

# RESPONSIBLE BUSINESS REPORT

## EMEA 2017/2018



**COVER IMAGE:** From the National Gallery's Take One Picture exhibition. Columbia Threadneedle Investments and Columbia Threadneedle Foundation have committed to a three-year partnership with the National Gallery to support the Gallery's flagship primary schools programme. Artwork by Cleveland Road Primary School, Ilford. Photo © The National Gallery, London.

This report provides an overview of how Columbia Threadneedle operates as a responsible business in EMEA (Europe, Middle East and Africa), including our approach and activity highlights during 2017/2018. For further detail please visit [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com)

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# A MESSAGE FROM OUR CEO

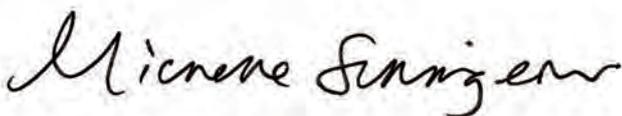
It's my pleasure to share with you our 2017/2018 Responsible Business report, outlining our corporate social responsibility activities and progress for the period. This includes how we serve our clients, manage their assets in a responsible manner, support and develop our employees and contribute to our community.

We've made pleasing progress in several areas over the reporting period, with highlights including our ongoing work to attract and retain diverse talent; our participation as part of the Government's UK Advisory Group on Social Impact Investing and the growth of our range of social impact funds on offer to clients; and a new partnership with the National Gallery to support its flagship primary schools programme. The way we manage our environmental footprint is an area of growing focus for employees and clients and this year we were pleased to achieve the ISO14001:2015 international standard for our environmental management system.

When I joined Columbia Threadneedle in April 2017, one of the things that particularly drew me to the firm was its client-focused culture and strong sense of partnership with our clients. To me, the culture and people are the most important foundations of a business – if those things aren't right it's very difficult to be successful long term. Being a responsible business is fundamental to Columbia Threadneedle's culture. We are part of a strong global organisation that is focused on customer outcomes and truly holds our customers at the centre of what we do.

I'm very aware of both the challenges and the opportunities we face. Our customers are struggling to plan for long-term financial security with confidence, in the face of large scale changes driven by geopolitics, demographics and technological advances. Asset managers have a clear role to play in delivering financial security for our clients. We also play an important role in the wider economy by investing our clients' savings in a responsible manner that will enhance productivity, support opportunity and enable future growth.

I'm proud of the progress we are making to consistently deliver for our clients, employees and communities. I hope this report provides you with an important perspective on how we operate our business responsibly.



**Michelle Scrimgeour**

CEO, EMEA

Columbia Threadneedle Investments



2 OVERVIEW

Columbia Threadneedle Investments is a leading global asset manager. We know investors want strong and repeatable risk-adjusted returns and we aim to deliver this through an active and consistent investment approach that is team-based, risk-aware and performance-driven. Our broad range of investment strategies and solutions are designed to meet the evolving needs of our customers, whether they are individuals, advisers or institutions. We are part of Ameriprise Financial, a US-based financial services provider, and we share a strong culture and commitment to helping our customers feel confident about their financial future.

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



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

This report reflects solid progress in several areas. We maintained our focus on diversity, sponsoring two research reports from the think tank New Financial.

*Counting Every Woman 2017* measured senior female representation across European capital markets, and *Diversity from an Investor's Perspective* looked at how asset owners are addressing diversity and inclusion. We published our first progress report as a signatory to HM Treasury's Women in Finance Charter and were proud to be named Employer of the Year at the 2017 Women in Finance Awards. We were also recognised for Supporting Excellence at Investment Week's Women in Investment Awards 2017. In August 2017 we embarked on a new partnership with SEO London to support talented students from ethnic minority or low socioeconomic backgrounds to achieve career success.

In 2017 we also extended our pioneering range of social impact products with the launch of the Threadneedle European Social Bond strategy. The first product of its kind in Europe, the strategy invests in corporate bonds with a clear focus on supporting positive outcomes for individuals, communities or society. The strategy is a partnership with INCO, a leading European social enterprise for a new, inclusive and sustainable economy.

Columbia Threadneedle Foundation strengthened its focus on education, becoming a major supporter of National Numeracy Day in the UK. The Foundation also announced a major new three-year partnership with the National Gallery, to fund 'Take One Picture', the Gallery's flagship primary schools programme.

## CORPORATE RESPONSIBILITY VISION

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

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

RESPECT | INTEGRITY | EXCELLENCE | CLIENT FOCUS

## Table of Key Performance Indicators – EMEA

All figures are as at 31 December

	2017	2016	2015	2014
<b>Responsible Partner</b>				
Client Sentiment Index <sup>1</sup>	74.5	81.4	80.2	72.5
Customer Satisfaction (post-call satisfaction survey)	95%	96%	97%	92%
<b>Responsible Investor</b>				
AUM with responsible investment criteria	\$14.37bn	\$12bn	\$10bn	\$10bn
Total number of shareholder meetings	1231	1329	1349	1337
Total number of meetings opposing management on at least one item (%)	776 (63%)	829 (62%)	748 (57%)	667 (48%)
<b>Responsible Employer</b>				
Number of training hours per employee per year	12.5	9	12	9
Employee engagement survey response rate	89%	82%	85%	72%
Women on company board <sup>2</sup>	40%	33%	22%	22%
Women on Business Management Committee (Exec-Co)	40%	29%	24%	11%
Women in senior management (Executive level)	17%	20%	19%	16%
Women investment professionals	27%	29%	28%	29%
Women employees in total	36%	36%	37%	37%
Gender pay gap <sup>3</sup>	Mean: 29.1% Median: 25.4%			
Bonus pay gap <sup>3</sup>	Mean: 69.1% Median: 66.4%			
<b>Responsible Citizen</b>				
Corporate donations to charity	£252,590 <sup>4</sup>	£258,3723	£224,000	£240,000
Employees participating in payroll giving (UK only)	3.4%	7.92%	8%	8%
Employees taking part in organised volunteering	49%	45%	27%	21%
Co2 emissions per employee (scope 1&2 incl. business travel only) <sup>5</sup>	2.36	4.28	5.09	6.12
Water use (m3) <sup>6</sup>	1,109	1,012	1,094	8,164.62

<sup>1</sup>Historic values have been revised to reflect an amendment to the index calculation methodology during 2017.

