Sustainability-related disclosures

CT (Lux) Responsible Global Equity

Summary

The overarching sustainability philosophy of the Fund is to:

- **Avoid** – we have a set of exclusion criteria setting threshold standards to avoid investment in companies with socially or environmentally damaging products or unsustainable business or governance practices.
- **Invest** – we invest in companies providing sustainability solutions and/or companies making a positive contribution to society and/or the environment.
- **Improve** – we engage with the companies that we invest in on significant environmental, social and governance (ESG) issues with most relevance to their business, to reduce risk, improve performance, encourage best practice and underpin long-term investor value.

The investment strategy used to achieve the environmental or social characteristics promoted by the Fund is detailed in the Fund's investment policy. The strategy is binding on the Investment Manager and all assets in which the Fund invests are subject to the sustainability criteria set out in the investment policy of the Fund. This may include assets where the Investment Manager believes it can make a difference through a positive contribution to the environment and society.

The iterative due diligence process for sustainable strategies includes a screening of all potential investments against "avoid" criteria. These criteria are product- and conduct-based, such as tobacco, weapons or United Nations (UN) Global Compact breaches. The screening is executed by our responsible investment experts and cannot be overwritten by fund managers.

To monitor adherence to the sustainable investment policy of the Fund we run on a monthly basis an ESG Risk Tool that contains the key areas of ESG risk and company controversies. To ensure companies held in the sustainable strategies continue to meet our criteria, we also conduct ongoing monitoring of all investee companies.

As part of active ownership, we as investors have the responsibility to take key ESG issues into account before, during and after investment decisions. Our purpose in engagement is to mitigate risk, to underpin long-term returns, and to contribute to a more sustainable world by encouraging better management of sustainability issues by our investee companies.

Our global engagement programme is further structured around the following core themes:

- Environmental Stewardship
- Climate Change
- Human Rights
- Labour Standards
- Public Health
- Business Ethics

In addition to our in-house team, we use a range of ESG data providers. This data and analysis is used to systematically screen portfolios for ESG risks, identify priority companies for engagement, and to inform company analysis.

Available ESG and sustainability data has its limitations. We regularly review the data providers we source from and are in constant dialogue with our investee companies to improve transparency, disclosure and data provision.

Approach to sustainable investment

Whilst the fund does not explicitly have sustainable investment as a stated objective, as a result of the "invest" element of its sustainable investment philosophy, as described in detail below, the Fund is committed to making sustainable investments by investing in companies that provide sustainable solutions or that make positive contributions to society and/or the environment.

The remainder of the Fund's investment philosophy ensures that the sustainable investments made by the Fund do not significantly harm sustainable investment objectives. The "avoid" element screens out investments that are contrary to the goals of making positive contributions to the environment and/or society and the "improve" element identifies companies the Investment Manager considers will benefit from active engagement.

Further, the Investment Manager's overall approach to the integration of sustainability risks at all points in the investment cycle serves to mitigate the risks of significant harm. For example, the Investment Manager also considers principal adverse impacts of sustainability factors in its investment decision making process and will make detailed disclosures of those impacts in compliance with the required timing under SFDR.

The "avoid" elements of the Fund's sustainability criteria are aligned with (and the remaining elements of the criteria consider) the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Environmental or social characteristics of the financial product

The environmental and social characteristics promoted by the Fund are explained in full in the Fund's investment policy. The Fund takes a holistic view of the environmental and social characteristics of its underlying investments and does not seek to promote one particular aspect. The identification of financially material ESG issues forms part of our routine investment analysis (ESG integration), helping us to manage risk and support long-term returns.

In addition to this, we will also seek to make a positive impact on society and the environment while at least meeting the criteria specified below.

