



Belfius Article 8 Multi- Assets Strategies

Transparency Code

Statement of Engagement

Sustainable & Responsible Investment is an essential part of the strategic positioning and behaviour of the Management Company, Belfius Asset Management and the Investment Manager, Candriam. Belfius Asset Management (Belfius AM) and Candriam have been involved in SRI since 2019 and 1996.

Belfius Asset Management and Candriam are committed to transparency, and we believe that we are as transparent as possible given the regulatory and competitive environments that exist in the countries in which we operate.

The Transparency Codes are available on our respective corporate websites:

Belfius Asset Management

[SRI Publications | Belfius](#)

Candriam

[SRI Publications | Candriam](#)

August 2024



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1. List of Funds Covered by the Code

Dominant/preferred SRI strategy*	Asset Class	Exclusions standards and norms**	Labels
<input type="checkbox"/> Best in Class <input checked="" type="checkbox"/> Best in Universe* <input checked="" type="checkbox"/> Engagement & Voting <input checked="" type="checkbox"/> ESG Integration <input checked="" type="checkbox"/> Exclusion <input type="checkbox"/> Impact investing <input checked="" type="checkbox"/> Norms-based Screening <input type="checkbox"/> Sustainability Themed	Passively managed <input type="checkbox"/> Passive investing – core benchmark: specify the index tracking <input type="checkbox"/> Passive investing –ESG/SRI benchmark: specify the index tracking Actively managed <input checked="" type="checkbox"/> Shares in a euro area country <input checked="" type="checkbox"/> Shares in an EU country <input checked="" type="checkbox"/> International Shares <input checked="" type="checkbox"/> Bonds and other debt securities denominated in euro <input checked="" type="checkbox"/> International bonds and other debt securities <input checked="" type="checkbox"/> Monetary assets <input checked="" type="checkbox"/> Short-term assets <input type="checkbox"/> Structured funds	<input checked="" type="checkbox"/> Controversial weapons <input checked="" type="checkbox"/> Alcohol <input checked="" type="checkbox"/> Tobacco <input checked="" type="checkbox"/> Arms <input checked="" type="checkbox"/> Nuclear power <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Labour rights <input checked="" type="checkbox"/> Gambling <input checked="" type="checkbox"/> Pornography <input checked="" type="checkbox"/> Animal testing <input type="checkbox"/> Conflict minerals <input type="checkbox"/> Biodiversity <input type="checkbox"/> Deforestation <input checked="" type="checkbox"/> CO2 intensive (including coal) <input checked="" type="checkbox"/> Genetic engineering <input checked="" type="checkbox"/> Global Compact <input checked="" type="checkbox"/> OECD Guidelines for MNCs <input checked="" type="checkbox"/> ILO Conventions <input checked="" type="checkbox"/> Other (please specify) - <i>Oppressive Regimes</i> - <i>Financial Action Task Force List (countries)</i> - <i>Freedom House (countries)</i> - <i>Unconventional & conventional oil & gas</i> - <i>Palm oil</i>	<input type="checkbox"/> French SRI label <input type="checkbox"/> French TEEC label <input type="checkbox"/> French CIES label <input type="checkbox"/> Luxflag Label <input type="checkbox"/> FNG Label <input type="checkbox"/> Austrian Ecolabel <input checked="" type="checkbox"/> Other (please specify) <i>Towards Sustainability (BE)***</i>

* The following funds apply a Best In Universe philosophy: Belfius Pension Fund strategies, the Belfius Sustainable strategies, the Belfius Equities Europe Conviction and Small & Mid Caps strategies, the Belfius Select Portfolio Sustainable Low and Medium, Belfius Portfolio Equities Emerging Markets, Belfius Equities Europe Conviction, Belfius Equities Europe Small & Mid Caps, the Belfius Portfolio Equities US Sustainable strategy

** Please note that the strategies follow distinct Exclusion policies as outlined in section 3.5. The table above highlights the exclusions relevant to our SRI Level 3 Exclusions.

*** The following funds have been awarded the Towards Sustainability label (BE): Belfius Pension Fund Balanced Plus, Belfius Pension Fund High Equities, Belfius Pension Fund Low Equities, Belfius Select Portfolio Sustainable Low, Belfius Select Portfolio Sustainable Medium, Belfius Sustainable High, Belfius Sustainable Low, Belfius Sustainable Medium

2. General information about the fund management company

2.1. Name of the fund management company that manages the applicant fund(s)

The Management Company of the fund is:

Belfius Asset Management
Place Rogier, 11
1210 Bruxelles

Belfius AM is the Asset Management competence center for Belfius Group.

The investment management company that manages the applicant fund is the following:

Candriam Belgium
Avenue des Arts, 58
1000 Brussels – Belgium

Please consult our website for further information: www.candriam.com. This code applies to the strategy classified as Article 8 according to the “Sustainable Finance Disclosure Regulation” (SFDR) and managed by Candriam.

Any question regarding sustainable and responsible investment (SRI) at Candriam can be e-mailed to the following address: [Contact | Candriam](#).

2.2. What are the company’s track record and principles when it comes to integrating SRI into its processes?

Management Company - Belfius Asset Management

Sustainable development is at the heart of the investment approach of Belfius Asset Management (and more generally of the Belfius Group).

Responsible investment is an investment strategy and practice that incorporates Environmental, Social and Governance (ESG) factors in investment decisions and active ownership.

Belfius Asset Management has adopted an investment process in which fundamental analysis is combined with environmental, social responsibility and governance factors that are gradually further integrated.

The signature on 28th February 2019 of the UN Principles for Responsible Investment (UN PRI) is one of the first commitments taken by Belfius Asset Management towards this progressive introduction of a specific and gradual attention to ESG in the development of (sustainable) investment solutions.

For more information, please refer to the website [Responsible Investments | Belfius Asset Management](#).

Investment Management Company – Candriam

Sustainability is rooted in Candriam's operating model and forms a key part of our corporate culture. Our sustainable development strategy leads us to incorporate the overall trends that will shape the world of tomorrow when defining our strategic operational choices. This strategy aims to establish and maintain a balance between, on the one hand, responsible behaviour towards all stakeholders and, on the other, (a) the synergies between our SRI and traditional investment activities, and (b) the determination to run the company in consideration of the Environment and of Society.

Candriam has been managing Sustainable Investments since 1996. As a responsible asset manager for over two decades, we are committed to the continuous development of our long-standing and holistic Environmental, Social, and Governance analysis approaches, and to the on-going expansion of our ESG integration process towards our large range of investment products.

As a sustainable asset manager, Candriam recognises the importance of taking into account sustainability risks and opportunities in the portfolios it manages and to duly consider sustainability impacts.

Milestones in Candriam's Environmental, Social, and Governance Investing:

1996 – First Sustainable Equity Fund. In 1996, Candriam's predecessor company, Cordius Asset Management, offered investors our first Sustainable Equity Fund.

2003 – Structured Proxy Voting System Established. Candriam was a pioneer among Belgian investment managers in exercising the voting rights of its clients to improve investment returns. In 2003 we began a systematic and structured proxy voting effort.

2005 – Proprietary Environmental, Social, and Governance research. In 2005, Candriam launched its in-house ESG analysis. Our ESG approach is based on a sophisticated set of ESG factors and performance indicators in six stakeholder domains, which is Investors, Employees, Environment, Suppliers, Customers, and Society, and are the core of Candriam's approach to Sustainable and Responsible investing.

2005 – Engagement Embedded in the Research Process. Our Engagement activities began at the outset of our in-house ESG research in 2005. Engagement arose from our dialogues with companies to obtain additional information. Our direct engagement with companies has grown organically over the years; for Candriam, Dialogue is synonymous with ESG Research.

2006 – Founding Signatory of the UN Principles for Responsible Investing. Candriam was present at the birth of the PRI. Candriam has been participating in industry working groups and sustainable investing organisations since 2003.

2008 – Emerging Markets ESG Investing. We believe that analysing ESG issues in Emerging Markets requires a different approach to accommodate the lower levels of information and transparency, as well as lower levels of issuer and investor experience with ESG factors.

2009 – ESG country framework established. Our analysis of sovereign and related issuers, based on the four pillars of Human Capital, Natural Capital, Social Capital, and Economic Capital.

2010 – ESG Indexed Funds – In 2010, following the controversial armaments exclusions firm-wide, Candriam decided to apply its SRI screening to its indexed fund range

2016 – Engagement: from Initiation to Influence. In 2016, we significantly increased our commitment by dedicating a group of our experienced Sustainable Investing professionals to full-time coordination of our decade-long efforts. Currently, we are putting our Engagement efforts behind three 'Conviction Topics': Corruption, Energy Transition, and Well-Being at Work.

2017 – Responsible Investing in Emerging Market Debt and High Yield Debt. In 2017, our expansion of our ESG included SRI Bond Emerging Markets, and SRI Bond Global High Yield. Five Candriam SRI funds were awarded AFNOR Certifications by the French-government-backed organisation, making our High Yield fund the first to receive an SRI label.

2017 – Helping to Train the Next Generation of Responsible Investors – In October 2017, Candriam launched the Academy for Sustainable and Responsible Investing. The Candriam Academy aims to raise awareness, promote education, and improve knowledge of sustainable investing via an innovative and accredited online educational platform.

2018 – Launch of Fossil Free funds. Launch in September 2018 of two Candriam Fossil Free funds to support investors moving towards carbon neutrality.

2018 – Exclusion of Thermal Coal and Tobacco from all investments. In 2018, all Candriam strategies divested from companies with more than 10% of their activities in thermal coal, and from any companies which initiate new thermal coal projects, based both on stranded asset and sustainability considerations. Candriam also divested from any companies with more than 5% of their activities

stemming from tobacco. These exclusions demonstrate our commitment to both investment performance and responsibility.

2019 – Launch of Climate Action strategy. Launched in May 2019, the fund invests in companies providing tangible solutions in terms of mitigation and adaptation to Climate Change.