<sup>2</sup>Threadneedle Asset Management SARL.

<sup>3</sup>Threadneedle Management Services Limited is the UK employing entity for Columbia Threadneedle Investment's UK business. Data is for the year up to April 2017.

<sup>4</sup>Comprises £243,590 from Columbia Threadneedle Foundation and £9,000 via additional donations.

<sup>5</sup>Figure from 2014 applies to previous London Head Office address (60 St Mary Axe) where majority of EMEA employees were based as at 31 Dec 2014.

<sup>6</sup>In 2015 we moved to new premises in Cannon Place, London, where the majority of water use is part of the standard service charge and not metered. As such the figures are only the water use directly on our premises (hence the perceived large reduction in consumption over the prior year).

# RESPONSIBLE PARTNER

## We strive to be a trusted partner to our clients

The essence of our business is our ability to empower the investment success of our clients; this is captured in our brand promise 'Your success. Our priority.'

We strive to provide our clients with value for money and a level of service that meets or exceeds their expectations. There are three core things we do that are crucial for all clients:

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

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

In EMEA, our key senior management and decision-making forums are the Business Management Committee (BMC) and the Risk and Controls Committee (RCC). The BMC and RCC ensure all affairs of the business are cohesively managed and client interests and potential financial implications are considered by our most senior leaders. A series of cross-functional Advisory Groups facilitate engagement, ensure advocacy and support cross-functional decision making at all levels. These include the Diversity and Inclusion Group, Environmental Advisory Group, Product Advisory Group, Talent Advisory Group and Culture and Conduct Advisory Group. The role of the Culture and Conduct Advisory Group includes ensuring that the organisation upholds its focus on appropriate employee behaviour relating to the client and customer, risk, conduct risk and our Values-led culture.

## Responding to regulatory change

The asset management industry continues to undergo change, providing the opportunity to redefine the way we work for our customers. We are committed to responding to the changing environment, ensuring the long-term interests of our customers are at the heart of everything we do.

In July 2017 our primary UK regulator, the Financial Conduct Authority, published its Market Study Report into asset management and in April 2018 set out its final remedies. Columbia Threadneedle welcomes the FCA's package of remedies. Customers need transparency and value from their asset managers and we are pleased that the FCA has taken further steps to enhance the industry's provision in this way. Several of the remedies are consistent with practices already in place at Columbia Threadneedle. For example:

- We have had independent directors on our retail fund boards since 2014, including a dedicated non-executive director with specific accountability for representing the interests of the customer
- We were part of the Fund Objectives Working Group which helped inform the FCA's second consultation on information available to investors. With that experience we are reviewing our own disclosure around objectives and policies
- We don't take risk-free box profits in our funds
- We have in the past called for the ability to move clients to cheaper share classes more easily and are pleased to see this now introduced.

Through 2017 we worked to prepare for new regulations under the MIFID II directive, designed to strengthen investor protection, reduce systemic and disorderly market risks, increase market efficiency and reduce costs for participants. For Columbia Threadneedle, MIFID II meant changes to process, procedures, disclosure and reporting in areas including research commission, costs and charges, target market and trade and transaction charges. We were pleased to meet all requirements by the January 2018 deadline.

Our focus on regulation continued in 2018, as we ensured the business was ready to meet the new General Data Protection Regulation that came into force from 25 May. A comprehensive employee training and information programme ensures data is used, safeguarded and kept secure to protect our client and the business.

## Supporting clients as the UK prepares to leave the EU

Since the referendum in June 2016, we have worked to understand and begin to address the full implications of the UK's departure from the EU for our business, employees and clients. Our long-term strategy remains

the same – to continue serving our European clients and growing our European business and customer base. In May 2018 we announced plans to move some customer assets from our UK to our European fund range as we prepare for the impact of Brexit. Our priority is to provide continuity and certainty for investors in our funds. For EU investors, the transfers will remove uncertainty regarding the future status of their investment in their home country, regardless of the final agreement between the UK and the EU.

## Our brand promise: Your success. Our priority.

We seek to engage with our clients to understand what success means to them, and how investing plays a part in helping them achieve personal goals. Their responses provide valuable insight into what's important to our clients, why and how they choose to invest.

We are a member of the UK's Investment Association, which strives to make investing simpler and better for investors. We support the Association's Statement of Principles, which sets out what the responsibility of managing other people's money means in practice for corporate culture and individual mind-set:

1. Always put our clients' interests first and ahead of our own
2. Take care of clients' money as diligently as we would our own
3. Only develop, offer and maintain funds and services designed to add value for clients and help them achieve their financial goals
4. Maintain and apply the investment and operational expertise needed to meet the objectives agreed with clients
5. Make all costs and charges transparent and understandable
6. Disclose to investors the source and value of any other material benefit we receive as a consequence of our role as investment manager
7. Ensure regular, timely and clear lines of communication with clients
8. Set out clearly our approach to the stewardship of client assets and interests
9. Maintain a corporate culture that sustains these principles
10. Work with industry colleagues and stakeholders to develop and maintain guidance on industry best practice.

The application of these principles is overseen by our regional Business Management Committee and reviewed annually to ensure continued alignment.

