

**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) – PAN EUROPEAN ESG EQUITIES  
(THE “PORTFOLIO”)**

**IMPORTANT**

14 September 2023

Dear Shareholder,

**Important information: Amendments to the investment policy and SFDR RTS Annex of the Portfolio.**

As you are an investor in the Portfolio, we are writing to inform you that the Board of Directors of the SICAV (the “**Board**”) are amending the investment policy and corresponding SFDR RTS Annex to provide additional clarity and information on the various responsible investment measures that are embedded into the existing investment decision-making process. The Board are also taking this opportunity to introduce additional measures that support the promotion of environmental and social characteristics and are also amending the investment policy 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 this Portfolio.

The Portfolio 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 policy and SFDR RTS Annex 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 Portfolio will continue to target investment in companies with strong or improving environmental, social and governance (ESG) characteristics however the investment policy and SFDR RTS Annex will be amended to provide additional information on the various responsible investment measures that are embedded into the existing investment decision-making process, including clarity on the Columbia Threadneedle ESG Materiality model and further information on the Sub-Advisor’s approach to engagement.

From the Effective Date, the Sub-Advisor will also 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, 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, the Portfolio 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 Portfolio 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 Portfolio to assist with progressing this ambition.

The Portfolio's investment policy and SFDR RTS Annex will be amended to include reference to the additional measures explained above. The changes have been summarised in the Appendix attached and will be reflected in the investment policy of the 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 Portfolio 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 the additional measures to result in significant changes to the way in which the Portfolio is currently managed or the risk profile.

### **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/](http://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 Portfolio of a small number of these companies if they are held in the Portfolio, 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](http://www.columbiathreadneedle.com).

More immediately, and in addition to the existing revenue-based coal exclusions, the Portfolio will no longer be able to invest in companies that make new investments in coal mining or power generation projects. These exclusions are included in the SFDR RTS Annex of the Portfolio.

**Whilst net zero will become a continuing ambition of the Portfolio, it is not an outcome which is guaranteed, nor is any guarantee given that progress towards this ambition for the Portfolio**

**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 Portfolio, 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 Portfolio**

<b>Current Investment Objective and Policy</b>	<b>Updated Investment Objective and Policy and summary of SFDR RTS Annex from the Effective Date</b>
<p>The Pan European ESG Equities Portfolio seeks to achieve capital appreciation through investment in companies with strong or improving environmental, social and governance (ESG) characteristics.</p> <p>The Portfolio is actively managed, and invests principally in the equity securities of large companies domiciled in Europe or with significant European activities. The Portfolio may further invest in the equity securities of European Smaller Companies and Money Market Instruments.</p> <p>The Portfolio may use financial derivative instruments for hedging purposes.</p> <p>For the purposes of managing liquidity, the Portfolio may hold cash deposits, Money Market Instruments and other cash-equivalent assets, including through UCIs.</p> <p>The Sub-Advisor focuses on selecting companies with strong or improving ESG characteristics, as outlined in the Portfolio's ESG Investment Guidelines. Those companies will demonstrate leadership through strong environmental, social, and governance practices.</p> <p>The Sub-Advisor will use measures that compare the ESG characteristics of the Portfolio against the MSCI Europe Index. This index also provides a helpful benchmark against which the financial performance can be compared. The MSCI Europe Index has been chosen for these purposes as a good representation of large and medium-sized companies within European developed market countries (including the UK). Accordingly, the index is not designed to specifically consider environmental or social characteristics.</p>	<p>The Pan European ESG Equities Portfolio seeks to achieve capital appreciation through investment in companies with strong or improving environmental, social and governance (ESG) characteristics.</p> <p>The Portfolio invests principally in the equity securities of large companies domiciled in Europe or with significant European activities. The Portfolio may further invest in the equity securities of European Smaller Companies and Money Market Instruments.</p> <p>The Portfolio may use financial derivative instruments for hedging purposes.</p> <p>For the purposes of managing liquidity, the Portfolio may hold ancillary liquid assets (i.e. bank deposits at sight), and may also hold bank deposits, Money Market Instruments or money market funds for treasury purposes. In normal market conditions, investment in these assets or instruments will not exceed 10% of the Portfolio's Net Asset Value.</p> <p>The Portfolio is actively managed in reference to the MSCI Europe Index. The index is broadly representative of the companies in which the Portfolio invests and provides a suitable target benchmark against which Portfolio performance will be measured and evaluated over time. The index is not designed to specifically consider environmental or social characteristics.</p> <p>The Sub-Advisor has discretion to select investments with weightings different to the index, and that are not in the index, and the Portfolio may display significant divergence from the index. Deviations from the index, including guidance on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process.</p> <p><b>Promotion of Environmental and Social Characteristics</b></p> <p>The Sub-Advisor promotes environmental and social characteristics by investing in companies that demonstrate strong or improving ESG characteristics. In addition, the Sub-Advisor ensures that the companies in which the Portfolio invests follow good governance practices.</p> <p>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>

