function, the third line of defence, for Columbia Threadneedle is Risk & Control Services (RCS). RCS, an Ameriprise enterprise function, is responsible for developing a comprehensive risk assessment and assurance plan covering all businesses and functions within Columbia Threadneedle, including assessing regional regulatory requirements; regularly updating the risk assessment based on relevant changes (e.g. business strategy, products, organisational structure, legal/regulatory environment, acquisitions/divestitures, operations, technologies, control processes, identification of thematic issues); and reviewing the risk assessment and assurance plan with the appropriate board committees and management annually.

## Regulatory developments

The Legal and Compliance team actively scans the regulatory developments horizon across regions to identify changes that may impact Columbia Threadneedle's business and/or its clients' portfolios, including those relating to climate-related risk and opportunities. Regulatory changes are implemented by relevant business stakeholders with advisory and technical support being given by the Legal and Compliance team.

# Metrics and targets

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Using metrics and targets to assess and manage climate-related risks and opportunities within Columbia Threadneedle.

We use a variety of metrics and targets to appraise and track our management of climate-related risks and opportunities and to ensure that our management is effectively readying the business and our clients' portfolios, in line with their preferences, for the challenges that climate change may present.

We use four primary categories of climate-related metrics and targets split across two broad areas: exposure indicators and management indicators. Exposure indicators assess the level of climate-related risk and opportunities to which our business and the investment products that we manage on behalf of clients are exposed to. Management indicators enable us to track how effectively we are establishing approaches to mitigating these risks and capitalising on opportunities.



Please refer to the page references provided for disclosure of each indicator listed below.

TYPE	INDICATOR CATEGORY	INDICATOR	PAGE REFERENCE
Exposure	Corporate GHG emissions	Scope 1, Scope 2 and Scope 3 emissions	Page 26-29
Exposure	Product-level exposure metrics	Corporate carbon metrics	Page 26
Exposure	Product-level exposure metrics	Sovereign carbon metrics	Page 29-30
Exposure	Product-level exposure metrics	Real asset carbon metrics	Page 29-30
Exposure	Product-level exposure metrics	Top ten contributors to portfolio carbon footprint	Page 30
Exposure	Product-level exposure metrics	Portfolio carbon footprint by sector	Page 30
Exposure	Product-level exposure metrics	Climate Value at Risk	Page 22
Management	Net zero	% of financed emissions intensity at portfolio level either aligned or under engagement	Page 18-19
Management	Net zero	Number of pooled funds and segregated mandates that are applying net zero methodologies	Page 18-19
Management	Net zero	Assets with a net zero objective	Page 18-19
Management	Enterprise indicators	Climate-specific engagements	Page 15
Management	Enterprise indicators	Companies engaged on climate change	Page 15
Management	Enterprise indicators	Climate-related milestones	Page 15
Management	Enterprise indicators	Assets managed in funds and segregated client accounts that have specific and binding RI objectives or constraints within their investment policy or guidelines	Page 18

## Corporate greenhouse gas emissions

### Operational emissions

#### Our carbon footprint

The table to the right shows our greenhouse gas (GHG) emissions across the regions in which we operate. Emissions are reported as tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e), which include the three main GHGs – carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O) and methane (CH<sub>4</sub>) – expressed as carbon dioxide equivalents using the standard long-term global warming potentials (GWP-100).

We have been reporting our global operational emissions footprint since 2019. With increased data availability, enhanced methodologies and improved data controls, we have consistently strengthened the quality of our reporting. That work is ongoing as some data remains unavailable and is therefore excluded or estimated via modelling. As shown in Table 1, for 2024 we are reporting a year-over-year decline in our operational emissions driven primarily by reductions in emissions reported for business travel. As data availability and collection methodologies continue to improve, we will continue to refine our operational data reporting in the future.