The overarching sustainability philosophy of the Fund is to "Avoid; Invest; Improve":

- **Avoid** – we have a set of exclusion criteria setting threshold standards to avoid investment in companies with socially or environmentally damaging products or unsustainable business or governance practices.
- **Invest** – we invest in companies providing sustainability solutions and/or companies making a positive contribution to society and/or the environment. Within this element, we will look to key sustainability themes and characteristics such as health and wellbeing, resource efficiency, technological innovation, sustainable mobility, energy transition or responsible finance.

- **Improve** – we engage with the companies that we invest in on significant ESG issues with most relevance to their business, to reduce risk, improve performance, encourage best practice and underpin long-term investor value. We believe that this active ownership is part of our duty as an investor acting in the best interests of our clients, and as a participant in the global financial system.

Investment strategy

The investment strategy used to attain the environmental or social characteristics promoted by the Fund is detailed in the Fund's investment policy and explained in detail in the "Environmental or social characteristics promoted by the financial product" section above.

All elements of the "Avoid, Invest, Improve" strategy are binding on the Investment Manager as this applies to all investments in the Fund as described below.

Please see our Sustainability Risk Policy for further details on:

- how we integrate sustainability into our investment process to ensure that it is applied on a continuous basis.; and
- how we assess good governance practices of our investee companies.

Proportion of investments

The Fund invests directly and globally in a range of equities.

All assets in which the Fund invests are subject to the sustainability criteria set out in the investment policy of the Fund and in the section above, which may include assets where the Investment Manager believes it can make a difference through a positive contribution to the environment and society, under the "invest" and "improve" elements of that strategy. All elements of the strategy are binding on the Investment Manager.

As a result of the Fund's sustainability philosophy, the Fund will invest in sustainable investments. These investments, the proportion of these investments and, as such, the description of how these investments contribute to a sustainable investment objective, will change over time.

These investments may contribute to sustainability through their performance in areas such as health and wellbeing, resource efficiency, technological innovation, sustainable mobility, energy transition or responsible finance. As also explained above, the Fund's investment philosophy ensures that the sustainable investments made by the Fund do not significantly harm sustainable investment objectives. The "avoid" elements screens out investments that are contrary to the goals of making positive contributions to the environment and/or society and the "improve" element identifies companies the Investment Manager considers will benefit from active engagement.

Further, the Investment Manager's overall approach to the integration of sustainability risks at all points in the investment cycle serve to mitigate the risks of significant harm. For example, the Investment Manager also considers principal adverse impacts of sustainability factors in its investment decision making process and will make detailed disclosures of those impacts in compliance with the required timing under SFDR.

The "avoid" elements of the Fund's sustainability criteria are aligned with (and the remaining elements of the criteria consider) the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the

International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Derivatives are permitted within the Fund in order to assist with efficient management of overall asset class positions such as hedging against price falls in equity markets or managing currency exposure. Derivatives are not used for the purposes of attaining the environmental or social characteristics promoted by the Fund but ESG criteria are applied.

Currency exposure may arise from unhedged equity positions and are limited to developed markets or major emerging markets. No ESG screens are applied to currencies.

Monitoring of environmental or social characteristics

To monitor adherence to the sustainable investment policy of the Fund, we run on a monthly basis an ESG Risk Tool that contains the key areas of ESG risk and company controversies. We also monitor involvement of investee companies in controversies that might signal a breach of UN Global Compact principles. We produce a report on a quarterly basis that details the controversy, our assessment of the controversy and whether it constitutes a breach, and any engagement carried out as a result.

To ensure companies held in the sustainable strategies continue to meet our criteria, we conduct ongoing monitoring of all held companies. Each quarter we review whether companies continue to meet the criteria, any involvement in recent controversies that might indicate systematic or poor ESG practices and any merger and acquisition activity that might change our ratings. Furthermore, companies held are monitored quarterly for new or ongoing UN Global Compact breaches. Breaches are assessed on a case-by-case basis, and any company found to be in breach will be engaged with as appropriate. Adjustments to the approval status of a security will be made as necessary.