2020 – Launch of Circular Economy strategy. Launched in April 2020, the strategy invests in companies providing solutions/services in the advancement of a more sustainable economic model.

2020 and beyond – Holistic Integration of Sustainability in Finance. In 2020 and beyond, we plan to continue to innovate and develop new sustainable investment solutions, as well as to increasingly integrate ESG risks and opportunities in all our investments, drawing on our more than two decades of experience in sustainable investing.

2021 – Joining the Net Zero Asset Manager Initiative. Candriam Announced on the 1st of November 2021 advanced decarbonisation ambition and joins the Net Zero Asset Managers Initiative with the aim to secure a 50% reduction in greenhouse gas emissions across a significant share of its investment portfolio by 2030 and will pursue net zero emissions of its investment portfolio by 2050 or sooner.

2021 – Joining the Net Zero Asset Manager Initiative. Candriam Announced on the 1st of November 2021 advanced decarbonisation ambition and joins the Net Zero Asset Managers Initiative with the aim to secure a 50% reduction in greenhouse gas emissions across a significant share of its investment portfolio by 2030 and will pursue net zero emissions of its investment portfolio by 2050 or sooner.

2021 – Impact Private Debt with Kartesia. Since 2021, Kartesia, as a leading private debt expert, has significantly bolstered its commitment to sustainability by embarking on a partnership with Candriam, as a renowned pioneer in ESG with over 25 years of expertise in Sustainable and Impact Investing, to launch one of the very first European Direct Lending Impact strategy within the industry. This unique strategy marks a significant milestone in Kartesia's sustainability journey and aims to actively pursue investment opportunities that directly and significantly contribute to the UN SDGs.

2023 – Publication of Candriam's Climate Strategy. In 2022, we further integrated climate change at the heart of our ESG strategy and investment philosophy by committing to net zero by 2050 with very ambitious 2030 objectives. We joined the Net Zero Asset Managers Initiative (NZAMI) in November 2021. As part of this commitment, we published an updated Climate Strategy in April 2023. This reflects our awareness and integration into our investments of the fact that our climate is changing faster and faster, bringing our world closer to disastrous social and economic consequences every year.

2024 – Launch of first sustainable Long-Short Strategy. In 2024, Candriam launched its first sustainable long-short strategy, aimed at investors seeking to navigate the complexities of the credit markets with a focus on sustainability. This strategy is designed to provide uncorrelated returns and controlled volatility, leveraging Candriam's extensive experience in sustainable investing and credit analysis.

2024 – Publication of Candriam's Biodiversity Strategy. In 2024, Candriam published its Biodiversity strategy, based on the proprietary model that we developed in-house over the years prior. This strategy addresses the urgent issue of biodiversity loss, emphasising its significant impact on global markets and economies. Candriam's approach highlights the necessity of integrating biodiversity considerations into investment decisions to mitigate risks and foster sustainable growth.

2.3. How does the company formalise its sustainable investment process?

Management Company – Belfius Asset Management

Belfius Asset Management' approach to responsible investment ranges from a basic screening to apply legal exclusions (controversial activities) to a thematic approach or an approach in which ESG factors are actively taken into account in the investment strategy. Only shares or bonds of companies or

countries that perform well on environmental, social or good governance issues, ideally a combination of all three, can then be included in the portfolio.

Belfius Asset Management has, in this context, signed the Charter for Sustainable Investment (PRI - Principles for Responsible Investment) on 28 February 2019.

Our approach to responsible investment is set out in more detail in our responsible investment policy. As part of responsible investment, Belfius Asset Management has also developed an engagement policy with our asset management partners.

A report on our engagement and voting activities that took place in 2023 can be found in our 2023 Active Ownership Report.

Belfius Asset Management has also been actively involved in the development of the Belgian 'Towards Sustainability' label, a Febelfin initiative defining a uniform framework within the Belgian market for sustainable investment products. The first labels were awarded in November 2019.

For more information, please refer to the website [Responsible Investing | Belfius Asset Management](#).

Investment Management Company - Candriam

At Candriam, we have actively incorporated ESG analysis in our investing since 1996. We believe that a company's long-term value is not purely measurable by purely financial metrics. By evaluating ESG criteria, investors can identify additional factors which affect a company's long-term value.

ESG considerations are central to Candriam's investment philosophy. To this end, Candriam's company-wide controversial activities policy integrates ESG factors including exclusions on controversial weapons, thermal coal and tobacco.

The policy is applicable to all funds for which Candriam has the full discretion as management company and investment manager. Except if otherwise agreed between the relevant parties, the following portfolios are therefore excluded from the scope of this policy:

- Funds for which Candriam is the Management Company but has delegated the investment management activity to another entity.
- Funds for which Candriam is not the Management Company but has received the investment management activity through a delegation by another entity.
- Fund of Funds managed by Candriam where the underlying funds are not managed by Candriam.

For third-party discretionary portfolio mandates, company-wide exclusions are applied if parties so agree. For additional information, please find Company-Wide Exclusion Policy published on our website:

[Exclusion Policy | Candriam](#)

In addition to publishing our Transparency Codes, Candriam formalises its responsible investment process through publishing its Sustainability Risk Policy, followed by its Engagement and Proxy Voting Policies:

[Sustainability Risk Management Policy | Candriam](#)

[Engagement Policy | Candriam](#)

[Proxy Voting Policy | Candriam](#)

Responsible Practices at Candriam - Sustainability is embedded in Candriam's business model and forms an essential part of our culture. We are committed to incorporating the global trends that will shape tomorrow's world in our strategic business choices and our daily life. We balance responsible behavior towards our stakeholders with the synergies between our ESG and traditional financial investment activities, as well as with our role in environmental and societal stewardship.

We offer transparency through our annual review of our own internal Environmental, Social, and Governance practices, and the results are published in our annual Corporate Sustainability Report (CSR). Candriam's CSR lists our concrete achievements and our 'deliverables' in our commitment to

develop our own company responsibly. The latest version is available on our corporate website at <https://www.candriam.com>.

Commitment at all levels is essential. Our Group Strategic Committee regularly assesses our relevant sustainability challenges to determine how Candriam should manage our stakeholder relations and how we should attune our business model and practices to all of these long-term challenges.

In 2020, we further clarified the firm's sustainability governance:

- **A Strategic Sustainability Committee:** the GSC, supported by Candriam's ESG and CSR experts, sets out the strategic orientations for both ESG investing (both product and commercial wise) and CSR.
- **Sustainability Risk Committee:** (company-wide), reporting into GSC, assesses corporate reputational & financial risks regarding sustainability including climate risks and defines a controversial Company and Country Watch list for all Candriam's activities.
- **The Proxy Voting Committee:** furnishes strategic guidance on Proxy Voting best practices and monitor Candriam's voting policy.
- **The Candriam Institute for Sustainable Development:** oversees Candriam's Philanthropy and community-impact program, through the support of initiatives in ESG Research & Education and in the Social Impact domain.
- **The ESG Steering Committee** coordinates the implementation of the strategic ESG Roadmap, relying on several agile investments, operational and IT workstreams.
- **The CSR Steering Committee:** oversees and coordinates the implementation of the CSR Roadmap across the axes of Staff, Clients, Operational Value Chain, Governance and Community.

As an investment manager, we strive to integrate ESG across all processes, offering the best services and products in ESG Investing. As a company, we commit to upholding the highest sustainability standards in every dimension of our business and we believe that our new ESG Governance Framework will allow us to do so in a more efficient manner.

2.4. How are ESG risks and opportunities – including those linked to climate change – understood/taken into account by company?

Investment Management Company – Candriam

Candriam considers that a company's long-term value is not solely influenced by financial criteria such as income or growth in the operating margin. By incorporating environmental, social and governance (ESG) criteria, we identify other factors liable to influence a company's value and competitiveness over the medium and long term. Within the analysis of Environmental factors, we take into account a company's exposure and strategy in terms of Climate Change.

The inclusion of ESG factors rounds out the assessment of risks incurred by issuers. These risks can be broken down into four categories:

- **Operational risk:** risk of losses stemming from a failure or inadequacy in an institution's procedures, staff, internal systems or due to external events.
- **Reputational risk:** risk of loss in enterprise value stemming from the materialisation of a risk, affecting the perception of the company held by its clients, shareholders, counterparties, regulators or investors.
- **Strategic risk:** risk of losses stemming from an actual or potential risk, affecting capital and profit, and resulting from changes in business model or adverse commercial decisions, a lack of responsiveness to a market development, or the inappropriate implementation of decisions.
- **Financial risk:** risks arising from banking and financial activities, predominantly including foreign exchange, interest rate and liquidity risks.

More specifically, climate change is a source of financial and reputational risk for investors. There are two types of climate risks: physical risks and risks associated with a transition to a low-carbon economy.

Physical risks

Physical risks cover immediate material and financial aspects, as well as operational aspects (e.g. production halts, water scarcity) and reputational aspects (e.g. conflicts with local populations, major migratory flows).

Transition risks

Searching for solutions to climate change issues can generate risks and opportunities for some sectors/companies. In particular, these risks cover:

- Changes in prices of energy resources and energy efficiency, with the added drawback of leaving companies with stranded assets:
 - Reduction of renewable energy costs, and increase in supply of renewable energies, have driven down demand for the highest-polluting energies (with coal in the lead).
 - Reserves of the highest-polluting energies may end up never being used, forcing the owners to write them off.
- Changes in anti-pollution tax systems and more restrictive carbon markets, driving up prices of CO2 per metric ton.
- Financing risk for companies active in high-polluting sectors or involved with obsolete energy activities. This risk has arisen due to the growing preference of clients and other stakeholders for energy transition financing and associated risks.

Type of risks

	Risks	Operational	Reputational	Strategic	Financial
Climate risk	Physical risks	ü	ü		
	Transition risks - <i>asset value</i>			ü	
	Transition risks - <i>legal and market constraints</i>	ü		ü	ü
	Transition risks - <i>financing/funding</i>		ü		ü

Candriam decided to exclude companies on a firm-wide level displaying more than 5% in thermal coal activities and those launching new projects in order to take into account potential stranded assets linked to climate change.