#### Operational emissions interim target

As a financial services firm, Columbia Threadneedle generates low levels of direct GHG emissions relative to other industries.<sup>15</sup> The main contributor to those emissions is the energy consumption within our corporate real estate. We have long focused on operating our buildings efficiently, which has enabled significant reductions in our Scope 2 location-based emissions since 2019. For example, our Boston headquarters is at Atlantic Wharf, a LEED Platinum building, and in London our main office is at the award-winning Cannon Place, a BREEAM recognised building.<sup>16</sup>

In both the EMEA and North America regions, we have established internal environmental advisory groups (EAGs) focused on identifying, measuring, and reducing the environmental impacts that inevitably arise from our own day-to-day business activities, including GHG emissions. These impacts come from travel, waste and usage of energy, water, and raw materials. Both EAGs work with senior management to set and monitor environmental targets each year.

We have set both a net zero target for our operations to be achieved by 2050 and an interim target of a 50% reduction by 2030, using 2019 baseline data. From 2024, we will be measuring progress against this target using market-based emissions as disclosed in Table 2. This measure of emissions enables us to capture the impact of the decarbonisation levers we are using in our emissions reduction plan.

In 2024 we reported a reduction in our market-based operational emissions of 63% against the 2019 baseline. To accurately track progress over the long term, we are measuring this goal as an intensity target based on emissions per full-time employee, and it is subject to change.

The major drivers of the change in emissions include a reduction in the real estate that we control due to consolidation of office space at certain locations, and improvements in the quality of data. Because data integrity and calculation methodologies continue to evolve, we will continue to focus on appropriate governance and consistency in our reporting approach before we formally reflect on our performance related to this goal.

**Table 1: Columbia Threadneedle carbon footprint base year 2019 and 2022 – 2024 (tCO<sub>2</sub>e)<sup>†</sup>**

Scope	Category	2019	2022	2023	2024
Scope 1	Natural gas and other fuel	892	848	651	411
	Refrigerants	269	137	187	165
	Corporate vehicles	6	23	43	62
Scope 2	Energy (location-based)	7,020	6,407	2,345	1,914
	Energy (market-based)	7,196	1,456	1,008	1,059
Scope 3	Business travel: flights	7,699	7,116	5,211	2,648
	Business travel: land	423	220	1,488	521
	Employee commute	3,150	2,489	2,769	2,004
	Employee WFH	393	761	980	663
	FERA	1,819	1,139	717	532
<b>Total location-based</b>		<b>21,670</b>	<b>14,987</b>	<b>14,391</b>	<b>8,920</b>
<b>Total market-based</b>		<b>21,847</b>	<b>14,189</b>	<b>13,973</b>	<b>8,074</b>

Source: Anthesis and Columbia Threadneedle Investments, 2025. WFH = work from home; FERA = fuel and energy related activities not included in Scopes 1 or 2. Scope 1 corporate vehicles data includes automobiles and aircraft. Reporting on environmental data, including the quantifications, continues to evolve as data quantity and quality, estimation methodologies, assurance processes and measurement tools improve. As a result, we have updated certain previously disclosed metrics in the table and may make updates in the future, as we continue to refine our methodologies to collect and report this data.<sup>17</sup> Due to rounding, numbers presented throughout this table may not add up precisely to the totals provided.

**Table 2: Columbia Threadneedle carbon footprint per full-time employee<sup>†</sup>**

Tonnes CO <sub>2</sub> e	2019	2022	2023	2024
<b>Total gross location-based emissions (Scope 1, 2 and 3) (tCO<sub>2</sub>e)</b>	21,670	14,987	14,391	8,920
<b>Total gross market-based emissions (Scope 1, 2 and 3) (tCO<sub>2</sub>e)</b>	21,846	14,189	13,973	8,074
<b>Total number of full-time employees*</b>	2,717	2,991	2,982	2,694
<b>Location-based intensity ratio (tCO<sub>2</sub>e per FTE)</b>	7.98	5.01	4.83	3.31
<b>Market-based intensity ratio (tCO<sub>2</sub>e per FTE)</b>	8.04	4.74	4.69	3.00

