



EUROPEAN  
COMMISSION

Brussels, 31.10.2022  
C(2022) 7545 final

ANNEXES 1 to 4

## **ANNEXES**

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**COMMISSION DELEGATED REGULATION (EU) .../...**

**amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities**

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: CT (Lux) Global Smaller Companies  
Legal entity identifier: 549300U3LV1YG52NP397

## Environmental and/or social characteristics

### Did this financial product have a sustainable investment objective?

☒ ☐ Yes

☐ It made **sustainable investments with an environmental objective:** \_\_\_\_

- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ It made **sustainable investments with a social objective:** \_\_\_\_

☒ ☐ No

☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 38.78% of sustainable investments

☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒ with a social objective

☐ It promoted E/S characteristics, but **did not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The financial product promoted environmental and social characteristics by integrating the following responsible investment measures into the investment decision-making process:

- Comparing favourably with the benchmark on material ESG criteria, measured by the Columbia Threadneedle Investment's ESG Materiality Rating model, over 12 month rolling periods.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- Maintaining at least 50% of the Fund holdings in companies rated 1-3 on the Columbia Threadneedle Investment's ESG Materiality Rating. Where necessary, the sub-advisor may assess companies that are not covered by the ESG Materiality Rating Model using fundamental research, engage with companies that have a low ESG Materiality rating for improvement, or include companies that have either a low ESG Materiality ratings, or are not covered by its ESG Materiality Rating Model, that qualify as sustainable investments, in order to achieve this 50% minimum commitment.
- Holding at least 5% of the Fund holdings in sustainable investments, which are companies that make a positive contribution to society and/or the environment.
- Excluding issuers in breach of accepted international standards and principles, such as the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.
- Excluding issuers (based on individual revenue threshold limits) with involvement in conventional weapons, thermal coal extraction and generation, and tobacco production.
- Excluding issuers with involvement in controversial weapons, in line with the Columbia Threadneedle Investment's Controversial Weapons Policy, and issuers with direct involvement in nuclear weapons.
- To support the promotion of environmental and social characteristics, engaging with companies with a view to influence management teams to improve their practices, for example on issues relating to carbon emissions.

#### ● ***How did the sustainability indicators perform?***

The financial product has the following sustainability indicators:

- The primary indicator is the positive weighted average ESG Materiality rating of the Fund versus the Benchmark, assessed over rolling 12-month periods. The positive ESG Materiality rating versus the benchmark was monitored daily by our compliance systems. The fund maintained a better ESG Materiality rating than the benchmark throughout the period. On 31 March 2024, the Fund rating was 2.56 and the benchmark rating was 2.74 (on a scale of 1-5, where lower is better).
- The financial product maintained over 50% of its holdings in strong rated companies over the period. On 31 March 2024, the Fund held 82.34% in strongly rated companies.
- The Fund held over 5% of its holdings in sustainable investments over the period. On 31 March 2024, 38.78% of the Fund was held in sustainable investments.
- We excluded companies that we determined were in breach of accepted

international standards, for example the UN Global Compact Principals. The exclusion policy was adhered to with the application of strict pre-trade restrictions and was monitored on an ongoing basis. No breaches were identified during the period under review.

- We excluded issuers (based on individual threshold revenue limits) with involvement in conventional weapons, thermal coal extraction and generation, and tobacco production. No breaches were identified during the period under review.

- We also adhered to our Controversial Weapons Policy and excluded issuers with direct involvement in nuclear weapons. No breaches were identified during the period under review.

● ***...and compared to previous periods?***

	2024	2023
ESG Materiality Rating Fund vs Benchmark (12 month rolling average)	2.56 vs 2.74	2.61 vs 3.02
At least 50% of the Fund in strongly rated ESG companies	82.34%	60.56%
At least 5% of the Fund in sustainable investments	38.78%	N/A
Global Norms Exclusions	No Breaches	No Breaches
Thermal Coal, Civilian Weapons and Tobacco exclusions	No Breaches	No Breaches
Controversial Weapons exclusion	No Breaches	No Breaches

The sustainability indicators have not been subject to an assurance review by an auditor or a third party.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

The Fund is committed to investing a minimum proportion of 5% in Sustainable Investments. Sustainable Investments made have the objective of positively contributing to the Sustainable Development Goals (SDGs) which encompass environmental and social objectives.