At Candriam, the inclusion of ESG criteria is the first step in the responsible investment process. Candriam’s ESG analysis is designed to select those issuers that best manage the challenges related to sustainable development, including climate change and energy transition.

All these issuers form the ESG universe. The investment portfolios are then compiled from this ESG universe and in accordance with analysts’ recommendations. This rigorous investment process ensures that short-, medium- and long-term ESG and financial risks and opportunities are taken into account and thus adds value to the investment as it enables the selection of issuers best positioned both from a financial point of view and from a sustainable-development point of view.

Furthermore, as described in section 2.3, Candriam has implemented a firm-wide ESG governance structure to ensure proper oversight and information flow of ESG issues. Climate Risks are analysed by the Sustainability Risk Committee which assesses corporate reputational & financial risks. This committee reports directly into Candriam’s Group Strategic Committee.

2.5. Which Teams are involved in the company’s sustainable investment activity?

Management Company – Belfius Asset Management

Sustainable investment is a responsibility within Belfius Asset Management shared by several teams. The Responsible Investment team is responsible for monitoring and applying the Belfius Group’s exclusion policy for the implementation and monitoring of ESG regulations. The team published Belfius Asset Management’ results on proxy voting and engagement. In addition to the responsible investment team, the following teams are also closely involved in sustainable investment: the investment team, the fund selection team, the risk monitoring team, compliance and, of course, the IT department, which ensures that the company’s systems are adapted to the needs of sustainable investment.

Investment Management Company - Candriam

Candriam launched its first SRI fund in 1996. For more than 20 years now, the company has developed expertise in ESG analysis thanks to its dedicated ESG Team. The team comprises analysts who specialise in specific sectors, sovereign analysis and active engagement activities. The team has developed its own ESG analysis methodology applied to governments, corporations and supranational agencies/organisations.

For the majority of our SRI strategies (i.e., strategies based on our proprietary industry specific ESG materiality framework), the ESG analysts provide recommendations on issuers that determine the eligibility and, as a consequence, the ESG investment universe for the portfolio manager teams. The portfolio managers then apply their respective investment processes and select issuers from this ESG universe. For specific thematic strategies, the eligibility of issuers is determined in conjunction with the investment teams during dedicated committees.

Furthermore, in order to enhance synergies between the ESG Team and portfolio management teams, one or more portfolio managers/analysts on each portfolio management team are designed as “ESG Ambassadors.” The ESG analysts regularly take part in Portfolio Management Committees and on an ad hoc, monthly or quarterly basis the ESG ambassadors and ESG Team discuss ongoing projects and exchange ideas on ESG themes.

2.6. How many employees are directly involved in the company’s sustainable investment activity?

Management Company – Belfius Asset Management

The ESG workgroup focusing on ESG topics is made of 5 employees.

Investment Management Company - Candriam

Across our front office teams, there are approximately 60 employees that are major stakeholders and directly involved in the company’s sustainable investment activity.

2.7. Is the company involved in any RI initiatives?

Investment Management Company - Candriam

General Initiatives	Environmental/Climate Initiatives	Social Initiatives	Governance Initiatives
<input type="checkbox"/> ECCR – Ecumenical Council for Corporate Responsibility <input checked="" type="checkbox"/> EFAMA RI WG <input type="checkbox"/> European Commission's High-Level Expert Group on Sustainable Finance <input type="checkbox"/> ICCR – Interfaith Center on Corporate Responsibility <input checked="" type="checkbox"/> National Asset Manager Association (RI Group) <input checked="" type="checkbox"/> PRI - Principles For Responsible Investment <input checked="" type="checkbox"/> SIFs - Sustainable Investment Fora <input checked="" type="checkbox"/> Other <i>-Please refer to the section below for further information</i>	<input checked="" type="checkbox"/> CDP – Carbon Disclosure Project (including Climate Change, and Water and Forest programmes) <input type="checkbox"/> Climate Bond Initiative <input checked="" type="checkbox"/> Green Bond Principles <input checked="" type="checkbox"/> IIGCC – Institutional Investors Group on Climate Change <input checked="" type="checkbox"/> Montreal Carbon pledge <input checked="" type="checkbox"/> Paris Pledge for Action <input type="checkbox"/> Portfolio Decarbonisation Coalition <input checked="" type="checkbox"/> Other: TCFD <i>-Please refer to the section below for further information</i>	<input checked="" type="checkbox"/> Access to Medicine Foundation <input checked="" type="checkbox"/> Access to Nutrition Foundation <input checked="" type="checkbox"/> Accord on Fire and Building Safety in Bangladesh <input checked="" type="checkbox"/> Other <i>-Please refer to the section below for further information</i>	<input checked="" type="checkbox"/> ICGN - International Corporate Governance Network <input checked="" type="checkbox"/> Other <i>-Please refer to the section below for further information</i>

As a responsible asset manager, the United Nations Principles for Responsible Investment are an important initiative to support.

We are proud to have been one of the first signatories to the UN-PRI. The PRIs are a voluntary initiative aimed at encouraging investors to include ESG (Environmental, Social & Governance) considerations in their investment decisions.

The most recent version of the PRI Report is available on the PRI website:

[Candriam | Signatory Profile | PRI](#)








Candriam's sustainable commitments

We commit ourselves, as an investor or as a company, to behave in a responsible way. Here below are the statements we have signed or the initiatives we have joined accordingly:

Commitments and statements signed	Thematic	Signed in	Conviction topics
Principles for Responsible Investment (PRI)	ESG	2006	
UNGC Call to Action on Anti-corruption	G	2014	
G20 Energy Efficiency Investor Statement	E	2015	
Montreal Carbon Pledge	E	2015	
Paris Pledge for Action	E	2015	
Investor Statement on ESG Credit ratings	ESG	2017	
Adhesion to Green and Social Bond Principles	ES	2017	
Tobacco-free Finance Pledge	S	2018	
The Investor Agenda	E	2018	
Commitment to support a Just Transition on Climate Change	ESG	2018	
Task Force on Climate-Related Financial Disclosures (TCFD) supporter	E	2021	
Net Zero Asset Managers Initiative (NZAMI)	E	2021	
UK Stewardship Code 2020	ESG	2022 application, approved in 2023	
Task Force on Nature-related Financial Disclosures (TNFD)	E	2023, public information 2024	

Collaborative Initiatives

We join forces with other investors to secure greater leverage in calling on stakeholders to act responsibly. The table below shows a non-exhaustive list of active collaborative initiatives, but that Candriam had started to support in previous years, their impact and Candriam specific contributions:

Commitments and statements signed	Thematic	Signed in	Conviction topics
Principles for Responsible Investment (PRI)	ESG	2006	
UNGC Call to Action on Anti-corruption	G	2014	
G20 Energy Efficiency Investor Statement	E	2015	
Montreal Carbon Pledge	E	2015	
Paris Pledge for Action	E	2015	
Investor Statement on ESG Credit ratings	ESG	2017	
Adhesion to Green and Social Bond Principles	ES	2017	
Tobacco-free Finance Pledge	S	2018	
The Investor Agenda	E	2018	
Commitment to support a Just Transition on Climate Change	ESG	2018	
Task Force on Climate-Related Financial Disclosures (TCFD) supporter	E	2021	
Net Zero Asset Managers Initiative (NZAMI)	E	2021	
UK Stewardship Code 2020	ESG	2022 application, approved in 2023	
Task Force on Nature-related Financial Disclosures (TNFD)	E	2023, public information 2024	

Initiative name Type	Thematic	Joined/ Renewed in	Candriam role Initiative trigger	Conviction topics
Marine Microplastic Pollution <i>Collaborative Dialogue</i>	E	2020	Mix of support <i>Thematic</i>	
Collaborative Engagement on Uyghurs Slave Labour in the Supply Chain <i>Collaborative Dialogue</i>	S	2020	Mix of support <i>Exceptional event/ Controversy</i>	 
Access to Nutrition Index 2021 - 2023 <i>Collaborative Dialogue</i>	S	2021 Renewal	Mix of support <i>Thematic</i>	
BBFAW Investor Collaboration on Farm Animal Welfare 2021-24 <i>Collaborative Dialogue</i>	E	2021 Renewal	Passive support <i>Thematic</i>	
2021-22 Kingspan Governance Structure Engagement <i>Collaborative Dialogue</i>	SG	2021	Lead <i>Pre/post AGM Engagement</i>	
Global Banks Climate Change & Biodiversity <i>Collaborative Dialogue</i>	E	2021	Mix of support <i>Thematic</i>	
Corporate Accountability for Digital Rights 2021-22 <i>Collaborative Dialogue</i>	S	2021 Renewal	Mix of support <i>Thematic</i>	 
Investor Engagement on Facial Recognition 2021 <i>Collaborative Dialogue</i>	S	2021	Active Support <i>Thematic</i>	 
FAIRR: Where's the Beef Statement <i>Collaborative Statement</i>	E	2021	Passive Support <i>Thematic</i>	
IIGCC Investor Position Statement: Voting on Transition Planning <i>Collaborative Statement</i>		2021	<i>Thematic</i>	
Net Zero Proxy Advice: IIGCC Investors Letter to Proxy Advisors <i>Collaborative Statement</i>	E	2021	Passive Support <i>Thematic</i>	
Healthy Market Initiative <i>Collaborative Dialogue</i>	SG	2021	Active Support <i>Thematic</i>	
Investor Letter: Linking Access to Vaccine with Pharmaceuticals' Executives' Remuneration <i>Collaborative Dialogue</i>	SG	2021	Mix of support <i>Thematic</i>	
2022 IIGCC/CERES Banks Engagement <i>Collaborative Dialogue</i>	E	2022	Mix of support <i>Thematic</i>	
2022 Letter to Starbucks on Worker Representation <i>Collaborative Dialogue</i>	S	2022	Passive Support <i>Exceptional event/ Controversy</i>	