Source: Anthesis and Columbia Threadneedle Investments, 2025

<sup>†</sup> Measurement uncertainties: The amounts reported in tables 1-5 are subject to measurement uncertainties resulting from limitations inherent in the nature and methods, assumptions, and estimates used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

\* In 2023, we restated our 2019 baseline year total number of full-time employees to account for the integration of the former BMO GAM (EMEA) business, in line with our restatement procedure and the Greenhouse Gas Protocol. As we do not have the precise number of 2019 full-time employees in the business units of the former BMO GAM (EMEA) business that were acquired, we have added 2022 full-time employees for this business to the recorded Columbia Threadneedle Investments 2019 full-time employee data.

## Columbia Threadneedle financed emissions

In current carbon accounting models, GHG emissions associated with investments are considered part of a financial institution's overall carbon footprint. These are called financed emissions and are by far the most significant portion of Columbia Threadneedle's carbon footprint.

We gather financed emissions data at the product, entity and enterprise levels of Columbia Threadneedle. We are aware that there are data gaps and methodological challenges regarding these metrics, and we are taking steps as a firm to address these gaps and methodological challenges. We review these in more detail in the product-level exposure metrics section on page 30, as these gaps and challenges at the product level are also relevant when we roll up data to the entity- and enterprise-levels of the organisation.

A working estimate of our enterprise-wide total financed emissions from our listed equity and corporate debt investments as of 31 December 2024 is approximately 19 million tCO<sub>2</sub>e. This is calculated using the equation shown below, which is aligned with that recommended by the TCFD and the Partnership for Carbon Accounting Financials (PCAF):

$$tCO_2e = \sum_{i=1}^n \left( \frac{\text{Total value of our EQ+FI holdings in \$}}{\text{Enterprise value including Cash (EVIC)}} \right) \times (\text{Scope 1 + Scope 2 emissions})$$

Limitations of this metric are that EVIC data is sometimes missing for non-listed equity and bonds.

## Entity-level financed emissions

Within the Columbia Threadneedle group there are several legal entities that are regulated by the FCA and required to make TCFD disclosures.<sup>18</sup> These entities are further outlined in Tables 3, 4 and 5 on page 29.

For the entities regulated by the FCA, we have calculated two additional carbon metrics for our listed equity and corporate debt investments. Carbon footprint measures a portfolio's GHG emissions normalised by its value. This enables comparison of different portfolios' emissions, irrespective of AUM. Limitations of this metric are that EVIC data is occasionally missing for non-listed equity and bonds, and this figure is impacted by market movements and inflation, which can mask carbon emission trends. Carbon footprint is calculated using the equation below:

$$tCO_2e/\$m \text{ invested} = \frac{\sum_{i=1}^n \left( \frac{\text{Current value of investment (USD)}_i}{\text{Issuer's EVIC}} \times \text{Issuer's GHG emissions} \right)}{\text{Current portfolio value}}$$

**Weighted average carbon intensity (WACI)** measures a portfolio's exposure to carbon intensive companies weighted by revenue. This metric enables an assessment of how efficiently the issuers in a portfolio can generate revenue while minimising carbon emissions. This metric enables a comparison between portfolios, but revenue data can mask the emissions profile of corporates operating across multiple business segments.

$$tCO_2e/\$m \text{ revenue} = \sum_{i=1}^n \left( \frac{\text{Current value of investment (USD)}_i}{\text{Current portfolio value}} \times \frac{\text{Issuer's GHG emissions}}{\text{Issuer's revenue}} \right)$$

We also calculate the emissions from our sovereign debt investments using three carbon metrics.