To demonstrate that sustainable investments made contribute to such objectives we assess that the investment can demonstrate that:

1. The issuer generates greater than 50% of revenue in activities which are net positively aligned with the SDGs, or
3. The issuer has demonstrated it contributes to a sustainable outcome through robust Key Performance Indicators such as Opex or Capex spend. Issuers in this category are reviewed and approved by our responsible investment team.

***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

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

- 1) The Fund screens out investments that are contrary to the goals of making positive contributions to the environment and/or society. These criteria are product- and conduct-based, covering topics such as fossil fuels and weapons, and United Nations Global Compact breaches.
- 2) Through the Investment Manager's investment research, ESG factors are considered throughout the investment cycle, which serves to mitigate the risks of significant harm.
- 3) When assessing a Sustainable Investment we explicitly check for significant harm using a framework as described below.

***How were the indicators for adverse impacts on sustainability factors taken into account?***

Investments which are reported as sustainable investments have been assessed to ensure they do not significantly harm (DNSH) sustainability objectives using an in-house data driven model and investment team due diligence.

The Investment Manager identifies harm when assessing a Sustainable Investment by using quantitative thresholds against a selection of principal adverse impact indicators, including mandatory indicators from Table 1 and certain indicators from Tables 2 and 3 of Annex I of the Regulatory Technical Standards (RTS). Issuers which fall below these thresholds are flagged as potentially harmful and a review is then undertaken to determine whether significant harm is being caused by the issuer. Where quantitative data is not available, the investment teams endeavour to satisfy that no significant harm

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

has taken place through desk-based qualitative research in conjunction with the firm's Responsible Investment team.

Depending on the type and materiality of the principal adverse impact indicator, the investment manager will either engage with the issuer to address the harmful practices by taking appropriate action, or limit exposure to such issuers in the portfolio.

— — — *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Yes. The Fund explicitly prohibits investment in companies which breach UN Global Compact (UNGC) principles. In addition, the sustainable investments are assessed under the DNSH due diligence against factors which align with UNGC and OECD guidelines, to identify any significant harmful practices.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



#### **How did this financial product consider principal adverse impacts on sustainability factors?**

The Fund proactively considers the principal adverse impacts (“PAIs”) of its investment decisions that may negatively harm sustainability factors through a combination of exclusions, investment research and monitoring and engaging with investee companies.

As part of portfolio construction and stock selection, the Fund has in place exclusions that correspond to PAI sustainability indicators and cannot be held in the Portfolio. The Fund adhered to its exclusions policy during the reference period and did not invest in companies that:

- Are active in the fossil fuel sector and:
  - o Generate >30% of revenue from thermal coal extraction;
  - o Generate >30% revenue from thermal coal generation;
  - o Are developing new thermal coal mining or power generation facilities.

- Actively breach the UN Global Compact Principles
- Are involved in the production, sale, or distribution of controversial weapons.

The manager undertook research on ESG topics that align with the PAI sustainability indicators and incorporated this into its investment process. In addition, the engagement activities undertaken by the Fund aligned with certain PAI sustainability indicators. Further details of such activities are described in the section below entitled “What actions have been taken to meet the environmental and/or social characteristics during the reference period?”.



### What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 31/03/2023 to 31/03/2024.

Issuer name	Sector	Average weight	Country
CTS Eventim AG & Co. KGaA	Communication Services	2.38%	DE
SPX TECHNOLOGIES, INC.	Industrials	2.29%	US
CLEAN HARBORS, INC.	Industrials	2.19%	US
ALTAIR ENGINEERING INC.	Information Technology	2.14%	US
JAPAN ELEVATOR SERVICE HOLDINGS CO.,LTD.	Industrials	2.10%	JP
RYMAN HOSPITALITY PROPERTIES, INC.	Real Estate	2.07%	US
INTAPP, INC.	Information Technology	2.02%	US
WILLSCOT MOBILE MINI HOLDINGS CORP.	Industrials	1.98%	US
Tecan Group AG	Health Care	1.96%	CH
WORKIVA INC.	Information Technology	1.93%	US
SPS COMMERCE, INC.	Information Technology	1.91%	US
QUAKER CHEMICAL CORPORATION	Materials	1.89%	US
Games Workshop Group PLC	Consumer Discretionary	1.88%	GB
FRESHPET, INC.	Consumer Staples	1.88%	US
LATTICE SEMICONDUCTOR CORPORATION	Information Technology	1.84%	US



