

Threadneedle (Lux)

Société d'Investissement à Capital Variable
Registered Office: 31, Z.A. Bourmicht, L-8070 Bertrange
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 50 216
(the “SICAV”)

NOTICE TO THE SHAREHOLDERS OF

THREADNEEDLE (LUX) – ASIA EQUITIES
THREADNEEDLE (LUX) – EUROPEAN SELECT
THREADNEEDLE (LUX) – EUROPEAN SMALLER COMPANIES
THREADNEEDLE (LUX) – GLOBAL EQUITY INCOME
THREADNEEDLE (LUX) – GLOBAL FOCUS
THREADNEEDLE (LUX) – GLOBAL SELECT
THREADNEEDLE (LUX) – PAN EUROPEAN SMALLER COMPANIES

(THE “EQUITY PORTFOLIOS”)

THREADNEEDLE (LUX) – EUROPEAN HIGH YIELD BOND

(THE “BOND PORTFOLIO”)

(TOGETHER, THE “PORTFOLIOS”)

IMPORTANT

14 September 2023

Dear Shareholder,

Important information: Amendment to the investment policies and SFDR RTS Annexes of the Portfolios to introduce additional measures that support the promotion of environmental and social characteristics.

From 1 December 2021, the Portfolios have been promoting environmental and social characteristics as part of the investment process.

As you are an investor in one or more of the Portfolios, we are writing to inform you that the Board of Directors of the SICAV (the “**Board**”) are now further amending the investment policies and corresponding SFDR RTS Annexes to introduce additional measures that support the promotion of environmental and social characteristics as part of the Sub-Advisor’s investment decision-making process. The Board are also amending the investment policies to disclose that Columbia Threadneedle Investments is a signatory to the Net Zero Asset Managers Initiative (“**NZAMI**”) and has committed to an ambition, working in partnership with its clients, to reach net zero emissions by 2050 or sooner for a range of assets, including the Portfolios.

The Portfolios will continue to be categorised as promoting environmental or social characteristics under Article 8 of the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (known as the Sustainable Finance Disclosure Regulation or “**SFDR**”).

The amended investment policies and SFDR RTS Annexes will be adopted from 20 November 2023 (the “**Effective Date**”).

For any capitalised terms that are not specifically defined within this letter, please refer to the definition in the “Glossary” section of the Prospectus which is available on our website www.columbiathreadneedle.com.

What is changing?

The Portfolios already aim to exclude companies that breach international standards and principles (e.g. the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights).

From the Effective Date, the Portfolios will not invest in companies which derive a certain level of their revenue from industries or activities such as, but not limited to, tobacco production, thermal coal power generation and conventional weapons. The exclusion criteria may be extended or revised from time to time.

In addition, the Sub-Advisor will consider the principle 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.

Additionally, with the exception of the Asia Equities Portfolio, the Sub-Advisor will commit to holding a minimum proportion of 5% of its assets in sustainable investments, as further detailed in the SFDR RTS Annexes of the Portfolios. For the avoidance of doubt, these Portfolios will not have a sustainable investment objective.

As noted above, Columbia Threadneedle Investments is a signatory to NZAMI and has committed to an ambition to reach net zero emissions by 2050 or sooner for a range of assets, working in partnership with its clients. The Portfolios will be managed in line with Columbia Threadneedle’s Net Zero methodology and the Sub-Advisor will use its proactive engagement with companies held in the Portfolios to assist with progressing this ambition.

For each Portfolio, the investment policy and SFDR RTS Annex will be amended to include reference to the additional measures explained above. The Board are also taking this opportunity to provide additional clarity on the Columbia Threadneedle ESG Materiality model, the Sub-Advisor’s approach to engagement and to simplify the approach and language used regarding how much of each Portfolio’s assets are rated against the various measures. The changes have been summarised in the Appendix attached and will be reflected in the investment policy of each Portfolio in the “Investment Objectives and Policies” section of the Prospectus and the corresponding SFDR RTS Annex from the Effective Date.

Why are we making these changes?

Following the introduction of SFDR, investors are increasingly requiring investment funds to embed the promotion of environmental and social characteristics into their investment process. The changes being made will strengthen this commitment and also make the Portfolios suitable for investors with certain sustainability preferences under MiFID II (the Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation - collectively known as MiFID II).