Initiative name Type	Thematic	Joined/ Renewed In	Candriam role Initiative trigger	Conviction topics
Investor Initiative on Responsible Care – UNI Global led <i>Collaborative Dialogue</i>	S	2022	Mix of Support <i>Exceptional event/ Controversy</i>	 
2022 PRI-Coordinated Collaborative Sovereign Engagement on Climate Change: Australian Pilot <i>Collaborative Dialogue</i>	E	2022	Active Support <i>Thematic</i>	
2022 UNPRI Tax Reference Group <i>Collaborative Dialogue</i>	S	2022	Mix of support <i>Thematic</i>	
2022 Global Investor Statement to Governments on the Climate Crisis <i>Collaborative Statement</i>	ES	2021 Renewal	Passive Support <i>Thematic</i>	
30% Club France <i>Collaborative Dialogue</i>	SG	2022	Mix of support <i>Thematic</i>	
WBA Investor Engagement on Ethical AI <i>Collaborative Dialogue</i>	ESG	2022	Mix of support <i>Thematic</i>	 
FAIRR Biodiversity : Waste & Pollution <i>Collaborative Dialogue</i>	E	2022	Mix of support <i>Thematic</i>	
2022 PRI Advance: Human Rights <i>Collaborative Dialogue</i>	S	2022	Mix of support <i>Thematic</i>	 
2023 BFF Bank SpA: Collaborative Engagement on Remuneration <i>Collaborative Dialogue</i>	SG	2022	Lead	
2023 Big Tech and Human Rights <i>Collaborative Dialogue</i>	S	2023 New	Mix of support <i>Thematic</i>	 
30% Club Germany <i>Collaborative Dialogue</i>		2023 New	Mix of support <i>Investment team request</i>	
Animal Welfare: Investors' Letter to the EU <i>Collaborative Statement</i>	E	2023 New	Passive Support <i>Thematic</i>	
Breast Milk Substitute Marketing: Abbott Lab <i>Collaborative Statement</i>	SG	2023 New	Passive support <i>Exceptional event/ Controversy</i>	
CDP Climate, Forest & Water 2023 <i>Collaborative Dialogue</i>	E	2023 Renewal	Mix of support <i>Thematic</i>	

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>	Conviction topics
Enhancing Legal Framework Say-on-Climate and Shareholder Resolutions <i>Collaborative Dialogue</i>	ESG	2023 New	Passive support <i>Exceptional event/ Controversy</i>	 
Eurosif, PRI, IIGCC, EFAMA, UNEP FI: Joint Statement on ESRs <i>Collaborative Statement</i>		2023 New	Passive Support <i>Strategic decision</i>	
FIR: Forced Labour and Child Labour Engagement <i>Collaborative Dialogue</i>	S	2023 New	Active Support <i>Investment team request</i>	 
Intesa Sanpaolo's Thermal Coal policy <i>Collaborative Dialogue</i>	E	2023 New	Active Support <i>Thematic</i>	 
Investor Letter to Nike on Wages Owed to Workers <i>Collaborative Statement</i>	S	2023 New	Passive Support <i>Exceptional event/ Controversy</i>	 
Investor Letter to NXP Semi on links to Russia weapons systems <i>Collaborative Statement</i>	S	2023 New	Active Support <i>Exceptional event/ Controversy</i>	 
Investor statement on Tobacco Control <i>Collaborative Statement</i>	S	2023 New	Passive Support <i>Thematic</i>	
Nature Action 100 <i>Collaborative Dialogue</i>	E	2023 New	Mix of support <i>Thematic</i>	
Plastic Solutions Investor Alliance : Petrochemicals <i>Collaborative Dialogue</i>	E	2023 New	Active Support <i>Thematic</i>	
PRI Nature Reference Group <i>Collaborative Dialogue</i>		2023 New	Active Support <i>Thematic</i>	
Telecom Italia: Delaying Plan <i>Collaborative Dialogue</i>	G	2023 New	Mix of support <i>Exceptional event/ Controversy</i>	
VBDO: Investor call to Reduce Plastic <i>Collaborative Statement</i>	E	2023 New	Active Support <i>Thematic</i>	
VBDO: Plastic Engagement <i>Collaborative Dialogue</i>	E	2023 New	Mix of support <i>Thematic</i>	
Workforce Disclosure Initiative 2023 <i>Collaborative Dialogue</i>	S	2023 Renewal	Mix of support <i>Thematic</i>	

2.8. What is the total number of SRI assets under the company's management?

Management Company - Belfius Asset Management

As of end of December 2023, Candriam manages €19 billion of asset on behalf of Belfius AM for article 8 or article 9 funds.

Investment Management Company - Candriam

Our assets under management dedicated to ESG-related products have reached €111 billion as of December 2023.

2.9. What is the percentage of total SRI assets under the company's management?

Management Company – Belfius Asset Management

As of end of December 2023, 92% of the assets that Candriam manages on behalf of Belfius AM were for article 8 or article 9 funds.

Investment Management Company - Candriam

Our assets under management dedicated to ESG-related products represent 77% of our total AUM, as of December 2023.

2.10. Which are the SRI funds publicly managed by the company?

Management Company – Belfius Asset Management

As of December 2023, the Belfius AM SRI funds (i.e. Article 8 and Article 9 funds), are the following ones:

- Belfius Equities Be=Long
- Belfius Equities Become
- Belfius Equities China
- Belfius Equities Climate
- Belfius Equities Cure
- Belfius Equities Water=Well
- Belfius Equities Europe Conviction
- Belfius Equities Europe Small & Mid-Caps
- Belfius Equities Global Health Care
- Belfius Equities Innov=Eat
- Belfius Equities Leading Brands
- Belfius Equities Move
- Belfius Equities Re=New
- Belfius Equities Robotics & Innovative Technology
- Belfius Equities Virtu=All
- Belfius Equities Wo=Men
- Belfius Fullinvest Low
- Belfius Fullinvest Medium
- Belfius Fullinvest High
- Belfius Pension Fund Balanced Plus

Belfius Pension Fund High Equities
Belfius Pension Fund Low Equities
Belfius Portfolio Advanced High
Belfius Portfolio Advanced Low
Belfius Portfolio Advanced Medium
Belfius Portfolio Equities Emerging Markets
Belfius Portfolio Equities US Sustainable
Belfius Portfolio Euro Short Term
Belfius Portfolio Global Allocation 30
Belfius Portfolio Global Allocation 50
Belfius Portfolio Global Allocation 70
Belfius Portfolio Global Allocation Bonds
Belfius Portfolio Global Allocation Equity
Belfius Select Portfolio Sustainable Low
Belfius Select Portfolio Sustainable Medium
Belfius Select Portfolio World Balanced 40
Belfius Select Portfolio World Balanced 60
Belfius Select Portfolio World Bonds
Belfius Select Portfolio World Growth
Belfius Select Portfolio World Yield
Belfius Sustainable High
Belfius Sustainable Low
Belfius Sustainable Medium



3. General information about the SRI fund(s) that comes under the scope of the Code

3.1. What is (are) the fund(s) aiming to achieve by integrating ESG factors?

Belfius Asset Managements has entrusted Candriam with the management of an asset allocation mandate. The mandate invests in corporate and sovereign issuers, across developed and emerging markets, as well as in large and small & mid-cap companies

Candriam considers that a company's long-term value is not solely influenced by financial criteria such as income or growth in the operating margin. By incorporating environmental, social and governance (ESG) criteria, we identify other factors liable to influence a company's value and competitiveness over the medium and long term, which are not always immediately obvious in traditional financial analyses.

ESG integration is imperative as some of the sustainability challenges we face could test the resilience of financial and economic systems, whilst offering opportunities to foster innovation through our investments. This goes beyond environment and includes the social and governance dimension of corporate behaviour. Fully integrating ESG reflects our conviction that specific environmental, social and governance issues are being and/or will be priced in by financial markets participants through policy and/or societal change.

In this regard, financial metrics and accounting statements published by company are inherently backward looking and tell only part of the story. ESG analysis adds essential layers of information that capture the “intangible” aspects of a business not fully captured by traditional financial analysis. A growing share of companies’ value is comprised of intangible risks and opportunities like brand, reputation, human capital and innovation. Sustainability affects those aspects directly and, as a consequence, makes it a relevant consideration within every investment strategy.

For the Belfius Sustainable funds, Belfius Pension Fund, and Belfius Select Portfolio funds, the specific objectives of each strategy are summarised in the table below:

Fund	Objectives and context
Sustainable (Low, Medium, High)	Objectives: The sustainable investments which the fund intends to make for at least 75% of the portfolio: - Seek to contribute to a reduction in greenhouse gas emissions by excluding certain high-impact economic activities in terms of climate warming and by including climate indicators in the analysis of companies, and - Seek to have a positive environmental and social impact in the long term.
Pension Fund (Balanced Plus, High Equities, Low Equities)	Objectives: The sustainable investments which the fund intends to make for at least 33% of the portfolio: - Seek to contribute to a reduction in greenhouse gas emissions by excluding certain high-impact economic activities in terms of climate warming and by including climate indicators in the analysis of companies, and - Seek to have a positive environmental and social impact in the long term.
Select Portfolio Sustainable (Low, Medium)	Objectives: The sustainable investments which the fund intends to make for at least 75% of the portfolio: - Seek to contribute to a reduction in greenhouse gas emissions by excluding certain high-impact economic activities in terms of climate warming and by including climate indicators in the analysis of companies, and - Seek to have a positive environmental and social impact in the long term.

3.2. What internal or external resources are used for ESG evaluation of the issuers who makes up the investment universe of the fund(s)?

The ESG Investments & Research Team has developed its own ESG methodology applied to governments, corporations and supranational agencies/organisations. The portfolio managers then apply their respective investment processes and integrate ESG information in order to better assess the risks and opportunities that stem from the business activities and operations of companies. The ESG Analysts use internal and external research to feed their models.

The Team strives to source information from diverse sources as we consider information from different providers to be complementary. This is as a result of providers' varying coverage, methodologies, as well as culture which may ultimately lead to discrepancies in views and final ratings. These different assessments enable our ESG analysts to have a more holistic view of a company.