Investor in the Threadneedle Asia Fund

*“ Success is having the freedom to do what you want now, with the confidence of knowing that you have a back-up plan no matter what the future brings. ”*



Investor in the Threadneedle UK Monthly Income Fund

“ Investing has impacted on my life by giving me the ability to do all the things that I wanted to do outside of my business without any worry about finance – all my charity work, my work with the family, my holidays, my travel. We’ve always been able, because of my investments to be able to say, yes we can do that... so it has given me peace of mind and an ability to put my head on the pillow every night and fall fast asleep. ”

# RESPONSIBLE INVESTOR

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

Responsible investment is an integral part of our investment philosophy and approach, as well as our approach to business more broadly. We believe the rationale for long-term responsible investment is clear; stronger economies and well-run or improving businesses that look to the future will deliver stronger, more sustainable investment returns. Being a responsible investor helps us to generate better informed investment decisions and outcomes for our clients.

At Columbia Threadneedle our investment approach is underpinned by a belief that sharing insights across asset classes and geographies generates a richer perspective on global, regional and local investment landscapes. Consistent with this core belief, our dedicated Governance and Responsible Investment team has worked alongside our investment professionals since 1998, facilitating integration of material Environmental, Social and Governance (ESG) analysis into the investment process. In addition to exercising our stewardship and monitoring responsibilities, this approach enables us to consider the risks and opportunities of existing and prospective investments. The work we do for clients was recognised when we were named ESG Asset Manager of the Year at the Pensions e Welfare Italia awards 2017.

Columbia Threadneedle subscribes to and is a signatory to the United Nations-backed Principles of Responsible Investment (PRI) and in 2017 we again received an A+ rating in EMEA from the PRI for our overall approach. In the UK we are also a signatory to the Stewardship Code.

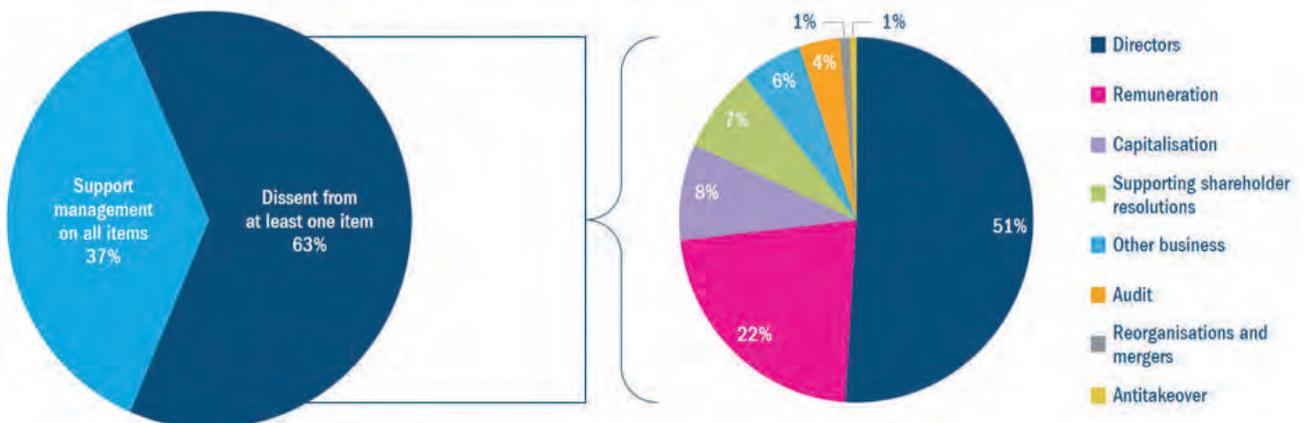
Our Responsible Investment Policies set out the underlying principles we draw upon, explaining how our approach is structured, how it works in practice and how it fits into, and contributes to, our overall investment approach, processes and related stewardship engagement activities.

These policies can be found on our website.

## Stewardship and proxy voting

Our approach to engagement and voting is based on collaboration between our portfolio managers, analysts and responsible investment team. This approach saw our engagement work 'Highly Commended' in an open vote of UK Company Secretaries at the ICSA Awards 2017. During 2017, we voted at 1,231 company meetings, registering our dissent against one or more resolutions at 63% of those meetings.

### Columbia Threadneedle proxy voting 2017



Source: Columbia Threadneedle Investments, ISS ProxyExchange, 31 December 2017.

Over the course of 2017, we took voting action at 144 companies across many countries (generally on the re-election of Board Nomination Committee chairs). We adopted a specific voting approach to gender imbalance, to help emphasise the ongoing importance of this issue. Our approach was designed to identify and escalate the matter with those companies that had failed to make progress in addressing a gender talent imbalance, despite the impact of the UK's Davies Review (2011) and similar initiatives in many developed countries. The Davies review recommended all Chairmen of FTSE 350 companies set out a target percentage of women on their boards, with a recommended target of 25% by 2015. Considerable progress has been achieved, prompting our focus on notable laggards.

In 2017 we increased the timeliness of our public vote disclosure, publishing our voting decisions seven days after the relevant general meeting (previously 14 days). Our proxy voting activities can be found on our website.

## Participation in industry initiatives

Our Governance and Responsible Investment team takes a leading role in representing the investor voice. We are selective in choosing the areas where we participate, focusing on those we believe have the most impact and benefit for our clients.

Our support for the development of social impact investing continued during 2017, most notably through two initiatives.

- We dedicated a cross-disciplinary team of experts to work with the UK Advisory Group on Social Impact Investing, including our Deputy Global CIO, Mark Burgess. This UK Government-convened review was established to determine how a culture of social impact investing could be fostered, reporting in November 2017.
- Our ongoing work with ICMA continued as part of the working group that produced the Social Bond Guidance in 2006. The group published a full set of Social Bond Principles in June 2017. Following this work, in November an unprecedented number of 'specific use of proceeds' bonds was issued, three arriving on 14 November (those of the African Development Bank (ADB), BayernLabo and Cassa Depositi e Prestiti).