Shareholders should note that we do not expect the introduction of these additional measures to result in significant changes to the way in which the Portfolios are currently managed or their risk profiles.

Why has Columbia Threadneedle Investments signed up to NZAMI?

As a large global asset manager, we are committed to both delivering long-term financial returns for our clients, which includes managing the risks presented by climate change, and supporting the transition to a low-carbon economy. As such, we are a signatory to NZAMI, which is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions (“net zero”), and working in partnership with our clients, we aspire to reach net zero by 2050 or sooner across all our assets under management, including the Portfolios.

Full details of the commitment made by NZAMI signatories can be found at the following website address: www.netzeroassetmanagers.org/commitment/

What does the NZAMI commitment mean for my investment?

Primarily, we use active ownership to engage with companies within our portfolios to influence them to lower their carbon emissions. Our current aim is for each Portfolio to hold at least 70% of its portfolio emissions in net zero aligned or engaged companies, however this is not a binding target.

This approach is complemented by Columbia Threadneedle's engagement focus list, where the goal is to work constructively with globally significant high-emitting companies to encourage them to align with a net zero trajectory. However, this could result in the divestment from the Portfolios of a small number of these companies if they are held in the Portfolios, if after a period of engagement, they fail to meet minimum expectations in relation to their climate policies.

Further details on the methodology we use can be found on our website www.columbiathreadneedle.com.

More immediately, the Portfolios will no longer be able to invest in companies that derive over 30% of their revenue from coal or that make new investments in coal mining or power generation projects. These exclusions are included in the SFDR RTS Annex of each of the Portfolios.

Whilst net zero will become a continuing ambition of the Portfolios, it is not an outcome which is guaranteed, nor is any guarantee given that progress towards this ambition for the Portfolios will necessarily result in better returns for investors. A Portfolio's progress towards this ambition may impact the performance of the Portfolio positively or negatively.

What do I need to do?

You do not need to do anything as a result of these changes, which will take effect automatically on the Effective Date.

What can I do if I disagree with the changes?

Shareholders may redeem their shares in the Portfolios, or exchange their shares into shares of an alternative Portfolio of the Threadneedle (Lux) SICAV, free of any charges, by submitting a written request to the Registrar and Transfer Agent: International Financial Data Services (Luxembourg) S.A. until 15.00 Luxembourg time on 19 November 2023. Such redemption or exchange requests will be processed in the normal manner in accordance with the "Redemption of Shares" section of the Prospectus. Contact details for International Financial Data Services are available on the "Contact" section of our website www.columbiathreadneedle.com.

We are unable to provide financial or tax advice and we therefore suggest that you seek professional advice about potential tax implications.

Additional information

If you have any other questions regarding this notice, please speak to your financial adviser.

Yours faithfully,

The Board

Important information: Your capital is at risk. Threadneedle (Lux) is a Luxembourg domiciled investment company with variable capital ("SICAV"), managed by Threadneedle Management Luxembourg S.A.. This material should not be considered as an offer, solicitation, advice or an investment recommendation. This communication is valid at the date of publication and may be subject to change without notice. Information from external sources is considered reliable but there is no guarantee as to its accuracy or completeness. The SICAV's current Prospectus, the Key Investor Information Document (KIID)/Key Information Document (KID) and the summary of investor rights are available in English and/or in local languages (where applicable) from the Management Company Threadneedle Management Luxembourg S.A., International Financial Data Services (Luxembourg) S.A., your financial advisor and/or on our website www.columbiathreadneedle.com. These documents are available in Switzerland from the Swiss Representative and Paying Agent CACEIS Investor Services Bank SA, Esch-sur-Alzette, Zurich branch, Bleicherweg 7, CH 8027 Zurich. Threadneedle Management Luxembourg S.A. may decide to terminate the arrangements made for the marketing of the SICAV. Pursuant to article 1:107 of the Act of Financial Supervision, the sub-fund is included in the register that is kept by the AFM. Threadneedle (Lux) is authorised in Spain by the Comisión Nacional del Mercado de Valores (CNMV) and registered with the relevant CNMV's Register with number 177. Past performance is calculated according to the BVI method in Germany.

