

# Conflicts of interest

Addendum to our Responsible  
Investment Engagement Policy

January 2024

# Conflicts of interest

At Columbia Threadneedle Investments we seek to act in the best interests of our clients in our investment management business. We recognise conflicts of interest may arise in our investment activities and any services we provide. We seek to identify, and then prevent and/or manage conflicts to serve our clients' best interests.

This is an addendum to our Responsible Investment Engagement Policy, outlining our approach to and implementation of engagement by our Active Ownership (AO) team undertaking in collaboration with our research analysts and portfolio managers. It outlines how we deal with certain potential conflicts between our interests and those of our clients, or between the interests of two or more clients, and across all asset classes between our AO team, who conduct Responsible Investment focused engagement activity, and other teams within Columbia Threadneedle Investment (Research, Portfolio Management) who are also involved in this activity.

This addendum does not represent a complete list of all potential conflicts relevant to this engagement activity; rather it sits alongside our wider conflicts of interest policies referenced below under which all potential and actual conflicts of interest identified are monitored, managed and/or mitigated across the organisation. From time to time we may need to adjust our approach to dealing with conflicts from that outlined below to deal with the issues raised by a particular set of circumstances.

## Engaging a client's issuer

We may engage with an investee issuer where the issuer (or a related party such as a sponsored pension scheme) is also a client. Potential conflicts of interest arise if the engagement objective or outline engagement expectation is not in line with the issuer's preferred practices.

We treat all our clients equally in our engagement activities. We do not alter our position due to a business relationship that an issuer may have with us or any other part of the wider Ameriprise Financial, Inc. group although we may collaborate with other business areas within Columbia Threadneedle Investments or the wider Ameriprise Financial, Inc as part of the effective management of any potential conflict arising because of such a business relationship. Unless an institutional client instructs us otherwise, we apply our ESG guidelines<sup>1</sup> to all client portfolios in a manner that considers our clients' respective investment objectives and best interests (including best long-term economic interest).

Columbia Threadneedle Investment's Responsible Investment (RI) engagement program is defined and executed by the Active Ownership (AO) team with input from **reo**® clients, as well as from internal fundamental research analysts and portfolio managers, being an input into the AO team's determination of strategic engagement priorities. Our Responsible Investment Engagement Policy available on our website provides further detail on the above.

## Engagement of an issuer involving an Officer, Director or Employee of Ameriprise Financial, Inc or any of its subsidiaries ("Officer, Director, or Employee")

We may engage with an issuer where an Officer, Director or Employee serves on the board of that issuer. Potential conflicts of interest arise if the issuer's interests differ from those of Columbia Threadneedle Investments.

We manage this conflict by applying this and other Columbia Threadneedle Investment policies specifically relating to Officers, Directors, or Employees with relationships with companies. For example, Columbia Threadneedle Investment's Global Policy – Outside Activities and Family Relationship requires our employees to declare and disclose their outside business interests. We also may determine that it is inappropriate for such employees to have any involvement the engagement with certain companies in which our clients invest.

## Engagement to favour one client over another:

Potential conflicts of interest could arise where we engage with an issuer on a matter with a potential outcome that favours one client over another; for example, because they are larger in terms of their AuM that we manage or service as part of **reo**®.

We manage this conflict by treating all clients equally in our Active Ownership activities. In particular:

- Unless an institutional client instructs us otherwise, we apply our ESG guidelines to all client portfolios in a manner that considers our clients' respective investment objectives and best interests. This could result in our acting on a matter the same or different way for various clients.

<sup>1</sup> Including: applicable RI investment policies, Engagement Policy, Corporate Governance Guidelines, Environmental and Social Practices Statements



- For the annual **reo**® client consultation, all clients, independent from their AuM, have one vote on prioritisation of issuers and thematic engagement projects.
- Information gained from engagement activity (statistics and narrative on Objectives, engagement activity, milestones, case studies, responsiveness rating) is shared equally with clients in each service category with some clients signing up to a level of service that includes more granular reporting.

### Engagement to favour one Active Ownership Analyst or Portfolio Manager or Fundamental Research Analyst over another:

Potential conflicts of interest could arise within or between teams of AO analysts, portfolio managers or Fundamental Research analysts, if one of their representatives conducts an engagement alone with an issuer. This could lead to an imbalance of access to issuer meetings and the sharing of information, and compromised client reporting. Different asset classes and different strategies may also need to follow different engagement objectives and engagement prioritisation (e.g. financial, ESG impact, engagement escalation).


We manage this potential conflict by having a global shared calendar, with all teams having information about upcoming issuer meetings in their calendar, including the option to join. We also have an annual internal consultation process where portfolio managers and fundamental research analysts participate in an annual prioritisation process operated by the AO team for priority issuers, thematic engagement projects as well as fund or portfolio specific engagement. This process covers both managed asset and **reo**® clients. In addition, regular exchanges between fundamental research analysts, portfolio managers and the AO team take place to understand and align on respective engagement efforts (scope, Objectives, status etc). The relevant internal investment committees serve as an escalation point in case prioritisation diverges between any of the parties involved.


The internal consultation process allows divergent views to be considered before our approach is finalised in respect any engagement initiative but does not occur at the expense of the best interest of our clients. We treat all clients equally in our engagement activities.

### Other conflict management tools in Active Ownership – Engagement:

- **Our AO Team:** We have a team of ESG experts who work alongside, but independently from, the fundamental research and portfolio management teams. The AO team leads the development of our ESG guidelines and undertakes engagement activities as well as research and analysis. The AO team forms part of the broader Responsible Investment Team which reports into the Global CIO.
- **Oversight:** The relevant internal investment committees oversee this policy to ensure Columbia Threadneedle Investment effectively addresses conflicts of interests for engagement. It is committed to safeguarding the integrity of our AO team. Our Compliance department, as well as, where applicable, our investment fund boards, may also periodically review our compliance with this policy.
- **Our compliance and data protection systems:** We have strict firewalls to keep client holdings data confidential and always protected, separating holdings of clients with managed portfolios from those of clients who subscribe only to our **reo**® services.
- **Transparency and disclosure:** We seek to uphold high standards in transparency and disclosure to enable clients and broader stakeholders to review our effectiveness in managing conflicts. Our regular reporting to clients includes both our public vote record and our annual Stewardship Code report on Columbia Threadneedle Investment's Active Ownership activities with issuers and public policy makers.
- **Conflicts of interest policy:** Columbia Threadneedle Investment maintains wider conflicts of interest policies under which all potential and actual conflicts of interest identified are monitored, managed and/or mitigated.

## Contact us

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