**Total carbon emissions** are the total GHG emissions of a portfolio's investments. This metric is useful for identifying the portfolios we manage that have higher emission profiles and therefore may be exposed to greater climate-related risks, but results are largely driven by the overall amount invested in a portfolio.

$$tCO_2e = \sum_{i=1}^n \frac{\text{Sovereign bond investment (USD)}_i}{\text{Gross government debt (USD)}_i} \times \text{Sovereign emissions (tCO}_2e)_i$$

**Carbon footprint** measures a portfolio's GHG emissions normalised by its value. This enables comparison of different portfolios' emissions, irrespective of AUM. The carbon footprint for sovereign bonds is calculated as total portfolio holdings multiplied by government GHG emissions over total government debt.

$$tCO_2e/\$m \text{ invested} = \sum_{i=1}^n \left( \frac{\text{Sovereign bond investment (USD)}_i}{\text{Gross government debt (USD)}_i} \times \text{Sovereign emissions (tCO}_2e)_i \right)$$

This is a useful metric as it enables comparison of different portfolios' emissions, irrespective of AUM, but debt can be an inaccurate denominator as sovereigns rarely finance themselves primarily with debt as they prefer to use tax revenue.

**GHG intensity** measures a portfolio's exposure to carbon intensive sovereigns weighted by PPP-adjusted GDP.

$$tCO_2e/\$m \text{ invested} = \sum_{i=1}^n \left( \frac{\text{Sovereign bond investment (USD)}_i}{\text{PPP-adjusted GDP (international USD)}_i} \times \text{Sovereign emissions (tCO}_2e)_i \right)$$

We calculate total carbon emissions for our real assets sectors using different approaches for real estate and infrastructure. We are not currently able to report total carbon emissions data for our private equity investments.<sup>19</sup>

We use the following equation to calculate **total carbon emissions from real estate assets**, and we adjust each asset's gross asset value (\$m) by ownership share where applicable.

$$tCO_2e = \sum_{i=1}^n \left( \frac{\text{Gross asset value (USD)}_i}{\text{Gross asset value adjusted by ownership (USD)}_i} \times \text{Asset's GHG emissions (tCO}_2e)_i \right)$$

We calculate the **total carbon emissions associated with our infrastructure assets** using the equation below:

$$tCO_2e = \sum_{i=1}^n \left( \frac{\text{Current value of investment (USD)}_i}{\text{Investee company's enterprise value (USD)}_i} \times \text{Asset's GHG emissions (tCO}_2e)_i \right)$$

**Table 3: Investment emissions for corporate equity and debt in 2024†**

Metric	Scope	TAML	TINTL	CTML	Units
Total carbon emissions	Scope 1 and 2	2,914,655	16,763	1,393,619	tCO <sub>2</sub> e
Total carbon emissions	Scope 3	35,616,200	25,050	13,941,730	tCO <sub>2</sub> e
Carbon footprint	Scope 1 and 2	37.90	210.78	45.22	tCO <sub>2</sub> e/ \$m invested
Carbon footprint	Scope 3	461.31	314.98	450.97	tCO <sub>2</sub> e/ \$m invested
WACI	Scope 1 and 2	92.80	697.55	97.68	tCO <sub>2</sub> e/ \$m revenue
	Scope 3	598.68	1,027.95	572.37	tCO <sub>2</sub> e/ \$m revenue
Data coverage	Scope 1 and 2	82%	99%	78%	%
Data coverage	Scope 3	83%	99%	78%	%

**Table 4: Investment emissions for sovereign debt in 2024†**

Metric	Scope	TAML	TINTL	CTML	Units
Total carbon emissions	N/A	3,187,673	0	6,205,925	tCO <sub>2</sub> e
Carbon footprint	N/A	328.25	0	155.30	tCO <sub>2</sub> e/ \$m invested
GHG intensity	N/A	252.46	0	206.57	tCO <sub>2</sub> e/ \$m invested
Data coverage	N/A	100%	N/A	100%	%

**Table 5: Investment emissions for real assets in 2024†**

Metric	Scope	TAML	CT REP	Units
Total carbon emissions	Scope 1 and 2	19,668	20	tCO <sub>2</sub> e
	Scope 3	72,159	2,405	tCO <sub>2</sub> e
Data coverage	Scope 1 and 2	100%	100%	%
	Scope 3	97%	100%	%

† Measurement uncertainties: The amounts reported in tables 1-5 are subject to measurement uncertainties resulting from limitations inherent in the nature and methods used for determining such data. The selection of different but acceptable measurement techniques can result in materially different measurements. The precision of different measurement techniques may also vary.