### What was the proportion of sustainability-related investments?

#### What was the asset allocation?

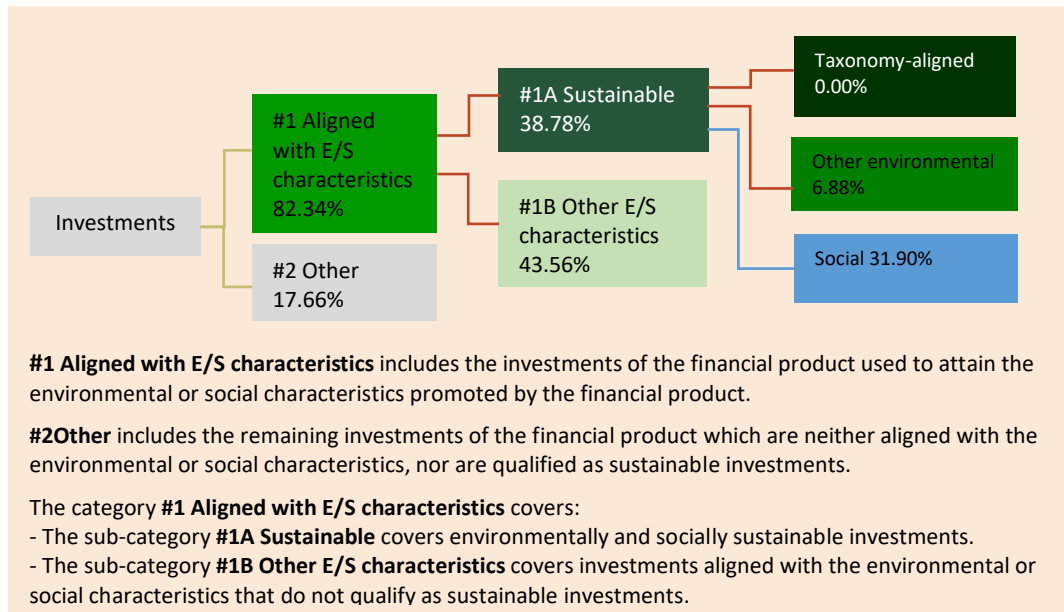
82.34% of the Fund was invested in issuers with either:

- an ESG Materiality rating of 1-3; or
- an ESG Materiality rating of 4 or 5, but that are considered to be sustainable investments in line with our framework

and so were aligned with E/S characteristics. For the purposes of reporting these are incorporated in #1 below.

**Asset allocation** describes the share of investments in specific assets.

17.66% of the financial product was invested in: (1) issuers with an ESG Materiality rating of 4 or 5 (and that are not deemed sustainable) so were not aligned with E/S characteristics, (2) issuers not covered by the ESG Materiality model, and (3) cash and derivatives.



### ● In which economic sectors were the investments made?

Sector	% of Net Assets
Industrials	34.37%
Information Technology	21.35%
Health Care	10.75%
Consumer Discretionary	8.82%
Financials	8.60%
Consumer Staples	5.03%
Materials	4.01%
Communication Services	3.97%
Real Estate	2.07%
Cash and Derivatives	1.04%





### **To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

The Fund does not commit to holding a minimum proportion in sustainable investments with an environmental objective aligned with the EU Taxonomy Regulation. It does, however, have a discretion to invest in these type of securities as part of delivering its investment objective.

0.00% of the investments made by the Fund are in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation. This taxonomy alignment figure is based on reliable data that has been made available to date and is measured by the proportion of turnover associated with economic activities that qualify as environmentally sustainable.

An economic activity qualifies as environmentally sustainable under the EU Taxonomy Regulation where it substantially contributes to one of six environmental objectives. The proportion of the Fund's investments that contributed towards these environmental objectives is broken down as follows:

Climate change mitigation	This figure will be presented when data quality improves
Climate change adaptation	This figure will be presented when data quality improves
Sustainable use and protection of water and marine resources	This figure will be presented when data quality improves
Transition to a circular economy	This figure will be presented when data quality improves
Pollution prevention and control	This figure will be presented when data quality improves
Protection and restoration of biodiversity and ecosystems	This figure will be presented when data quality improves

The mentioned percentage figures have not been subject to an assurance review by an auditor or a third party.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?**