Deviations from the index, including guidance on the level of risk relative to the index, will be considered as part of the Sub-Advisor's risk monitoring process, to ensure the overall level of risk is broadly consistent with the index. In line with its active management strategy, there may be significant deviation from the index.

In keeping with its ESG Investment Guidelines, the Portfolio will not invest in some sectors and companies in the index.

The Net Asset Value of the Portfolio shall be expressed in Euro and investment decisions will be made from a Euro perspective.

### **ESG Investment Guidelines**

The Sub-Advisor's environmental, social and governance ("ESG") investment criteria for the Portfolio are set out in its ESG Investment Guidelines, which may be amended from time-to-time. These are specific to the Portfolio and are over and above the Sub-Advisor's own normal ethical practices.

The Portfolio's ESG Investment Guidelines are available on request.

The key components to the ESG Investment Guidelines are as follows:

1. ESG exclusion screening, which aims to exclude companies that are unable to satisfy the ESG Investment Guidelines from time to time. By way of example, it may seek to exclude companies where a significant element of the business revenue is derived from activities such as the manufacture of controversial weapons, tobacco, gambling services, or companies that breach accepted international standards and principles;
2. Companies that do not satisfy this exclusion screening may be assessed as suitable for investment by the Portfolio, if in the

### **Summary of SFDR RTS Annex**

The Portfolio aims to compare favourably against the MSCI Europe Index 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 risk and opportunity factors across a wide range of industries, based on subjective indicators.

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 MSCI Europe Index, on a rolling 12-month basis. However, the Sub-Advisor may invest in companies with a poorer ESG Materiality rating (companies rated 4 or 5) on the basis that these securities, notwithstanding such rating, are determined by the Sub-Advisor to already demonstrate strong ESG practices or have scope for improvement in their ESG practices. The Sub-Advisor will seek to encourage such improvements through the implementation of its engagement policy.

The Sub-Advisor must invest at least 80% 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 80% minimum commitment.

The Sub-Advisor ensures that at least 90% 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:

opinion of the Sub-Advisor they are clearly demonstrating improving ESG characteristics. By way of example, this may include companies that are actively reducing their share of business revenue derived from the type of activities described above.

The Sub-Advisor will apply these non-financial selection criteria to at least 90% of the total net assets of the Portfolio excluding liquid assets, and will use measurement methods such as responsible investment rating and exclusion screening to ensure that the Portfolio's ESG profile exceeds that of the index.

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).

<b>Threshold Exclusions</b>		
<b>Exclusion</b>	<b>Factor</b>	<b>Revenue Threshold</b>
Tobacco	Production Distribution Retail Supply	5% 15% 15% 50%
Oil & Gas	Unconventional Exploration and Production (including Arctic) Conventional Exploration and Production Oil Power Generation	5% 30% 30%
Thermal Coal	Power Generation Extraction Development of new thermal coal mining or power generation facilities	25% 5% 0%
Gambling	Related Activity	5%
Adult Entertainment	Production Distribution Retail	5% 5% 5%
Conventional Weapons	Military weapons Civilian Firearms	5% 5%
Nuclear Weapons	Indirect products and services	5%

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

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 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.

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.

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).

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.

Please also refer to the General Sustainability Disclosures Appendix of the Prospectus for further information.