

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Threadneedle (Lux) Pan European ESG Equities

Legal entity identifier: 5493003HOJGB5U7D3492

Environmental and/or social characteristics

| Did this financial product have a sustainable investment objective?  |   |
|--|---|
| <div><div><div></div><div></div><div></div></div><div>Yes</div></div>  | <div><div><div></div><div></div><div></div></div><div>No</div></div>  |
| <div><div><div></div><div>It made sustainable investments with an environmental objective: ____%</div><div><div><div></div><div>in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div></div><div><div></div><div>in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div></div></div></div> | <div><div><div></div><div>It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investments</div><div><div><div></div><div>with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</div></div><div><div></div><div>with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</div></div><div><div></div><div>with a social objective</div></div></div></div></div> |
| <div><div><div></div><div>It made sustainable investments with a social objective: ____%</div></div></div>   | <div><div><div>x</div><div>It promoted E/S characteristics, but did not make any sustainable investments</div></div></div>  |



To what extent were the environmental and/or social characteristics promoted by this financial product met?

The financial product promoted environmental and social characteristics by integrating the following responsible investment measures into the investment decision-making process:

- Comparing favorably with the index on material ESG criteria, measured by the Columbia Threadneedle ESG Materiality Rating model, over 12 month rolling periods.

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

- We invested at least 80% of the portfolio in companies with strong or improving ESG characteristics, measured by a combination of the ESG Materiality rating and fundamental research of portfolio companies. The Portfolio will tend to favour companies which score strongly on the Columbia Threadneedle ESG Materiality Rating, therefore 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. All strongly rated companies are considered as aligned with the E/S characteristics promoted by the Portfolio. However, the Portfolio may invest in companies with a poorer rating and these companies are also considered as aligned with the E/S characteristics promoted by the Portfolio on the basis that these securities, notwithstanding such rating, are (i) determined through our fundamental research to already demonstrate strong ESG practices or (ii) have scope for improvement in their ESG practices. We seek to encourage such improvements through the implementation of its engagement policy.
- Excluding companies in breach of accepted international standards and principles, such as the United Nations Global Compact and the United Nations Guiding Principles on Business and Human Rights.
- Excluding companies with involvement in controversial weapons, in line with the Columbia Threadneedle Controversial Weapons Policy, and companies with direct involvement in nuclear weapons.
- To support the promotion of environmental and social characteristics, engaging with companies with a view to influence management teams to improve their practices, for example on issues relating to carbon emissions.

### ● *How did the sustainability indicators perform?*

The financial product has the following sustainability indicators:

- The primary indicator is the positive weighted average ESG Materiality rating of the Portfolio versus the MSCI Europe (Gross TR) Index, assessed over rolling 12-month periods. The positive ESG Materiality rating versus the index was monitored on a daily basis by our compliance systems. The portfolio maintained a better ESG Materiality rating than the benchmark throughout the period.  
On 31 March 2023 the portfolio rating was 2.70 and the benchmark rating was 2.79 (on a scale of 1-5, where lower is better).
- We invested at least 80% of the portfolio in companies with strong or improving ESG characteristics, measured by a combination of the ESG Materiality rating and fundamental research of companies.
- We excluded companies that we determined were in breach of accepted international standards, for example the UN Global Compact Principals. The exclusion policy was adhered to with the application of strict pre-trade restrictions and was monitored on an ongoing basis.
- We also adhered to our Controversial Weapons Policy and excluded companies with direct involvement in nuclear weapons.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

As these indicators form the basis of the environmental and/or social characteristics promoted by the financial product, they are also the binding elements of Portfolio's ESG strategy.

● ***...and compared to previous periods?***

We will provide a comparison of the sustainability indicators to a previous period in the next report.

● ***What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?***

Not applicable – the financial product does not make a commitment to invest in sustainable investments.

● ***How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable – the financial product does not make a commitment to invest in sustainable investments.

— *How were the indicators for adverse impacts on sustainability factors taken into account?*

Not applicable – the financial product does not make a commitment to invest in sustainable investments.

— *Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:*

Not applicable – the financial product does not make a commitment to invest in sustainable investments.

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



#### How did this financial product consider principal adverse impacts on sustainability factors?

Not applicable – the financial product does not make a commitment to consider the principal adverse impacts of investment decisions on sustainability factors.