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

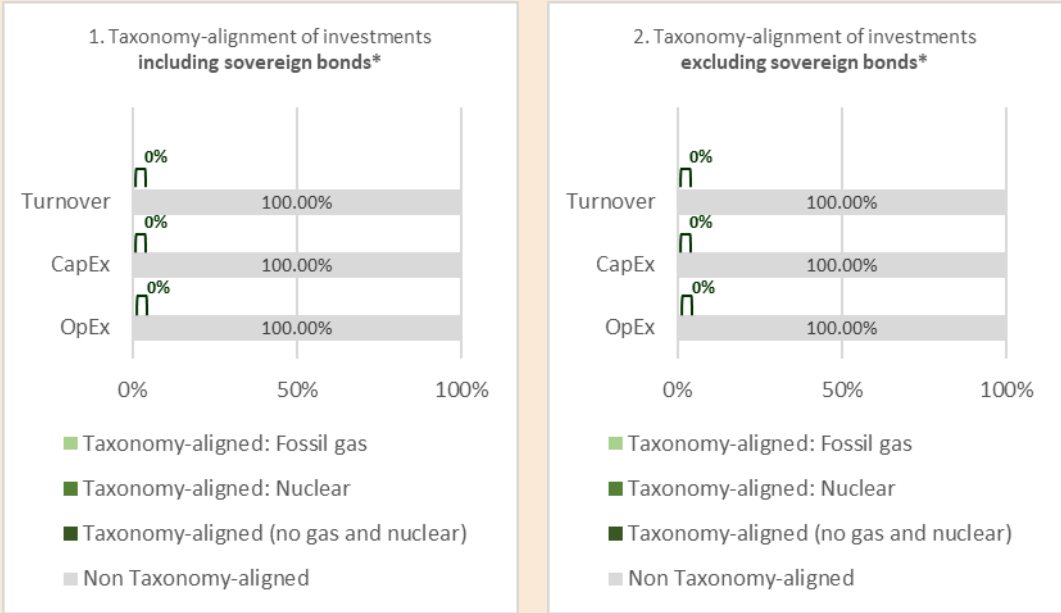
☐ Yes:

☐ In fossil gas
☐ In nuclear energy

☒ No

Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures.

● **What was the share of investments made in transitional and enabling activities?**

0.00% of the investments made by the fund are in transitional activities as defined by the EU Taxonomy Regulation.

0.00% of the investments made by the fund are in enabling activities as defined by the EU Taxonomy Regulation.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

	31/03/2024	31/03/2023
EU Taxonomy Alignment	0.00%	0.00%

**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**



6.88% of the sustainable investments had an environmental objective not aligned with the EU Taxonomy.



**What was the share of socially sustainable investments?**

31.90% of the sustainable investments had a social objective.



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Holdings classified as “other” include (i) ancillary liquid assets (i.e. bank deposit at sight) which are held for the purposes of liquidity management; (ii) bank deposits, money market instruments or money market funds held for treasury purposes; (iii) derivatives for hedging purposes; (iv) companies with an ESG Materiality rating of 4 or 5 (that were not sustainable investments); or (v) companies not covered by the ESG Materiality model.

These investments are not used to meet the environmental and social characteristics of the Fund. The purpose of these securities is to provide a diversified fund that can achieve the financial objective.

Minimum environmental or social safeguards are ensured by applying the exclusion screening to all holdings in investee companies. For cash positions and derivatives, ESG considerations are integrated into the counterparty risk assessment.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

During the year there were 18 ESG specific engagements with companies held in the portfolio. These covered 13 companies across 6 countries across a range of themes.

Engagements are structured in line with the firm's engagement themes, which align with the PAIs. Below is provided a breakdown of the engagements undertaken:

Engagements theme	Alignment with PAIs	Proportion of engagements
Climate Change	GHG Emissions and Energy Performance	9.38%
Environmental Stewardship	Biodiversity, Water, Waste	6.25%
Business Conduct	Social and Employee Matters	0%
Human Rights		3.13%
Labour Standards		28.13%
Public Health		6.25%
Corporate Governance		46.88%



#### How did this financial product perform compared to the reference benchmark?

Not applicable – the fund does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that the Portfolio promotes.

● ***How does the reference benchmark differ from a broad market index?***

Not applicable

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable

● ***How did this financial product perform compared with the reference benchmark?***

Not applicable

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

- ***How did this financial product perform compared with the broad market index?***  
Not applicable