Further examples of our work can be found in our quarterly ESG reports, available on the website.





Our European Social Bond strategy aims to help bridge a funding gap by matching investor capital to projects with a defined positive social outcome across affordable housing, health and welfare, education and training, employment, community, access to services and economic regeneration and development. We were delighted to receive European Pensions' 2018 Investment Innovation Award for this product.

## Product innovation and positive impact

We have continued to develop our responsible investment product range this year in response to investor demand. In May of 2017 we launched our third Social Bond strategy, focused on Europe, in partnership with leading European social enterprise INCO.

Alongside our UK Ethical Equity strategy and our Low Carbon Workplace strategy, the Social Bond strategies reflect the growing focus we have had in developing social and sustainable outcome solutions for our clients.

Further information about these strategies can be found on our website.

## Carbon reduction through commercial real estate investment

As large asset owners, institutional investors have an important role to play in helping to reduce carbon emissions. Office buildings contribute around a fifth of total carbon emissions in the UK. New build, carbon-compliant real estate only accounts for 1-2% of total supply. To meet the Government's 2050 carbon reduction targets, emissions from existing buildings will need to be reduced by 80%. Realistically, this can only be achieved via refurbishment.

Columbia Threadneedle has one of the UK's largest and most experienced property teams and in 2010 took a pioneering step towards carbon reduction by teaming up with Stanhope, a major commercial developer and the Carbon Trust, a world-leading adviser on carbon reduction. We launched the Low Carbon Workplace strategy, assembling a team of industry leaders in property investment management, design, carbon engineering/refurbishment and carbon compliance. The team identifies suitable office buildings and turns them into modern, energy-efficient workplaces, while at the same time generating returns for investors. We then let and manage the buildings to ensure ongoing management and reduction of energy wastage.

Our Low Carbon Workplace strategy is an innovative commercial model that unlocks the value in existing real estate while also delivering positive social impact through the reduction of carbon emissions.



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

# RESPONSIBLE EMPLOYER

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

## Our Values and Code of Conduct

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

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

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

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

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

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

1. Delivering an outstanding client experience by exceeding expectations:
  - We create a culture of client focus across the firm
  - We listen and respond to our clients
  - We recognise the privilege of being entrusted with our clients' money.
2. Demonstrating a desire to deliver quality outcomes to clients:
  - We strive to deliver outstanding client service through collaboration with others and maximising contributions
  - We are committed to building professional relationships to enable best outcomes
  - Everything we do is for our clients.
3. Demonstrating a quality service to clients by effectively managing firm-wide risk:

- We actively consider the client's best interests at all times.
- We recognise that risk management is everyone's responsibility.
- We actively manage conflicts appropriately seeking best results and collaborating effectively for the benefit of our clients.

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

## Attracting, engaging and developing our people

We actively recruit and develop talented individuals with outstanding skills and expertise from diverse backgrounds to best meet the needs of our clients. Our focus is not solely based on technical ability. We look at individuals' broader capabilities which might include language skills, knowledge of a regional market, awareness of cultural differences or sensitivities, or a specific understanding of our client base. The key is ensuring we have recruited the most talented and rounded individuals, in the most ethical and fair way.

We know that continued success depends on our ability to engage our people in a dynamic and challenging environment, that supports and inspires individual development and achievement. Throughout 2017 we continued to provide executive development, introducing training and team sessions for our senior leaders on Leading High Performing Teams. The training includes practical strategies to make team goals clear and appealing, a deeper understanding of what motivates individuals in the team and how to build commitment to ways of working for the whole team. To support our mid-level and new managers, management excellence training was highly recommended for all managers and we aim to reach 100% attendance by the end of 2018.

We carry out an annual Employee Engagement Survey, and in 2017 89% of EMEA employees participated. Our survey scores reinforce strong employee engagement and we consistently outperform competitor benchmarks across the majority of categories. For example:

- 95% said 'Columbia Threadneedle Investments is committed to being a responsible corporate citizen (eg charitable giving in communities, gift matching, volunteering)
- 94% said 'I know how to report suspected unethical business practices'
- 93% said 'In my department, we consistently focus on doing the highest quality work'
- 92% said 'Columbia Threadneedle Investments conducts business in an ethical manner'
- 92% said 'My leader demonstrates honest and ethical behaviour'.
- Active promotion of shared parental leave, encouraging male employees to take advantage of the opportunity
- Flexible working arrangements, for example best practice guidelines for working from home
- The ability to purchase additional holidays, supporting more flexible working
- Mentoring to support career progression for more junior and mid-level employees
- Support for and participation in industry-wide returners programmes
- Regular employee events with internal and external speakers to showcase successful, diverse role models.

## Ensuring a diverse and inclusive culture

In EMEA we have made good progress in improving diversity and inclusion as a whole and gender representation in particular. We know the financial services sector has work to do and we are committed to achieving lasting change.

Our Diversity and Inclusion Group has been in place since 2013. The Group, reporting to the CEO and regional Executive Committee, champions best practice to ensure a workplace culture that reflects the diversity of our clients and employees. Over the past five years it has successfully driven change, with the following initiatives now embedded:

- Education and training, including unconscious bias training for all hiring managers
- Recruitment guidelines to ensure both male and female representation on candidate lists and advance more qualified women to the interview phase
- For senior hires, at least one woman must be part of the interview panel
- All recruitment, by gender, is reported to the regional Executive Committee each quarter
- Improved flexible working, maternity and paternity policies



A photograph of a man with dark hair and a beard, wearing a blue suit, sitting in a conference room. He is looking towards the left of the frame. In the background, other people are seated at tables, some looking towards the camera and others looking away. The setting appears to be a professional meeting or conference.