In the EEA and Switzerland: Issued by Threadneedle Management Luxembourg S.A. registered with the Registre de Commerce et des Sociétés (Luxembourg), Registered No. B 110242, 44 rue de la Vallée, L-2661 Luxembourg, Grand Duchy of Luxembourg.

In the UK: Issued by Threadneedle Asset Management Limited. Registered in England and Wales, No. 573204. Registered Office: 78 Cannon Street, London EC4N 6AG, United Kingdom. Authorised and regulated in the UK by the Financial Conduct Authority.

In the Middle East: This document is distributed by Columbia Threadneedle Investments (ME) Limited, which is regulated by the Dubai Financial Services Authority (DFSA). For Distributors: This document is intended to provide distributors' with information about Group products and services and is not for further distribution. For Institutional Clients: The information in this document is not intended as financial advice and is only intended for persons with appropriate investment knowledge and who meet the regulatory criteria to be classified as a Professional Client or Market Counterparties and no other Person should act upon it.

Columbia Threadneedle Investments is the global brand name of the Columbia and Threadneedle group of companies.

Appendix - Changes regarding the promotion of Environmental and Social Characteristics by the Portfolios

Feature	Current Text	Summary of amendments from the Effective Date
Investment Objective and Policy (Promotion of Environmental and Social Characteristics section) and SFDR RTS Annex	<p>Promotion of Environmental and Social Characteristics</p> <p>The Sub-Advisor promotes environmental and social characteristics by integrating a range of responsible investment measures into the investment decision-making process.</p> <p>Over rolling 12-month periods, the Portfolio aims to compare favourably with the [Index*] according to the Columbia Threadneedle ESG Materiality Rating - a proprietary model which builds on the Sustainability and Accounting Standards Board (SASB®) framework. This model identifies material environmental, social and governance (“ESG”) factors across a broad range of sectors, and provides an insight into the management focus and standards of operating practices of a company. The Sub-Advisor considers that companies that manage ESG risks effectively are better positioned to address future challenges, and capitalise on unknown and known future business opportunities. Companies that lead on the most material ESG metrics should be well positioned to build competitive advantage and sustain their long-term future.</p> <p>The Portfolio also aims to exclude companies that breach accepted international standards and principles (e.g. the United Nations Global Compact). Companies in breach may be assessed as suitable for investment by the Portfolio, if in the opinion of the Sub-Advisor there are tangible mitigating factors for the company to be held.</p>	<p>Promotion of Environmental and Social Characteristics</p> <p>The Sub-Advisor promotes environmental and social characteristics by integrating a range of responsible investment measures into the investment decision-making process, as well as ensuring that the companies in which the Portfolio invests follow good governance practices.</p> <p>The Portfolio aims to compare favourably against the [Index*] over rolling 12-month periods, when assessed using the Columbia Threadneedle ESG Materiality Rating Model (the “Model”).</p> <p>This Model (developed and owned by Columbia Threadneedle Investments builds on the Sustainability Accounting Standards Board (SASB®) materiality framework and identifies the most financially material environmental, social and governance risk and opportunity factors across a wide range of industries, based on subjective indicators.</p> <p>Where sufficient data is available, the output of the Model is a rating from 1 to 5. The ratings indicate how much exposure a company has to material ESG risks and opportunities in a particular industry. A rating of 1 indicates that a company has minimal exposure to material ESG risks and a rating of 5 indicates that a company has a higher exposure to such risks. These ESG Materiality ratings are used by the Sub-Advisor to identify and assess potential material ESG risk and opportunity exposures in the securities held or considered for investment by the Portfolio, as part of its decision-making process. The Sub-Advisor favours companies which score highly (rating of 1-3) on the Model, giving the Portfolio a positive tilt in favour of ESG characteristics when compared with those of the [Index*], on a rolling 12-month basis.</p> <p>The Sub-Advisor must invest at least 50% of the Portfolio in companies that have a strong ESG Materiality rating (1 to 3). Where necessary, the Sub-Advisor may assess companies that are not covered by its ESG Materiality Rating Model using its own research, or engage with companies that have low ESG Materiality Ratings for improvement, in order to achieve this 50% minimum commitment.</p>

For the Equity Portfolios:

The Sub-Advisor ensures that at least:

- 90% of equity securities issued by large companies domiciled in developed countries; and
- 75% of equity securities issued by large companies domiciled in Emerging Market Countries or by small and medium companies,

held by the Portfolio are rated against the above measures. For the purposes of this test, small companies are those with a market capitalisation below €5 billion, medium companies are those between €5 billion and €10 billion and large companies are those above €10 billion.