For 2024, we further built upon enhancements to our data collection process and methodologies for calculating emissions data for fund of funds arrangements that were first implemented last year. These enhancements have led to a year-on-year reduction in total carbon emissions. However, direct comparisons to data in our previous reports would be under different methodologies and processes. All data in Tables 3, 4 and 5 is based on product-level calculations that are rolled up to the entity level.

In **Table 3** total carbon emissions are calculated at the entity-level by summing the total carbon emissions of all products under each entity.

Carbon footprint, WACI and data coverage are calculated by conducting a weighted average by product assets under management across all products under each entity.

The data coverage metric in **Table 3** appraises for all funds the proportion of all assets under management that have reported or estimated corporate carbon footprint data.

In **Table 4** total carbon emissions are calculated at the entity-level by summing the total carbon emissions of all products under each entity. Carbon footprint, GHG intensity and data coverage are calculated by conducting a weighted average by product assets under management across all products under each entity.

The data coverage metric in **Table 4** appraises for all funds the proportion of all assets under management that have reported or estimated sovereign carbon footprint data. Data coverage for sovereigns is 100% as all data is sourced from Emissions Database for Global Atmospheric Research (EDGAR) via MSCI. See page 30 for more details.

The data in **Table 5** aggregates carbon emissions data from our real estate and infrastructure funds. We are not currently able to report total carbon emissions data for our private equity investments.<sup>19</sup> The data coverage metric in Table 5 appraises for all funds the proportion of all assets under management that have reported or proxy carbon data.

We will continue to update the calculation methodologies and scope of asset classes included as industry practice evolves.

TAML	Threadneedle Asset Management Limited
TINTL	Threadneedle International Limited
CTML	Columbia Threadneedle Management Limited
CT REP	Columbia Threadneedle REP AM plc (Real Estate)

## Product-level exposure metrics

Columbia Threadneedle uses a number of metrics to inform the consideration of climate-related risks and opportunities in its management of investment products<sup>20</sup>. At present, these metrics are limited to products that we manage in EMEA. All data gaps and methodological challenges that are disclosed regarding these metrics apply when these datapoints are aggregated from the product-level to the entity- or enterprise-level, as do the steps that we are taking as a firm to address these gaps and methodological challenges. The core metrics that we monitor and disclose include:

- **Corporate carbon metrics.** We report total carbon emissions, carbon footprint, and WACI, and the percentage of data that is reported or estimated.<sup>20</sup> These metrics help us compare the emissions profile of a fund to its benchmark and market peers, enabling us to identify funds with higher emissions profiles and greater exposure to climate-related risks. All data is provided by third-party provider MSCI ESG Research. Derivatives and cash are excluded from product-level calculations, as well as companies or investment types with no data availability. Any green bonds are allocated emissions in line with the parent issuer, as project-level data may not be available on a consistent basis.
- **Sovereign carbon metrics.** We state total carbon emissions, carbon footprint, and GHG intensity. These metrics help us compare the emissions profile of a fund to its benchmark and market peers, enabling us to identify funds with higher emissions profiles and stronger exposure to climate-related risks. All data is provided by third-party provider MSCI ESG Research. MSCI draws its sovereign emission data from EDGAR rather than national inventories. EDGAR effectively relies on a bottom-up estimation approach that is consistent with United Nations Framework Convention on Climate Change

methodologies. National inventories are not always directly comparable as they can have varying approaches to accounting. However, this does mean that sovereign emissions data is estimated rather than reported, which could reduce accuracy for sovereigns with evolved climate accounting practices. In addition, there is poorer carbon data coverage for municipal bonds and quasi-sovereigns. We believe these are market-wide issues, and we are working with our data providers on approaches to improve coverage.