We believe our business benefits from a broad mix of experience, ideas and opinions to help us understand and deliver the financial outcomes our customers expect.



## Women in Finance Charter

Columbia Threadneedle was one of seven founding signatories of HM Treasury's Women in Finance Charter and the first asset manager to sign, pledging to support the progression of women into senior roles by setting concrete targets and deliverables.

Our first progress report under the Charter is available on our website.

As part of our advocacy efforts in 2017 we partnered with the think tank New Financial to produce two research reports: *Counting Every Woman 2017*, and *Diversity from an Investor's perspective*. We were particularly pleased to see Columbia Threadneedle come top of the asset management sector for women on executive committees (at 40% representation), and among the top five for board level representation (with 33%) in the *Counting Every Woman* report.

We were proud to be named Employer of the Year at the 2017 Women in Finance Awards. The judges looked for companies with the most diversity amongst senior employees, the best maternity/paternity benefits, a proven track record in promoting diversity, and the most extensive diversity-supportive policies in recruitment and operations. We were also proud to receive the 2017 Gender Equality Award from Skytop Strategies and Supporting Excellence Award from Investment Week's Women in Investment Awards 2017.

## UK gender pay gap

March 2018 saw Columbia Threadneedle publish our first gender pay gap report under new UK legislation. We support gender pay gap reporting, recognising that disclosure is an important step towards improvement. Our key gender pay gap data is presented in the KPI table on page 3. The full report is available on our website.

Our gender pay gap data reflects the fact that women hold fewer senior positions at Columbia Threadneedle, including in higher-paying specialist areas such as Investments and front-line Sales. Our analysis shows that our mean gender pay gap would reduce to 4.9% if we had the same number of men and women employed at each seniority level, across all areas of the business. Much of the bonus pay gap is also due to this under-representation of women. Asset management is a performance-led profession and the best managers can be easily identified and rewarded. Across the company we use a consistent balanced scorecard approach to determine incentive (ie bonus) amounts for employees at all levels.

It's important to emphasise that gender pay gap is not the same as equal pay (which has been a legal requirement in the UK since 1970). Having undertaken thorough analysis of our data, we are confident that men and women across our business are paid on an equivalent basis for doing equivalent jobs.

## Women in Finance Charter – targets and progress

	2018 target range	Dec 2017	Dec 2016	Dec 2015	Dec 2014
% women on company Board*	30% - 40%	40%	33%	22%	22%
% women on Business Management Committee (Exec Co)	30% - 50%	40%	29%	24%	11%
% women in senior management (Executive Director level)	20% - 40%	17%	20%	19%	16%
% women investment professionals	30% - 50%	27%	29%	28%	29%
% women employees in total	30% - 50%	36%	36%	37%	37%

\*Threadneedle Asset Management SARL

# Diversity from an investor's perspective

## How the most forward-looking asset owners are addressing diversity and inclusion and why

A report by New Financial, sponsored by Columbia Threadneedle Investments, covering 100 pension funds, insurance companies, sovereign wealth funds and endowments globally.

### Diversity is moving up the agenda



**74%** of asset owners mention diversity in their annual reports



**45%** of asset owners explain why diversity is important to them



Interest and activity have accelerated over the past two years

### Seeking change from the inside out

**42%** of asset owners are addressing diversity internally



**41%** discuss how they are engaging on board diversity



**13%** use diversity as a theme for portfolio allocation



Asset owners are also stepping up engagement with the companies they invest in

### Diversity is beginning to influence asset manager selection



Diversity is beginning to influence manager selection by asset owners



More focused questions on diversity are being asked more frequently



Investment consultants are also including diversity criteria in due diligence processes



Asset managers need to be prepared to collect and share data to show clients how they approach diversity

### Asset owners are asking asset managers questions on diversity

Do you have policies in place that promote diversity?

Do you actively recruit from diverse backgrounds?

How are you addressing cognitive diversity?

How are you addressing work-life balance?

### Focus on inclusion

In 2017 we launched a Pride and Allies Network, an inclusive initiative for the LGBT+ community and their allies.



We also supported the Lord Mayor's campaign during Mental Health Awareness Week, providing mental health training for senior managers, lunchtime talks from support organisations and promotion of support

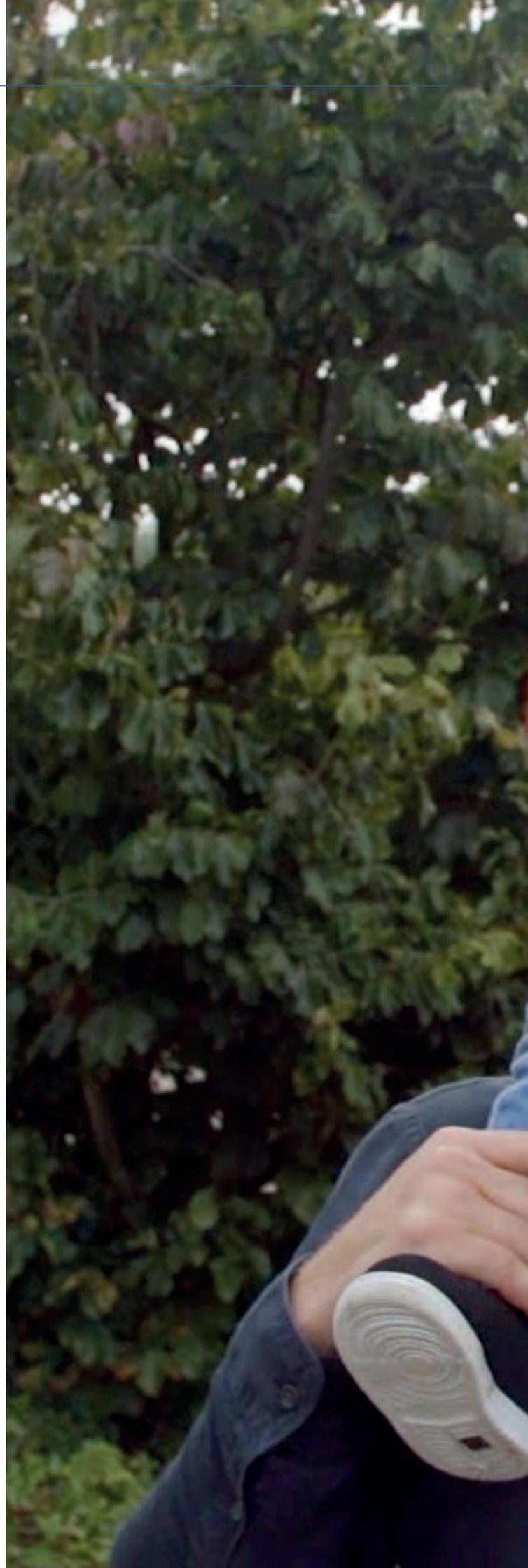
services and policies. Ongoing areas of focus include ethnic diversity, social mobility and agile working.