Methodologies

Our overall investment process includes, at each step, the methodologies by which we measure how successful we are in achieving social or environmental characteristics promoted by the Fund. This is described in more detail in:

- The “Monitoring of environmental or social characteristics” section above. Through these monitoring processes, we are able to track, measure and have oversight of the “avoid” and “invest” principles of our strategy; and

- The “Due diligence” and “Engagement policies” sections below. These processes and policies allow us to track, measure and have oversight of the “invest” and “improve” principles of our strategy.

Data sources and processing

In addition to our in-house team, we use a range of ESG data providers to systematically screen portfolios for ESG risks, identify priority companies for engagement and to inform company analysis.

We regularly review the data providers we source from and are in constant dialogue with our investee companies to improve transparency, disclosure, and data provision.

Responsible investment specialists and fund managers have either access to data platforms of the named providers, or to internal data tools and platforms which aggregate the data of selected external providers. The analysts incorporate the information in their research and analysis.

The Responsible Investment team analyses each holding and each such analysis will be complemented with bespoke research, including direct contact with the relevant companies. This approach means that there are limited, if any, data gaps.

Where there is the case and an estimation would be required, the decision as to whether a particular asset fulfils the sustainability criteria will be made by the Responsible Investment team.

Limitations to methodologies and data

Available ESG and sustainability data has its limitations. In case data gaps pose challenges to make an informed decision and ensure alignment of the Fund with its sustainable investing policy, our responsible investment specialists, together with the fund analysts and fund managers jointly decide mitigation options. Such options can include a direct dialogue with the company, a dedicated engagement plan or a decision against holding the company.

Due diligence

Our responsible investment specialists together with the fund managers perform pre-investment due diligence to ensure a potential investee company adheres to the “avoid” and “invest” criteria as outlined in the investment policy of the Fund.

The iterative due diligence process for sustainable strategies includes a screening of all potential investments against "avoid" criteria. These criteria are product- and conduct-based, such as tobacco, weapons, or UN Global Compact breaches. The screening is executed by our responsible investment experts and cannot be overwritten by fund managers. Once the "avoid" criteria are met, fund managers analyse the potential investee company's alignment with the sustainable "invest" criteria, such as clean energy or health. The UN Sustainable Development Goals, and a bespoke revenue mapping tool, help with the analysis process.

Engagement policies

As part of active ownership, we as investors have the responsibility to take key ESG issues into account before, during and after investment decisions. We use our position as owners to engage in dialogue with investee companies around those issues that present potential threat to as well as opportunity for long-term value. Our purpose in engagement is to mitigate risk, to underpin long-term returns and to contribute to a more sustainable world by encouraging better management of sustainability issues by our investee companies.

We support our engagement approach by thoughtful use of our voting rights, where relevant. All proxy voting results are made public.

We have a well-established approach to prioritising, planning and reporting on engagement and voting activity that will apply to our portfolio investments. We prioritise our engagement activity based on 3 pillars: top down (thematic topics that span a range of companies and industries); bottom up (single security engagement following portfolio ESG risk analysis); and reactive (in response to emerging issues or serious breaches of accepted practice).

Our global engagement programme is further structured around the following core themes:

- Environmental Stewardship
- Climate Change
- Human Rights
- Labour Standards
- Public Health

- Business Ethics
- Corporate Governance

We conduct our engagement using constructive dialogue. This is often one-to-one with companies and interacting with individuals at several levels, from the Board to senior executive management to investor relations and operational management.

We also take a collaborative approach with other investors where we believe this will be more effective.

We set objectives, record and report on our engagement systematically, and measure success through the achievement of "milestones" when an engagement objective is satisfied. We monitor our carbon footprint at the portfolio level on an ongoing basis as part of our ESG integration approach.

Designated reference benchmark

The Investment Manager does not use a reference benchmark in respect of the sustainability criteria applied to the Fund. As such, the benchmark is not intended to be consistent with those criteria and should only be used by investors as a comparison against the Fund's financial performance.