Please find below an overview of the external ESG data providers used by the Team:

Rating Agencies	Certification	Scope	Types of Screening	Link
Equileap	-	International companies	Gender equality criteria	https://equileap.org/
Bloomberg	Gender-Equality Index	International Companies	International standardised reporting and disclosure method for workplace gender data.	www.bloomberg.com/GEI
MSCI ESG Research	-	International Companies	ESG Criteria – Controversial Activities – Norms-based Criteria	https://www.msci.com/esg-integration
ISS-Ethix	-	Emerging Markets Companies International Companies	Norms-based Criteria Screening criteria used to exclude the weapon industry	https://www.issgovernance.com/
S&P Trucost	-	International Companies	Environmental Data Greenhouse gas emissions, energy mix, percentage of exposure to fossil fuels	https://www.trucost.com/
Sustainalytics	-	International Companies	ESG Criteria – Controversial Activities – Norms-based Criteria	https://www.sustainalytics.com/
Wood Mackenzie	-	International Companies	Energy and mining sectors screening used to exclude unconventional extractions and thermal coal	https://www.woodmac.com/
ISS-Oekom	-	International Companies	Sustainable Development Goals measurements	https://www.issgovernance.com/esg/
MapleCroft	-	Sovereign Issuers	Country risk metrics and analysis	https://www.maplecroft.com/
RepRisk	-	Sovereign Issuers	ESG Country risk metrics and analysis	https://www.reprisk.com/
EIU	-	Sovereign Issuers	Country risk metrics and analysis Country energy data	https://www.eiu.com/n/
PRS Group	-	Sovereign Issuers	Quantitative data, political risk and country risk ratings	https://www.prsgroup.com/
Beyond Ratings	-	Sovereign Issuers	ESG performance of economies - Sovereign Credit risk – Climate Objectives Alignment	https://www.beyond-ratings.com/
Carbon4 Finance	-	International Companies	Environmental Data based on energy transition & adaptation to climate change	http://www.carbon4finance.com/

Furthermore, we also source information from academic experts, sector federations, the media, and NGOs. Examples of NGOs used in analysis include:

- **Freedom House:** measure of freedom and democracy, understood via electoral process, political pluralism, functioning government, rule of law etc. (<https://freedomhouse.org/>)
- **Fraser Institute:** measure of human freedom, understood as the absence of coercive constraint (<https://www.fraserinstitute.org/>)
- **Transparency International (CPI):** measure of public sector corruption. (<https://www.transparency.org/>)
- **Environmental Performance Index (EPI):** ranks countries which are best addressing the environmental challenges that every nation faces.
- **Paris Equity Check:** assesses how fair are countries' climate pledges under the Paris agreement.
- **Ease of Doing Business Index:** ranks countries on their ease of doing business.

Lastly, our ESG analysts obtain information from various International Organisations, which are either an integral part of the ESG Sovereign framework or serve as additional information in analysis. Examples of International organisations include: World Bank, IMF, World Health Organisation, UN Programme for the Environment, International Labour Organisation, United Nations Development Programme, United Nations Organisation Food and Agriculture Organisation.

3.3. What ESG criteria are taken into account by the fund(s)?

We believe that all companies we invest in must display strong ESG practices. We exclude all companies that do not respect our company-wide exclusion policy and companies that have breached the principles of the United Nations Global Compact. This exclusion analysis is coupled with an ESG

assessment of companies by their ability to create value by integrating sustainability into their business activities and the interest of stakeholders within their operating and financial managerial processes.

Then, all portfolio managers monitor and take into account the sustainability information that they receive from the ESG team and integrate them into their investment processes and decisions in order to better assess the risks and opportunities for each issuer. This ESG integration approach will impact the fundamental and/or credit analysis of issuers, valuation and/or ultimately impact the final portfolio construction. For further information, please refer to question 4.1

CORPORATE



For sovereign issuers, portfolio managers monitor and take into account the overall sustainability score of a country. The latter recognise how countries perform best across our four categories of sustainable development criteria: Natural, Human, Social and Economic Capital. These four capital domains incorporate a wide range of material ESG factors which the ESG team evaluate using our internally-defined Key Performance Indicators. This generates a dynamic capital-based analytical tree, which covers the sustainable development challenges and opportunities faced by each nation, a valuable source of information for portfolio managers.

COUNTRIES
4 forms of Capital



In addition, any country classified as Not Free by Freedom House is taken into account. Doing so, we aspire to set minimum standards of democracy, as well as avoiding countries that are involved in financing terrorism and money laundering.

For information regarding specific KPI's applicable to the funds, please refer to the table available under the respective link under Section 1 - Fund Covered by the Code.

3.4. What principles and criteria linked to climate change are scrutinised in the Fund(s)?

Corporate Issuers

Candriam believes investment opportunities and risks cannot be fully evaluated using traditional financial metrics alone. We believe that taking into account ESG criteria is a source of long-term value and risk mitigation that cannot be fully captured by traditional financial analysis. To this end, our ESG framework assesses the risks and opportunities to create value through integrating Business Activities

and Stakeholder management sustainability factors within their operating and financial managerial processes.

The Business Activities Analysis evaluates the company's exposure (services/products, production areas, market segments, etc.) to the major sustainable development challenges. These challenges are long-term trends liable to considerably influence the economic environment in which companies operate and to determine the future challenges in the market as well as the long-term growth opportunities. Candriam has identified five major challenges including Climate Change.

The Stakeholder Analysis evaluates a company's ability to incorporate stakeholder interests in its long-term strategy, insofar as they are a source of risks and opportunities for the company. These six categories of stakeholders include Investors, Employees, Customers, Suppliers, Society, and the Environment.

To this end, we assess climate change risk and opportunities in both of our Business Activities and Stakeholder. In this top-down approach, we assess a company's business model exposure to climate change through the Business Activities analysis. Conversely, in the Stakeholder Analysis approach, we assess the way an organisation operates to its natural surroundings to conduct its activities.

Furthermore, we apply a norms-based and controversial activities analysis to exclude companies which may represent high risk due to violation of international laws and non-sustainable activities. In the norms-based analysis, we determine whether companies respect the principles of the UN Global Compact, including the respect of Environmental norms.

Lastly, we believe that investing in companies significantly exposed to conventional and unconventional oil and gas activities is not compatible with the efforts towards an energy transition and represent financial risk in terms of stranded assets. To this end, we apply exclusion thresholds based on issuer revenues for these activities.

For more information on Candriam's proprietary ESG corporate framework, see Candriam's Sustainable Investment Definition under SFDR:

[Sustainable Investment Definition | Candriam](#)

Sovereign Issuers

Candriam's proprietary ESG framework is based on a holistic evaluation of each country's long term sustainable development potential, and the non-financial risks and opportunities that impact long term value creation. Environmental considerations, including climate change, are naturally embedded in the framework through the Natural Capital.

Our framework puts climate change and environmental preservation at the forefront, as Natural Capital is not freely interchangeable with the human, social and economic capitals. Our Natural Capital pillar assess how a country is conserving and sustainably employing its natural resources, managing its interaction with global environmental issues and challenges such as Climate change, its consumption of fossil fuels, its biodiversity stewardship and its handling of waste materials. This analysis aligns with, among others, the SDGs: Goal 6: Clean Water, Goal 12: Responsible Consumption and Goal 13: Climate Action.

3.5. What is the ESG analysis and evaluation methodology of the fund manager/fund management company (how is the investment universe built, what rating scale is used etc.)?

In order to take into account, the stakes and challenges specific to each issuer in terms of ESG, Candriam has developed a propriety ESG rating analysis framework by type of issuer:

- Companies issuing equities and/or bonds.
- Countries, i.e., public bond issuers such as public organisations.

- Supranational organisations issuing bonds.

We believe that all the companies we invest in must demonstrate sound E-S-G practices; we thus apply a norms-based analysis and SRI controversial activities analysis and incorporate the results of the ESG Business Activities and Stakeholder analysis in the financial fundamental analysis.

The ESG Analysis is based on the following pillars:

- Controversial Activities Analysis
- Norms Based Analysis
- Business Activities Analysis
- Stakeholders Analysis
- Engagement

Controversial Activities Analysis

A company's exposure to controversial activities is evaluated according to several parameters covering the following variables:

- **Type of involvement:** the type of involvement (direct or indirect) is taken into account for each company evaluated (owners and operators, manufacturers and producers, retailers and suppliers, product suppliers or providers of support services, etc.).
- **Degree of involvement:** this is based on an approach in terms of level of involvement and applied to all types of controversial activities. Production capacities or income stemming from such activities are generally used as key indicators.
- **Responsible policy:** in addition to the type and degree of involvement, it is important to look at how the company addresses and perceives its potentially controversial activities. Consequently, the presence (or absence) of an appropriate, targeted responsible policy is critical to the purpose of this analysis. This type of policy acknowledges the company's involvement in a controversial activity, but also the existence of systems and practices designed to ensure that the activity is carried out responsibly

The exclusion thresholds for exposure controversial activities are shown in the table below:

Level 2a Exclusions ¹	
Controversial Armaments	<ul style="list-style-type: none"> • Any involvement in: Anti-personnel Landmines; Cluster Bombs; Depleted Uranium; Chemical Weapons; Biological Weapons • Any involvement in nuclear weapons and white phosphorus
Thermal Coal	<ul style="list-style-type: none"> • 5% revenue threshold² • Companies developing new projects
Tobacco	<ul style="list-style-type: none"> • Production: any involvement² • Distribution: 5% revenue threshold
Conventional Armaments	<ul style="list-style-type: none"> • 10% revenue threshold
Electricity Generation	<ul style="list-style-type: none"> • Companies with new coal or nuclear-based projects • Carbon Intensity above 312gCO₂/kWh
Oil & Gas	Unconventional O&G: <ul style="list-style-type: none"> • Companies involved in unconventional oil & gas extraction (>0% revenues) • Companies providing services and equipment dedicated to unconventional oil & gas extraction (>25% revenues)
	Conventional O&G: <ul style="list-style-type: none"> • Companies involved in conventional oil & gas extraction (>0% revenues) Unless (the two conditions have to be met): <ul style="list-style-type: none"> • The company dedicates over 20% of its capex to renewable energy AND, • The company does not explore or develop new oil & gas projects
Gambling	<ul style="list-style-type: none"> • 10% revenue threshold
Nuclear Power	<ul style="list-style-type: none"> • 30% revenue threshold³