We are active members of a number of networks and external organisations. We continue to support Investment 2020, an initiative by leading UK investment firms to offer hundreds of young people from diverse backgrounds a first job in the City. Since 2013 we have welcomed 27 trainees to the firm via i2020. We also partner with SEO London to source talent from ethnic minority or low socio economic backgrounds. Five of seven entry level roles came via SEO London in 2017.



We are a member of The Diversity Project, an industry initiative to achieve a truly diverse and inclusive UK investment and savings industry with the right talent to deliver the

best possible results for our clients and to reflect the society we serve.





*Greater flexibility and better support for working parents are key factors leading to improved gender balance. We continue to promote Shared Parental Leave and improvements to paternity leave policies to encourage more male colleagues to take up the opportunity.*

## RESPONSIBLE CITIZEN

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

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

#### Columbia Threadneedle Foundation

Columbia Threadneedle Foundation invests in selected charities via multi-year, engaged partnerships – an approach which not only delivers measurable improvement to individual lives, but aims to bring long-term benefit to the broader community by helping address critical social issues and drive lasting social change. We seek to build long-term collaborative partnerships where we provide both funding and active support in the form of management and employee involvement. We have a thematic focus on charities that use education, art and sport to engender social change, and common threads we look for include the ability to build skills and confidence, challenge perspectives and broaden horizons.

In 2017/18 we embarked on new partnerships with the National Gallery, SEO London, KickStart Money and National Numeracy, alongside ongoing support for Access Sport and Toynbee Hall.

#### Take One Picture at The National Gallery

In April 2018 Columbia Threadneedle, Columbia Threadneedle Foundation and the National Gallery announced a three-year partnership to support the Gallery's Take One Picture learning programme and exhibition.

Take One Picture is an annual programme that invites primary schools to focus on one of the Gallery's paintings to create an artwork based on its themes, subject matter, historical context, or composition. Schools use the artwork to inspire cross-curricular work over the school year and submit their work for an annual exhibition. The National Gallery selected Pintoricchio's Penelope with the Suitors as the source of inspiration for the 2018 exhibition, running from 9 May until 12 August. From studies in portraiture and

printmaking to flag designs and depictions of voyages, the exhibition celebrates the work of children from 27 schools across the UK.

*"We are delighted to embark on a three-year partnership with Columbia Threadneedle Investments, the exclusive corporate sponsor of the National Gallery's Take One Picture Programme. Take One Picture is a cornerstone of the National Gallery's schools programme, using masterpieces from our collection to inspire cross-curricular learning. We are enormously grateful to Columbia Threadneedle Investments for their support and to Columbia Threadneedle Foundation which has provided further funding for this wonderful programme."*

*Dr Gabriele Finaldi, Director of the National Gallery*

#### SEO London

In 2017, we announced a new partnership with Sponsors for Educational Opportunity (SEO London) to provide £10,000 a year for the next three years. Our funding will support SEO Advance, a programme that identifies, inspires and trains talented students in years 11-13, through access to academic, professional and enrichment opportunities. SEO Advance organises events and activities to motivate students, giving them the chance to explore options and make informed choices about their future. Activities include work experience across multiple industries; skills sessions to develop commercial awareness and technical skills; bespoke open days at the UK's top universities and mentoring from experienced SEO alumni and industry professionals.

*"SEO London is only able to provide the life-changing exposure, access and opportunities we deliver with the support of the firms that support our mission of workplace diversity and inclusion. Columbia Threadneedle clearly understands the bottom-line benefits to industry of a diverse, inclusive workplace, and moreover embraces the opportunity to leverage SEO London as a vehicle for societal change and social impact."*

*Andrew Fairbairn, CEO and Founder of SEO London*



### KickStart Money

Columbia Threadneedle was one of 20 major savings and investment firms coming together in 2017 to launch KickStart Money, a ground-breaking collaborative project that raised over £1m to take financial education to primary school children. Delivered by financial education charity MyBnk, the project will reach 18,000 7-11 yr olds in 100 schools, creating a movement to build a national savings culture for the future. Significant proportions of the UK population lack the basic functional skills and knowledge to effectively manage their money. KickStart Money has been developed as a mechanism for the financial services industry to pro-actively and collectively transform the long-term savings behaviour of a generation.