- **Real asset carbon metrics.** For real estate funds we disclose total carbon emissions, carbon footprint and GHG intensity. We disclose these metrics for Scope 1, 2 and 3 emissions. Scope 1 and 2 relate to landlord-procured energy supplies, including electricity, natural gas, district-heating and district-cooling, and any fugitive emissions from HVAC systems where available.

Scope 3 emissions included in the disclosure relate to Category 13 only (downstream leased assets), i.e. all energy purchased and consumed directly by the tenant(s), and any fugitive emissions from HVAC systems where available. All data is provided by our third-party provider, EVORA Global. Data coverage represents the split between actual reported emissions and estimates used when calculating emissions data. For our infrastructure fund we report total carbon emissions, carbon footprint and WACI.

- **Top 10 contributors to portfolio carbon footprint.** We assess the top 10 issuers by Scope 1 and 2 emissions which are held in our listed equity and corporate debt investments. These are the largest contributors to the portfolio's carbon footprint and are the holdings that are likely to be most exposed to transition risks. We also disclose the rating of these holdings on our net zero

alignment tool for listed equity and corporate debt funds that have committed to net zero (discussed in more detail on page 14). This helps our clients to identify issuers that are exposed to climate risks and how those issuers are mitigating these risks. Our portfolio managers have access to a more detailed breakdown of net zero analysis through our net zero tool.

- **Portfolio carbon footprint by sector.** For our listed equity and corporate debt portfolios we analyse the percentage of the carbon footprint of the portfolio by sector. This provides our portfolio managers and clients with a clear view on the sectors that have an outsized impact on the portfolio's carbon footprint and may be exposed to greater transition risks.
- **Climate Value at Risk.** We monitor data on the relative Climate Value at Risk of portfolios investing in listed equity and corporate debt relative to their benchmarks. Further details on how we conduct scenario analysis at the portfolio level is discussed in the Risk Management section. For our real estate portfolios, we disclose a qualitative climate scenario analysis assessment in product-level TCFD reports.