For the Bond Portfolio:

The Sub-Advisor ensures that at least two thirds of the fixed income securities held by the Portfolio are rated against the above measures.

To support and enhance the promotion of environmental and social characteristics, the Sub-Advisor will seek proactive engagement with companies with a view to influencing management teams to improve their practices, for example on issues relating to carbon emissions.

Further information on the Portfolio investment guidelines, including the Columbia Threadneedle ESG Materiality Rating methodology and

The Sub-Advisor ensures that at least [xx%**] of the total net assets of the Portfolio excluding investments in ancillary liquid assets, bank deposits, Money Market Instruments or money market funds for liquidity or treasury purposes are assessed by the Model.

The Portfolio does not invest in companies which derive revenue from industries and activities above the thresholds shown below:

Threshold Exclusions		
Exclusion	Factor	Revenue Threshold
Tobacco	Production	5%
Thermal Coal	Power Generation	30%
	Extraction	30%
	Development of new thermal coal mining or power generation facilities	0%
Conventional Weapons	Military weapons	10%
	Civilian Firearms	10%
Nuclear Weapons	Indirect products and services	5%

Full Exclusions
Controversial Weapons
Nuclear Weapons - Direct involvement: issuers involved in warheads and missiles, fissile material, exclusive-use components

These exclusion criteria may be extended or revised from time to time.

The Portfolio excludes companies that breach international standards and principles, as determined by the Sub-Advisor, such as:

- the United Nations Global Compact;
- the International Labour Organization Labour Standards; and
- the United Nations Guiding Principles on Business and Human Rights

In line with its engagement policy, the Sub-Advisor may engage with companies that have poorer ESG Materiality Ratings to encourage improvement of their ESG practices over time on issues ranging from climate change to board independence and diversity.

Columbia Threadneedle Investments is a signatory to the Net Zero Asset Managers Initiative (“NZAMI”) and has committed to an ambition to reach net zero emissions by 2050

	<p>engagement policy, is available at columbiathreadneedle.com.</p> <p>The Portfolio is categorised as one that promotes environmental or social characteristics under Article 8 of the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).</p>	<p>or sooner for a range of assets, including the Portfolio. Accordingly, the Sub-Advisor will use proactive engagement with companies to assist with progressing this ambition. If after an appropriate period of engagement, a high emitting company held in the Portfolio does not show progress in meeting minimum standards considered necessary for continued investment, then the Portfolio will disinvest from the company.</p> <p>[While the Portfolio does not have a sustainable investment objective, it will hold a minimum proportion of 5% of sustainable investments with an environmental or social objective.***]</p> <p>The Sub-Advisor considers the principal adverse impacts (“PAIs”) of its investment decisions for this Portfolio that may negatively harm sustainability factors through a combination of sector and thematic exclusions, investment research and monitoring and engaging with investee companies in respect of the PAI indicators detailed in the SFDR RTS Annex of the Prospectus.</p> <p>The Portfolio is categorised as one that promotes environmental or social characteristics under Article 8 of the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR).</p> <p>Further information about the environmental or social characteristics promoted by the Portfolio and their integration into the investment process is available in the SFDR RTS Annex of the Prospectus.</p> <p>Please also refer to the General Sustainability Disclosures Appendix of the Prospectus for further information.</p>
--	--	---

**The Index for each Portfolio, as set out in the existing Investment Objectives and Policies section of the Prospectus.*

***This value will be 90% for the Asia Equities, European Select, Global Focus, Global Select and Global Equity Income Portfolios, 75% for the European Smaller Companies and Pan European Smaller Companies Portfolios and two-thirds (i.e. 67%) for the European High Yield Bond Portfolio.*

****This language and the 5% minimum commitment to sustainable investments with an environmental or social objective only applies to the European Select, European Smaller Companies, Global Equity Income, Global Focus, Global Select, Pan European Smaller Companies and European High Yield Bond Portfolios.*