*“Learning about the basics of money is essential if we want to build a more financially literate nation. KickStart Money is an exciting and much needed new project aiming to help young students to understand the consequences of debt as well as the importance of saving and investing for their future.”*

*Lord Hutton, former Secretary of State for the Department of Work & Pensions*



### National Numeracy Day

The Foundation became a supporter of the inaugural National Numeracy Day on 16 May 2018. The Day is an annual celebration of the importance of numbers in everyday life, bringing together individuals, employers, educators and influencers to improve numeracy. It is overseen by National Numeracy, an independent charity that helps raise low levels of numeracy among both adults and children and promotes the importance of everyday maths skills. National Numeracy aims to challenge negative attitudes, influence public policy and offer practical ways of helping adults and children improve their numeracy – in the community, the workplace and formal education.

In addition to these new relationships the Foundation continues to work with our established partner charities.



## Access Sport

Since 2013 the Foundation has supported Access Sport, a UK youth development charity that gives children, particularly in disadvantaged areas, access to a wide range of quality local sport, harnessing the power of sport to tackle social exclusion, inactivity and obesity. It achieves this through empowering inspirational community volunteers to set up and run local sports clubs with funding, expert advice and networking.

Access Sport's BMX Legacy Programme continued to achieve significant success through 2017 and into 2018, with highlights including new community BMX tracks built and opened in Lewisham and Croydon and an existing track refurbished in Brixton. By March 2018 the programme had reached over 18,000 participants with an exciting youth cycling offer, teaching otherwise inactive children how to cycle thereby improving their lives and educational prospects.

During the 11 months to end February 2018, Columbia Threadneedle Foundation funding enabled Access Sport to reach 378 children and young people. This takes us to 568 individuals impacted over 18 months, towards our target of 1,000 over three years. The breakdown by sports is as follows:

- 69 children have participated in swimming (in Bristol)
- 428 have participated in cycling (in South London – Greenwich, Lewisham and Croydon boroughs)
- 71 have participated in running (in London and Manchester)

Formal evaluation on the impact of the cycling programme shows:

- 84% of participants say they want to ride a bike more than they did before starting the BMX programme
- 82% say they want to do more activity or sport than before
- 77% say they ride a bike more than they did before
- 80% say they do more sport or physical activity than they did before
- 59% say they take part in 30 minutes of sport or physical activity outside of school at least twice in the past 4 weeks; after the programme this had increased to 77%
- In all, the programme improves physical activity levels of participants by 27%

Importantly, we also know the programme is reaching target audiences:

- 35% are completely inactive in sport beforehand
- 14% are completely unable to cycle beforehand
- 40% are female
- 68% are from black, Asian and minority ethnic communities.

## Toynbee Hall and Money Mentors Programme

In 2015, The Foundation committed to a three-year partnership to fund the expansion of Toynbee Hall's Money Mentors programme to every London borough.

The funding would enable Toynbee Hall to deliver 15 Community Money Mentors courses across London and implement the volunteer-led teaching and post-graduate mentoring programmes, staffed by Columbia Threadneedle volunteers.

In the six months to March 2018 the programme delivered:

- 2 'Teach it' train-the-trainer courses, supporting 22 graduate Money Mentors to become Money Trainers
- 9 courses by Money Trainers across 7 London Boroughs
- 81 new Money Mentors recruited
- 45 Money Mentors graduated (20 Money Mentors enrolled and will graduate next period)
- 832 secondary beneficiaries supported by a Money Mento

Of those impacted by the programme:

- 91% were female
- 41 is the average (mean) age
- 69% live in social housing (council or housing association)
- 58% have dependent children, 11% of which are single parent households
- 47% are registered unemployed or unable to work
- 61% receive welfare benefits
- Only 19% are working full-time
- Bangladeshi (23%), Black Caribbean (14%) and Black African (13%) make up the largest ethnic groups taking part.



*“I started out as a Money Mentor at a point in my life when my financial future had become unclear. I went from being employed full-time to being made redundant and losing my job. As a parent to two young children this was particularly worrying and the financial strain did eventually effect my health. On the Money Mentors course I learnt basic money management skills, budgeting, supermarket tricks, and how to do an income and expenditure calculation, which greatly improved my confidence and gave me the ability to better control not only my finances but my life too.*

*Since successfully completing the Money Mentors course I have gone on to do advice work with charities in my local community and achieved a qualification in Information, Advice or Guidance. Then this summer, Toynbee Hall gave me the opportunity to train to become a Money Mentor trainer myself. I recently started teaching my own class and I have ten learners all with different skills and abilities who are currently midway through their qualification. Toynbee Hall has given me an amazing chance; independence, confidence, resources and the ability to teach Money Mentors. I love the challenges and experience I am gaining as new Money Mentor Trainer.”*

*Jemimah (Money Mentor and Money Trainer),  
Tower Hamlets*

### The Art Room

The Foundation has been a major supporter of UK national charity The Art Room since 2013. The Art Room uses art as a therapeutic vehicle to help children and young people re-engage with learning and thrive in life. In January 2018, The Art Room announced a merger with Place2Be, a children’s mental health charity providing in-school support to more than 280 primary and secondary schools in England, Scotland and Wales. The merger brings together two children’s mental health charities offering evidence-based programmes to support children and young people in schools. The Foundation supports the merger, agreeing that together The Art Room and Place2Be can extend and diversify the type of support offered in schools to improve the emotional wellbeing of pupils, families, teachers and school staff. We are proud to have supported the growth of The Art Room since 2013 and are pleased to see it come together with Place2Be, ensuring its sustainable future. Our existing partnership, which was focused on capacity building, completed with the merger, however we look forward to opportunities to work together in the future.