Palm Oil	Producers/Distributors that: <ul style="list-style-type: none"> ● are not RSPO⁴ members and derive between 0% and 5% of their revenues from palm oil with less than 20% of this oil being RSPO-certified palm oil, and that have no deforestation policy in place; or ● are not RSPO members and derive more than 5% of their revenues from palm oil with less than 50% of this oil being RSPO-certified palm oil, and that have no deforestation policy in place.
	Buyers that: <ul style="list-style-type: none"> ● are not RSPO members and whose revenues are dependent on palm oil for more than 5%, with less than 50% of this oil being RSPO-certified palm oil, and that have no deforestation policy.
Mining	<ul style="list-style-type: none"> ● UNGP⁵: OECD

¹ Candriam’s exclusion policies are subject to the constraints inherent to the availability of ESG data and to the underlying data methodologies. Therefore, thresholds are analysed and implemented on a best-effort basis.
² Certain exceptions may apply, as specified in Candriam’s Exclusion policy
³ Threshold applies regardless of carbon intensity.
⁴ RSPO: Roundtable on Sustainable Palm Oil
⁵ UNGP: United Nations Guiding Principles

For the Belfius Pension Fund strategies, the Belfius Sustainable strategies, the Belfius Equities Europe Conviction and Small & Mid Caps strategies, the Belfius Select Portfolio Sustainable Low and Medium, Belfius Portfolio Equities Emerging Markets, Belfius Equities Europe Conviction, Belfius Equities Europe Small & Mid Caps, the Belfius Portfolio Equities US Sustainable strategy, the Level 3 SRI Exclusion Policy applies, as detailed below.

Level 3 Exclusions ¹	
Controversial Armaments	<ul style="list-style-type: none"> ● Any involvement in: Anti-personnel Landmines; Cluster Bombs; Depleted Uranium; Chemical Weapons; Biological Weapons ● Any involvement in nuclear weapons and white phosphorus
Thermal Coal	<ul style="list-style-type: none"> ● 5% revenue threshold² ● Companies developing new projects
Tobacco	<ul style="list-style-type: none"> ● Production: any involvement² ● Distribution: 5% revenue threshold
Conventional Armaments	<ul style="list-style-type: none"> ● 3% revenue threshold
Electricity Generation	<ul style="list-style-type: none"> ● Companies with new coal or nuclear-based projects ● Carbon Intensity above 312gCO₂/kWh
Oil & Gas	Unconventional and conventional Oil & Gas: <ul style="list-style-type: none"> ● Companies involved in the exploration, production, refining or transport of oil & gas (>5% revenues), ● Companies providing services and equipment dedicated to oil & gas production (> 25% revenues) ● Companies with expansion or exploration plans for new oil and gas projects
Corporate Activities in Oppressive Regimes	<ul style="list-style-type: none"> ● 10% revenue threshold² ● Engagement triggered for certain selected companies with 5 and 10% revenue exposure
Adult Content	<ul style="list-style-type: none"> ● 5% revenue threshold
Alcohol	<ul style="list-style-type: none"> ● 10% revenue threshold
Animal Testing	<ul style="list-style-type: none"> ● No responsible policy and no legal requirement to test
Gambling	<ul style="list-style-type: none"> ● 5% revenue threshold
GMO	<ul style="list-style-type: none"> ● 10% and no responsible policy
Nuclear Power	<ul style="list-style-type: none"> ● 30% revenue threshold³
Palm Oil	Producers/Distributors that: <ul style="list-style-type: none"> ● are not RSPO⁴ members and derive between 0% and 5% of their revenues from palm oil with less than 20% of this oil being RSPO-certified palm oil, and that have no deforestation policy in place; or ● are not RSPO members and derive more than 5% of their revenues from palm oil with less than 50% of this oil being RSPO-certified palm oil, and that have no deforestation policy in place.
	Buyers that: <ul style="list-style-type: none"> ● are not RSPO members and whose revenues are dependent on palm oil for more than 5%, with less than 50% of this oil being RSPO-certified palm oil, and that have no deforestation policy.

Mining	<ul style="list-style-type: none"> ● UNGP⁵: OECD
<p>¹ Candriam's exclusion policies are subject to the constraints inherent to the availability of ESG data and to the underlying data methodologies. Therefore, thresholds are analysed and implemented on a best-effort basis.</p> <p>² Certain exceptions may apply, as specified in Candriam's Exclusion policy</p> <p>³ Threshold applies regardless of carbon intensity.</p> <p>⁴ RSPO: Roundtable on Sustainable Palm Oil</p> <p>⁵ UNGP: United Nations Guiding Principles</p>	

For more details, please refer to Candriam's Exclusion policy, which can be viewed on their website: [Exclusion Policy | Candriam](#)

Please note that the above exclusions apply to the levels of Candriam's Exclusion Policy that are applicable to each respective fund. Additionally, Candriam ensures that all funds under the Towards Sustainability label fully comply with the latest corporate and sovereign exclusion criteria outlined in the Quality Standards, available on the website via: [Quality Standard Towards Sustainability 2023](#). Compliance with these label requirements is closely monitored by Candriam.

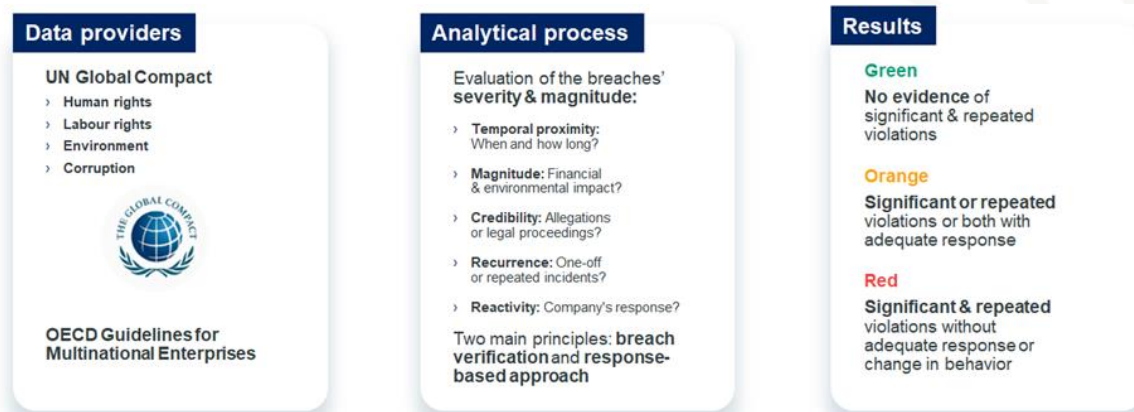
Norms-Based Analysis

Candriam conducts a norms-based analysis to determine whether each company inherently respects the principles of the United Nations Global Compact. The analysis is designed to filter out those companies which have significantly and repeatedly breached any of the principles on Human Rights, Labour Rights, the Environment, and Anti-Corruption.

We exclude companies for which there is evidence of repeated and significant violations of Global Compact principles and where the organisation has adopted no appropriate response or change in behaviour.

Emphasis is placed on the company's response. A management which acts to prevent recurrence is preferable to one which fails to acknowledge responsibility, or which takes no corrective measures.

Breaches are assigned a colour code for each of the main principles categories. For an issuer to be able to successfully negotiate the norms-based analysis filter, it must not have been attributed a "red" flag in any of the four fields.



Candriam has defined a list of companies presenting the most severe violations of the 10 UN Global Compact Principles and excluded from all article 8 strategies. The final decision is under the responsibility of the Sustainability Risk Committee which assesses and monitors sustainability risks for Candriam's investment activities.

Business Activities Analysis

Companies are exposed, through their business activities, to major long-term ESG trends that can strongly influence the environment in which they operate and that may shape their future market challenges and long-term growth. In reverse, companies' business activities contribute, positively or negatively, to sustainability objectives.

We have identified five key sustainability trends: Climate Change, Resources Depletion, Digitalisation, Health & Wellness, Demographic Evolution – which are analysed using Candriam’s proprietary framework.



Examples

Decarbonize business activities across the board, focusing on the most CO₂ intensive sectors

Scale up waste recuperation and recycling capabilities to **reduce resource extraction**

Harness the opportunities to **drive higher industrial and resource efficiencies** through digital technologies

Invest in human capital through job creation, gender equality and decent working conditions

Prepare for the requirements arising from a Western aging society

Deploy **renewable energy** as fossil energies are progressively phased out

Mitigate impact of business activities on ecosystems to **preserve biodiversity**

Protect data privacy, build strong and resilient digital networks

Foster R&D in fatal and chronic diseases and support universal access to healthcare

Support the demographic boom in emerging countries through investment in infrastructure and the food supply chain

Reduce impact of air pollution on human health through improved air quality

We analyse each companies’ business activities, taking into account the industry or sector in which each company operates, its geographic location, and business model. We determine the degree to each business activity is exposed to and contributes to the five major development challenges and score them from 0 to +100.

We assess a company exposure, through its revenue generation, assets, CAPEX etc., to the five key sustainable challenges.

For example, within the Mining sector, steel receives a more negative score on “Resources & Waste” than do metals of the platinum group; while within the Food sector, companies producing healthy products receive a more positive score than junk food.