## ENDNOTES

- <sup>1</sup> Assets under management and advisement at 31 December 2024. Figure includes assets managed by Pyrford International Limited, a wholly owned subsidiary of Columbia Threadneedle Investments. Model delivery assets under advisement are presented on a one-quarter lag.
- <sup>2</sup> The risks and opportunities identified in the table may be different to those included in other public disclosures and/or internal documents prepared in accordance with Columbia Threadneedle's enterprise risk management framework.
- <sup>3</sup> While ESG research is made available for use in the investment process, portfolio managers make their own investment decisions, consistent with portfolio and client mandates, and accordingly certain teams may place more, less or no emphasis on ESG factors.
- <sup>4</sup> For further detail on our stewardship approach, please refer to our Stewardship Report 2024.
- <sup>5</sup> Mobilising Adaptation Finance to Build Resilience
- <sup>6</sup> COP29: Will it deliver on climate finance? | Columbia Threadneedle Investments
- <sup>7</sup> Net Zero Investing - Columbia Threadneedle Investments Approach.pdf
- <sup>8</sup> Net zero aligned AUM figures represent Columbia Threadneedle Investments asset under management exclusive of Pyrford International Limited, which reports separately on climate-related risks and opportunities.
- <sup>9</sup> We operate in several jurisdictions where governments have made net zero commitments, such as the UK's Climate Change Act 2008 (2050 Target Amendment) Order 2019. We have considered these in determining our own approach and methodology to Net Zero. Whilst the diversity in views of our global client base has led us to determine that an overall Net Zero ambition for all AUM is no longer appropriate, we are able to offer a range of investment solutions for those clients who wish to align their investments with government net zero targets.
- <sup>10</sup> Please note that not all products or services utilising these strategies may be available in all jurisdictions.
- <sup>11</sup> Please note that our Climate Opportunity Partners private equity fund is closed for new investment.
- <sup>12</sup> The median Scope 1 & 2 carbon intensity for Financial Services within MSCI All Country World is 2.3 (tons of CO<sub>2</sub>e/\$m sales) compared to an overall median of 24.0 for all the companies in the index. Data as of 26 May 2025. Source: MSCI and Columbia Threadneedle Investments.
- <sup>13</sup> This scenario analysis is currently available for Equities and Fixed Income.
- <sup>14</sup> REMIND (Regional Model of Investment and Development) is a numerical model that represents the future evolution of the world economies. It was developed by the Potsdam Institute for Climate Impact Research (PIK) to analyse the interactions between land-use, economy, energy, and climate systems.
- <sup>15</sup> The median Scope 1 & 2 carbon intensity for Financial Services within MSCI All Country World is 2.3 (tons of CO<sub>2</sub>e/\$m sales) compared to an overall median of 24.0 for all the companies in the index. Data as of 26 May 2025. Source: MSCI and Columbia Threadneedle Investments.
- <sup>16</sup> LEED (Leadership in Energy and Environmental Design) is a global green building benchmarking standard administered in the US by the US Green Building Council (USGBC). BREEAM (Building Research Establishment Environmental Assessment Method) was founded in the UK in 1990 and is the leading and most widely used environmental assessment method for buildings and communities.
- <sup>17</sup> 2019-2022 emissions data have been adjusted to account for data accuracy improvements and a change in methodology used in calculating the emissions associated with employees working from home. 2022 emissions data have been adjusted to incorporate an update to the methodology used to calculate Fuel and Energy Related Activities (FERA). 2022 emissions data has been adjusted to account for improved accuracy of emissions factors used in calculating a portion of the Scope 2 energy consumption. We reserve the right to update measurement techniques and methodologies in the future.
- <sup>18</sup> Disclosures are made by the legal entities regulated by the FCA that undertake portfolio management, in so far as data is available. The portfolio management undertaken by such entities covers assets that they manage directly on behalf of clients, as well as assets where they have been appointed as the portfolio manager by another legal entity in the Columbia Threadneedle group to provide this service. This approach avoids double counting and ensures that overseas assets managed by an FCA regulated firm are captured.
- <sup>19</sup> For our private equity funds, we have been actively working to navigate industry-wide challenges regarding carbon data quality and coverage for this asset class. We have been working with a new data provider, but at the time of the publication of this report we were unable to overcome underlying data gaps using reliable proxy data or assumptions. We plan to publish this data in forthcoming reports once we are comfortable that the quality is of a sufficient standard.
- <sup>20</sup> While these metrics are used to inform the consideration of climate-related risks and opportunities, portfolio managers make their own investment decisions, consistent with the portfolio guidelines and mandates that have been agreed with clients.
- <sup>21</sup> CO<sub>2</sub>e data coverage depends on several factors. Scope 1 or 2 emissions data is widely available for developed market large-cap companies, but more gaps exist in small cap, emerging markets, and private companies. Many companies do not yet report Scope 3 information. In the absence of self-reported data, Scope 1, 2 and 3 emissions can be estimated (which is done by our data provider MSCI ESG). To generate an imputed value MSCI relies on assumptions regarding the company's specific geography and sector. To show this nuance, we distinguish data that is reported/estimated within the total data coverage. Gaps remain where we lack both reported and estimated data, we are working with our data providers to explore options to improve coverage. In future years we will also work to calculate the percentage of data reported by corporates that has been externally verified. To ensure appropriate representation of climate metrics, TCFD product level reports are only issued for Investment Portfolios which demonstrate data coverage (estimated and reported) greater than or equal to 40% of NAV.

The inclusion of information contained in this Report should not be construed as a characterisation regarding the materiality or financial impact of that information. Please also see Ameriprise Financial's Annual Report on Form 10-K filed March 2025 ("2024 Annual Report") and other publicly filed documents for additional information at: <https://ir.ameriprise.com/>

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