#### What were the top investments of this financial product?

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period.

| Largest investments  | Sector                 | Average weight | Country        |
|----------------------|------------------------|----------------|----------------|
| NOVO NORDISK CLASS B | Health Care            | 4.01%          | Denmark        |
| ASML HOLDING NV      | Information Technology | 3.84%          | Netherlands    |
| LVMH                 | Consumer Discretionary | 3.82%          | France         |
| NESTLE SA            | Consumer Staples       | 3.73%          | Switzerland    |
| ROCHE HOLDING PAR AG | Health Care            | 3.70%          | United States  |
| ASTRAZENECA PLC      | Health Care            | 3.38%          | United Kingdom |
| TOTALENERGIES        | Energy                 | 3.15%          | France         |
| LOREAL SA            | Consumer Staples       | 2.90%          | France         |
| ASHTED GROUP PLC     | Industrials            | 2.29%          | United Kingdom |
| UBS GROUP AG         | Financials             | 2.28%          | Switzerland    |
| CRH PLC              | Materials              | 2.18%          | Ireland        |
| SIKA AG              | Materials              | 2.12%          | Switzerland    |
| 3I GROUP PLC         | Financials             | 2.10%          | United Kingdom |
| VODAFONE GROUP PLC   | Communication Services | 2.07%          | United Kingdom |
| RIO TINTO PLC        | Materials              | 2.00%          | United Kingdom |



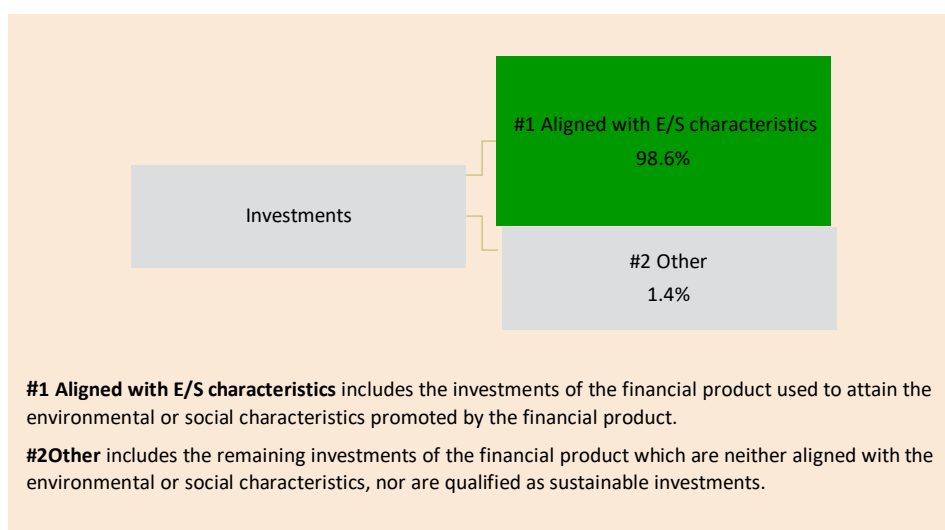
## What was the proportion of sustainability-related investments?

### What was the asset allocation?

**Asset allocation** describes the share of investments in specific assets.

98.6% of the portfolio was invested in companies with strong or improving ESG characteristics, measured by a combination of the ESG Materiality rating and fundamental research of portfolio companies.

1.4% includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.



### In which economic sectors were the investments made?

| Sector                 | Average weight |
|------------------------|----------------|
| Communication Services | 3.7%           |
| Consumer Discretionary | 13.5%          |
| Consumer Staples       | 9.2%           |
| Energy                 | 3.4%           |
| Financials             | 18.3%          |
| Health Care            | 14.3%          |
| Industrials            | 18.0%          |
| Information Technology | 7.3%           |
| Materials              | 9.7%           |
| Utilities              | 1.3%           |
| Cash                   | 1.4%           |

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective.

**Transitional activities** are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



### To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The fund does not have a commitment to align with the EU criteria for environmentally sustainable economic activities as defined by the EU Taxonomy Regulation.

Based on reliable data that has been made available to date, the fund is reporting 0% of its investments are in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation.

### ● Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

☐ Yes:

☐ In fossil gas ☐ In nuclear energy

☒ No

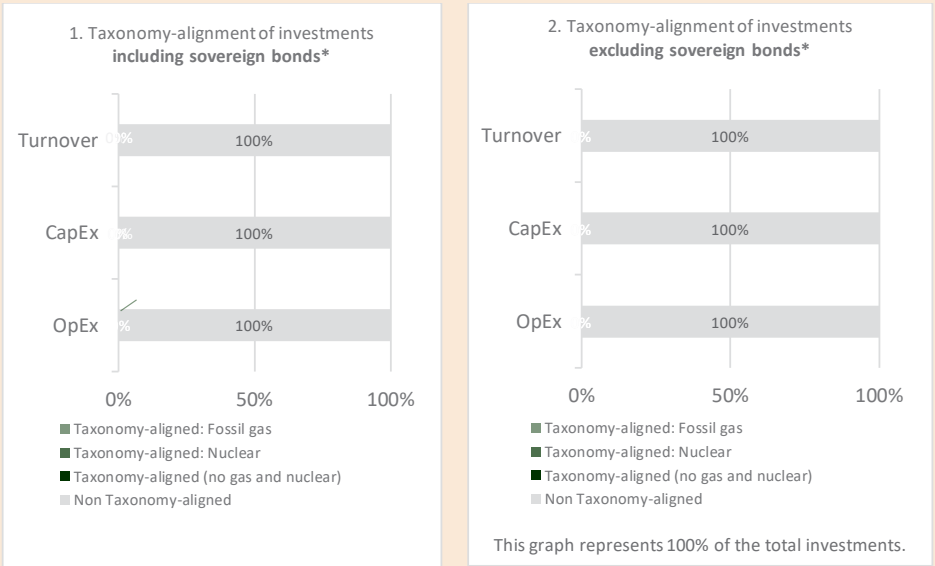
<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.

What was the share of investments made in transitional and enabling activities?

0% of the investments made by the fund are in transitional and enabling activities as defined by the EU Taxonomy Regulation.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Based on reliable data that has been made available to date, the fund is reporting 0% of its investments are in economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation. The fund is yet to report any alignment to the EU Taxonomy Regulation.



What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

Not applicable - the fund does not have a commitment to invest in sustainable investments with an environmental objective not aligned with the EU Taxonomy Regulation.



What was the share of socially sustainable investments?

- Not applicable - the fund does not have a commitment to invest in sustainable investments with a social objective



### **What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

Holdings classified as “other” include (i) ancillary liquid assets (i.e. bank deposit at sight) which are held for the purposes of liquidity management; (ii) bank deposits, money market instruments or money market funds held for treasury purposes; or (iii) derivatives for hedging purposes.

Minimum environmental or social safeguards for cash positions and derivatives are integrated into the ESG counterparty risk assessment.



### **What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

We engaged with companies, aiming to influence their approach to ESG risks and ESG practices.

For example, over the period we engaged with ASM International to discuss governance and the incorporation of ESG metrics into executive remuneration. This will provide accountability for leadership. Following our engagement, the company agreed to implement this. Additionally, following engagements in 2022, the company has improved workplace diversity and set future gender hiring targets. Lastly, the company has set emissions target in line with the global 1.5C pathway.

We also discussed nutrition strategy with Nestle. The company shared their ambition to be a leader in the sale of healthy food products. We expressed concern that, unlike their peers, Nestle do not have any specific targets. We stated that any targets would send a strong message to the wider industry. We will continue to engage on this theme.



### **How did this financial product perform compared to the reference benchmark?**

Not applicable - the financial product does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that the Portfolio promotes.

- *How does the reference benchmark differ from a broad market index?*

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



Not applicable - the financial product does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that the Portfolio promotes.

● ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***

Not applicable - the financial product does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that the Portfolio promotes.

● ***How did this financial product perform compared with the reference benchmark?***

Not applicable - the financial product does not have a designated reference benchmark that is used to measure whether it attains the environmental and/or social characteristics that the Portfolio promotes.

● ***How did this financial product perform compared with the broad market index?\****

Over the period, the financial product maintained a superior ESG profile to the MSCI Europe (Gross TR) Index, as measured by the Columbia Threadneedle Investments ESG Materiality Rating model.