## Swindon Foundation team

A group of our Swindon-based employees represent the Foundation locally, engaging with the community and supporting charities working in and around the local area. Last year five employees decided to spend the night of 1 December out in the cold to raise awareness for Threshold Housing Link, a Swindon-based charity that provides accommodation for homeless people. The Foundation also supported an exhibition in Swindon's Brunel shopping centre, put together by Threshold to shine a light on the experience of the homeless in the local community. The interactive exhibition asked the question, "What is the most precious thing for someone who hardly owns anything?" and featured photos and voice recordings highlighting the importance of everyday objects like a torch, a bike or a flower. The project stimulated creativity and gave homeless people the opportunity to learn new skills, while also offering a new way of expressing what can be hard to explain.

The Swindon team organises fund-raising and volunteering activities and has awarded grants to local charities including Reach Inclusive Arts, The Salvation Army (The Sandwich People), Swindon Children's Scrapstore and Swindon Mentoring and Self Help (SMASH).

### Employee volunteering

In 2017 we formed our first Volunteering Committee with representatives from across the company, to support the growth of our employee volunteering programme. We held our inaugural 'Volunteering Week' to coincide with an International Day of Service held by our global organisation, Ameriprise Financial. Throughout the week we held several volunteering activities per day, organised food and clothing collections and hosted lunchtime presentations by charities we work with to raise awareness of the work they do.

*"My team and I served breakfast at Whitechapel Mission. Cooking and serving food to over 200 homeless persons was a greatly eye-opening and humbling experience. The team there are fantastic and it was a great opportunity to help those less fortunate than ourselves. I would encourage everyone to do it!"*

*James Rigg (volunteer for Whitechapel Mission's Breakfast Challenge)*

*"I really enjoyed volunteering with Thrive in Battersea Park. It was very relaxing to spend a hot and sunny day potting up seedlings with some of the volunteers and other colleagues from Columbia Threadneedle and it was great to meet people from across the business who I wouldn't normally interact with. It was very rewarding at the end of the day to see how much we had all achieved as a team. I would definitely recommend this for anyone who wants to do an outside challenge and enjoys gardening."*

*Colin Parfitt (volunteer for Thrive, Battersea Park)*

### The 2017 volunteering programme included:

- Financial education days with various charities where employees deliver lessons for young people between 10-18, covering saving, budgeting, investing, pensions and managing debt
- Maintaining the grounds, plants and animals at Spitalfields City Farm, an essential resource for local people and schools
- Hosting seaside day trips for elderly members of St Hilda's East, a vibrant community centre in east London.
- Serving breakfast and lunch to over 200 homeless people through charities Whitechapel Mission and Acton Homeless Concern.

The Committee continues to find new opportunities to add to the 2018 programme.

### Environment management

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

Columbia Threadneedle recognises the importance of environmental stewardship and maintains an Environmental Management System (EMS) to ensure measurable and auditable data is accurately maintained for all of our major environmental impacts. Some of the key EMS achievements in 2017 were the successful delivery of waste management and world environment day staff engagement campaigns, supply chain and life cycle assessments and a reduction in paper usage. Through the hard work of our EAG Team our EMS has been audited against the new ISO14001:2015 standard and we are awaiting confirmation that we have met all of the requirements.

In addition to the EMS, we submitted data and information for our carbon management processes and were successful in meeting the requirements of the Carbon Trust Standard. Not only did we attain recertification to the Standard, but achieved best in our sector for a 10.9% absolute reduction on our carbon footprint from 2013 to 2016. In 2017, we have seen a further improvement in a 19% decrease in our carbon footprint, which can be seen in the graph below.

In 2018, the EAG has set some challenging new EMS objectives and targets, including further reductions in business travel, utility usage and refuse generation, and engagement with our broader supply chain to explore environmental efficiencies.



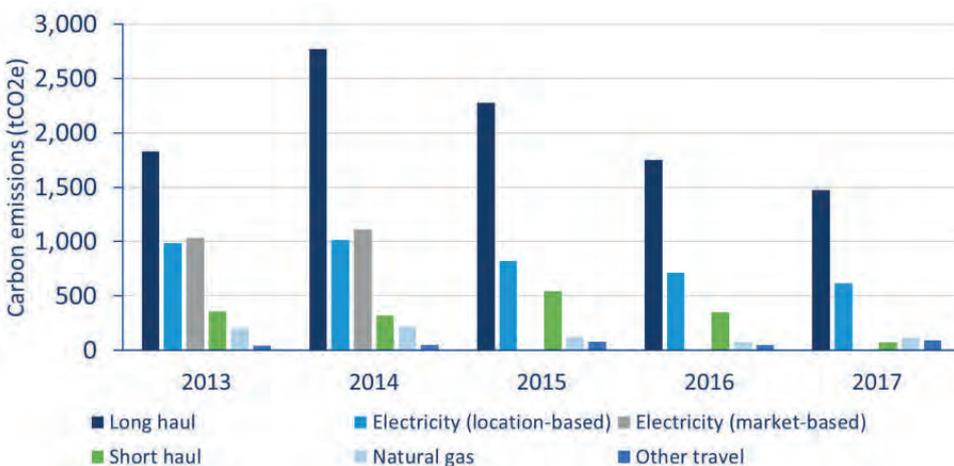
### Supplier management

Columbia Threadneedle has been a Living Wage employer since 2015, which means everyone working at Columbia Threadneedle in the UK,

regardless of whether they are permanent employees or third-party contractors, receives a minimum hourly wage in London of £10.20 and £8.75 outside London – significantly higher than the national minimum wage of £7.38. The Living Wage is set independently and updated annually, calculated according to the basic cost of living using the Minimum Income Standard for the UK. Decisions about what to include in this standard are set by the public; it is therefore a social consensus about what people need to make ends meet.

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

### Columbia Threadneedle carbon emissions 2013 – 2017



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





*In 2017 we launched an online portal to administer our volunteering programme, making it easier for employees to view and sign-up for activities and record their volunteer hours.*

Charity Number: 1

To find out more visit  
**COLUMBIATHREADNEEDLE.COM**



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