

**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) – US CONTRARIAN CORE EQUITIES**  
**THREADNEEDLE (LUX) – GLOBAL EMERGING MARKET EQUITIES**  
**(THE “PORTFOLIOS”)**

**IMPORTANT**

14 September 2023

Dear Shareholder,

**Important information: Amendment to the investment policies and inclusion of SFDR RTS Annexes of the Portfolios to introduce the promotion of environmental and social characteristics.**

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 amending the investment policies and including SFDR RTS Annexes to introduce the promotion of environmental and social characteristics.

The changes will result in the Portfolios being 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](http://www.columbiathreadneedle.com).

**What is changing?**

The Portfolios will promote 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 Portfolios invest follow good governance practices. From the Effective Date, the Sub-Advisor will:

**Establish a “positive ESG tilt” to the Portfolios**

The Sub-Advisor will aim to create portfolios that compare favourably against each of the Portfolios respective indices over rolling 12-month periods, when assessed using the Columbia Threadneedle ESG Materiality Rating Model (the “**Model**”).

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 (“ESG”) risk and opportunity factors across a wide range of industries, based on subjective indicators.

Where sufficient data is available, the Model gives companies a rating from 1 to 5. These 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. The 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.

Whilst the Portfolios may still invest in companies with a low rating (rating of 4 or 5), the Sub-Advisor favours companies which score highly (rating of 1-3) on the Model, giving the Portfolios a positive tilt in favour of ESG characteristics when compared with those of their respective index, on a rolling 12-month basis.

### **Introduce a set of ESG exclusions**

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 Portfolios will also exclude companies that breach international accepted standards, such as the United Nations Global Compact. The exclusion criteria may be extended or revised from time to time.

### **Highlight our engagement with companies**

The Sub-Advisor will engage with companies with a view to influencing management teams to address ESG risks and improve their ESG practices, ranging from carbon emissions to board independence and diversity.

### **Commit to investing in a minimum proportion of Sustainable Investments and to consider Principal Adverse Impacts**

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, for Global Emerging Market 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 Annex of the Portfolio. For the avoidance of doubt, this Portfolio will not have a sustainable investment objective.

For each Portfolio, the investment policy will be amended to include a new section with the header “Promotion of Environmental and Social Characteristics”. 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. By making these changes to the investment policies of the Portfolios, this will become a binding commitment and the changes will 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 these amendments to the investment policies to result in significant changes to the way in which the Portfolios are currently managed or their risk profiles.

## 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](http://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](http://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.

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**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	Summary of amendments from the Effective Date
<b>Investment Objective and Policy (new section) and SFDR RTS Annexes</b>	<p><b>Promotion of Environmental and Social Characteristics</b></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> <p>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.</p> <p>The Portfolio does not invest in companies which derive revenue from industries and activities above the thresholds shown below:</p>

Threshold Exclusions		
Exclusion	Factor	Revenue Threshold
Tobacco	Production	5%
Thermal Coal	Power Generation Extraction	30% 30%
Conventional Weapons	Military weapons Civilian Firearms	10% 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.

[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.\*\*\*]

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>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>
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*\*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 US Contrarian Core Equities Portfolio and 75% for Global Emerging Market Equities Portfolio.*

*\*\*\*This language and the 5% minimum commitment to sustainable investments with an environmental or social objective only applies to the Global Emerging Market Equities Portfolio.*