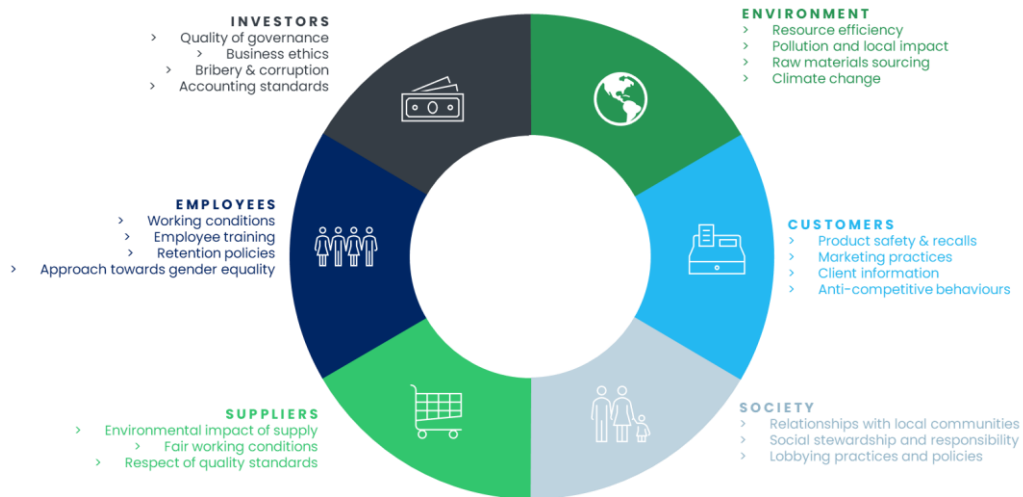


Based on the conclusions of the sector analysis, all the company’s exposures to the major sustainable development challenges specific to the sector are evaluated and scored. For each company, the score is the weighted average of the five key sustainable challenges, ranging from 0 to +100. A lower score reflects the company’s lower exposure to these major challenges.

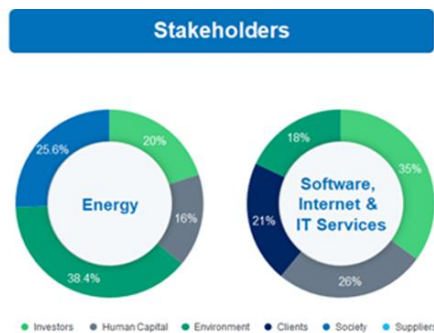
Stakeholder Analysis

Relationships with stakeholders give rise to opportunities as well as risks and are therefore determinants of long-term value. How a company manages its stakeholders, i.e. takes into account their long-term interests in its strategy and operations, is essential in assessing whether a company conducts its activities in a sustainable and responsible fashion.

We have identified six categories of stakeholders: Investors, Environment, Employees, Customers, Society, Suppliers.



Our analysis integrates materiality assessments, meaning that we determine the relevance of each stakeholder based on qualitative and quantitative data. Based on the relevance, we determine weights for each category. For example, in the energy sector, we place a strong weight on the Environment. In the software sector, we place more emphasis on Investors.



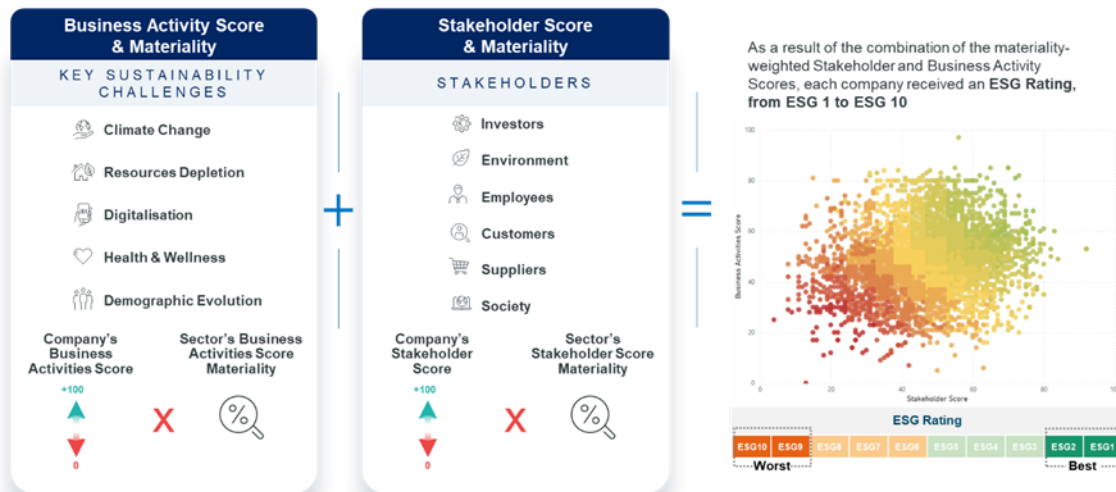
For example, in the energy sector, we place a strong weight on the Environment, in Financials for the banking sector; we place more emphasis on Investors. Within the broad categories, we also assign weight by materiality. For Energy, within the category of ‘relations with employees’, we stress health and safety; for Financials, within the category of ‘relations for investors’, we emphasise corporate governance.

Engagement (overarching dimension)

In addition to the positive and negative selection described above, engagement is a key part of our long-term investment process, given its potential impact on investor returns. Candriam engages with the management of its investment candidates on a range of aspects. Engagement takes the form of a direct and individual dialogue between ESG analysts and the representatives of the company and other stakeholder.

ESG Score

Following the Business Activities and Stakeholder Analyses and respective scoring, we then combine both scores (out of 100) to form an ESG rating for each individual issuer. Both pillars take on a weighting, depending on their materiality for each sector & company and yield an ESG Rating from ESG 1 (Best) to ESG10 (Worst).



A more fundamental analysis, called "ESG Conviction", may supplement our ESG analysis which uses a more materiality-based approach. This analytical framework focuses on the most relevant ESG risks and opportunities to which issuers are exposed in order to select those best positioned in terms of sustainability. Issuers are scored against material KPIs to determine the final ESG score and eligibility. ESG Conviction analysis is applied as a complement to our current process to enrich certain fundamental and active ESG investment strategies.

Since the ESG Conviction framework uses a more in-depth building block to enrich our analysis, the resulting rating, from ESG1(best) to ESG10 (worst) will be the final ESG rating.

ESG screening and analysis

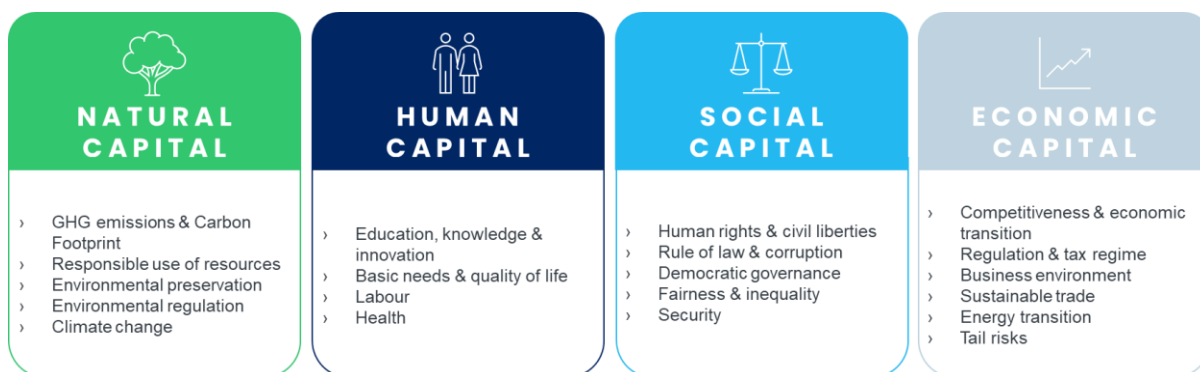
For the Belfius Pension Fund strategies, the Belfius Sustainable strategies, the Belfius Equities Europe Conviction and Small & Mid Caps strategies, the Belfius Select Portfolio Sustainable Low and Medium, Belfius Portfolio Equities Emerging Markets, Belfius Equities Europe Conviction, Belfius Equities Europe Small & Mid Caps, the Belfius Portfolio Equities US Sustainable strategy, (all subject to SRI level 3 exclusions) the following applies: Based on the ESG analysis and screening steps (ESG analysis, violations of the UN Global Compact, exclusion of controversial activities) outlined in the previous paragraphs, the analysed investment universe of the Sub-Fund is reduced by at least 25%, removing from it issuers with significant ESG risks.

Analysis criteria for countries, i.e. public bond issuers such as public organisations and others

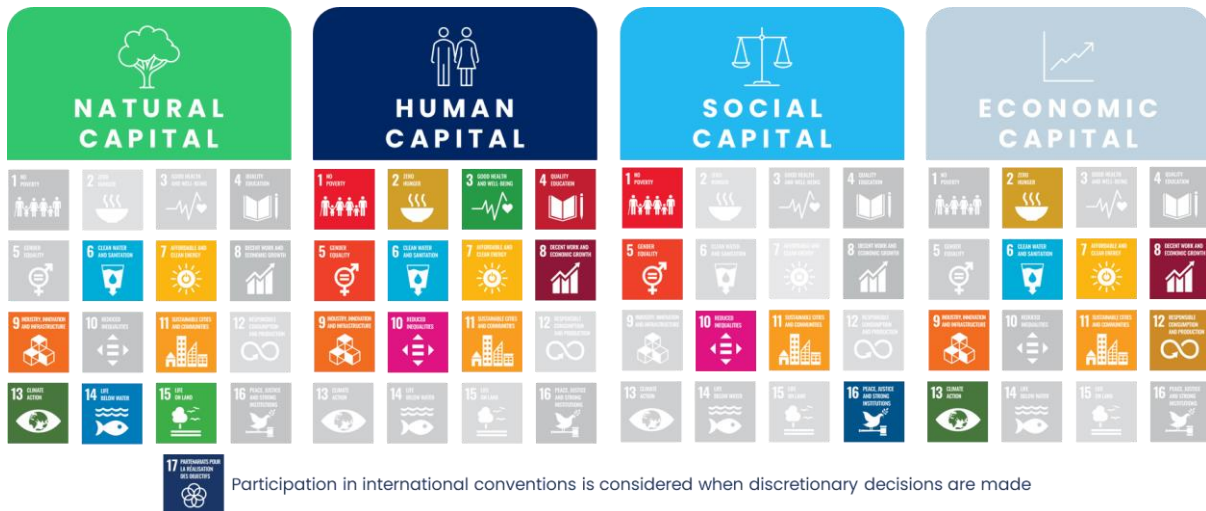
Our investible universe consists of those countries which perform best across our four categories of sustainable development criteria: **Human Capital, Natural Capital, Social Capital** and **Economic Capital**. Additionally, our sustainability framework emphasises on the Natural Capital criteria by turning it into a multiplier for the other three capitals. Doing so, we create three environmentally efficient capitals in order to reflect the urgency of dealing with the environmental challenges ahead of us. The overall sustainability score of a country is the average of the three environmentally efficient capitals, calculated in such a way. As a result, it will be much harder for a country to compensate for environmental damage by creating another form of capital, as all capital scores will be evaluated through the environmental damage that was done in the creation of Human, Social, or Economic capitals. These four capital domains incorporate a wide range of material ESG factors which we evaluate using our internally defined Key Performance Indicators, or KPIs. This generates a dynamic capital-based analytical tree, which covers the sustainable development challenges and opportunities faced by each nation. This is coupled with an exclusion rule relating to high-risk regimes and minimum standards of democracy. Please find below an overview of the sovereign framework:



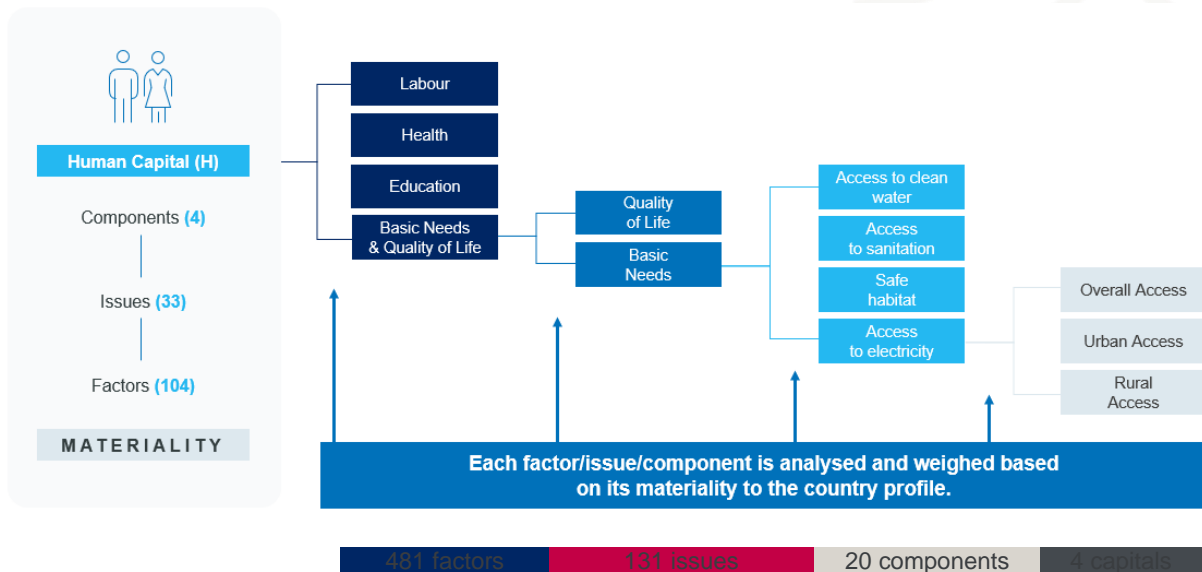
- Natural Capital:** Our Key Performance Indicators are designed to assess how a country conserves and sustainably employs its natural resources. We evaluate how a country manages its interaction with global environmental challenges such as climate change, consumption of resources, stewardship of biodiversity, and waste handling. This aligns with, among others, SDG number 6 - Clean Water; number 7 - Affordable and Clean Energy; number 9 - Industry, Innovation and Infrastructure; number 11 - Sustainable Cities & Communities; number 13 - Climate Action; number 14 - Life Below Water; and number 15 - Life on Land.
- Human Capital:** Our Key Performance Indicators are chosen to assess economic and creative productivity, by evaluating education and skill levels, innovation, health, labour participation rates and employment ratios, among other sustainability themes. These address the same sustainable development goals as the following SDGs: number 1 - No Poverty; number 2 - No Hunger; number 3 - Good Health and Wellbeing; number 4 - Quality Education; number 5 - Gender Equality; number 6 - Clean Water; number 7 - Affordable and Clean Energy; number 8 - Decent Work and Economic Growth; number 9 - Industry, Innovation and Infrastructure; number 10 - Reduced Inequalities and number 11 - Sustainable Cities & Communities.
- Social Capital:** Indicators evaluate the civil society and state institutions of each nation, including transparency and democracy, government effectiveness, corruption, inequalities and populations' level of security. This important domain evaluates a country's performance with respects to the UN SDGs number 1 - No Poverty; number 5 - Gender Equality; number 10 - Reduced Inequalities; number 11 - Sustainable Cities & Communities and number 16 - Peace, Justice and Strong Institutions.
- Economic Capital:** We complete our model with an assessment of a country's economic fundamentals, in order to measure each government's ability to finance and support sustainable policies over the long run. These indicators provide information to address the progress towards the UN Goals including number 2 - No Hunger; number 6 - Clean Water; number 7 - Affordable and Clean Energy; number 8 – Decent Work and Economic Growth; number 9 – Industry, Innovation and Infrastructure; number 11 - Sustainable Cities & Communities; number 12 – Responsible Consumption and number 13 - Climate Action.



In addition, UN SDG number 17 – Partnership for the goals, is reflected throughout the framework through accounting for a country's participation in a wide number of international agreements & conventions and is taken into account when discretionary decisions are made. Please find below a graphic illustrating how the SDGs are embedded in our framework:



We recognise that a country is much more complex than a company and therefore any approach requires a broad view on a variety of factors that influence the development of a country. These factors are interconnected, but looking at any few of them in isolation can still give a biased picture of the overall state of a country. Therefore, our framework considers more than 400 individual factors that influence countries, and evaluates the relevance of each factor for each country at every level of development and point in time in the last 20 years. It identifies key performance indicators for each issue under consideration, and constructs scores for each of the capitals, giving more weight to the areas that matter for each country in the following way:



Example above is for Illustration purposes only.

The framework is organised by starting with 481 individual data series for each country, called Factors, which are grouped into Issues, and those into Capital Components as illustrated above. These were carefully selected and are sourced from a variety of private, public, and NGO sources. These Factors capture both short-, medium-, and long-term issues, challenges and/or opportunities and are updated at varying frequencies, depending on the nature of the information. Similar Factors are used to measure the performance of a country on an Issue. For example, Access to Electricity can be measured by evaluating three interconnected Factors - access for the overall population, for just the urban population, or just the rural population. We perform a materiality assessment of individual Factors and select a Key Performance Indicator (KPI) amongst them. The materiality of the KPI for an issue determines the importance the model assigns to an issue, along with discretionary input to highlight more forward-looking measures. Similar materiality assessment is performed at every level in the framework, ensuring

that a country score properly reflects what is important for the future development of that particular country.

Every country has the same Factors, Issues and Components that comprise its score, but the importance that our materiality assessment process assigns at every level of analysis is specific for each country and each point in time.

The resulting Capital pillar scores are turned into environmentally efficient Capital scores, as described above, and then countries are ranked according to the arithmetic average of the three environmentally efficient Capitals. Constructing the Capital Pillar scores is done according to materiality for each country and for each period, which eliminates the need to have a different eligibility threshold for Developed (DM) versus Emerging (EM) economies. In the overall ranking, constructed in this way, the bottom 25% of countries are excluded from the eligible investment universe.

Finally, the countries that pass the model exclusion will be subjected to our **normative filter**, with a **hard exclusion** for countries that do not pass our Democracy and Freedom filter. This filter consists of three elements:

- **Candriam’s Highly Oppressive Regimes List – severe human rights violators**
- **Financial Action Task Force Call for Action List – state sponsors of terrorism**
- **Freedom House’s Freedom in the World Index – states that are considered Not Free**

In addition, discretion is applied to countries that are violators of international agreements, but such violations are not yet reflected in the available data.

Analysis criteria for supranational organisations issuing bonds

In order to be eligible for the ESG universe, supranational organisations must have a mission that complies with the principles of sustainable development and not have committed any major systematic breaches of the principles of the United Nations Global Compact.

A "red" colour code in any of the four major categories of the Global Compact results in exclusion from the ESG universe.

For further information, please refer to the Norms-based section above in this question.

3.6. How often is the ESG evaluation of the issuers reviewed? How are any controversies managed?

Our ESG universe is updated on a monthly basis taking into account the latest data from external providers.

Each sector and country is periodically analysed by assessing the evolution of sustainability trends, as well as the relevance and materiality of each model or framework used.

The goal is to ensure that the models used by the analysts optimally reflect the sustainable development risks and opportunities affecting the sector in question. Companies are continuously monitored and the sector is reviewed at least twice a year.

- If there is a major event that may affect the rating assigned to a company (i.e. merger and acquisition, scandal, sustainability controversy etc.) or country (i.e. war, natural disaster, coup d'Etat, etc.), the ESG analyst will launch an ESG alert on the issuer. This alert means that the portfolio manager will no longer be able to add to his position in this issuer. The output of an SRI Alert can be:
 - An immediate change in the final decision on the company’s eligibility criteria (from “eligible” for an SRI portfolio to “non-eligible”). In this case the portfolio manager must sell the position within a month period.
 - No immediate change in the final decision on the company’s eligibility, but there is a high probability that there will be a change in the near future following the result of the analysis. No immediate selling is required. Within the following three months of the alert, the company will be reviewed according to the new information. A longer period for the

revision is allowed when justified by objective reasons, such as, on-going dialogue with the company or awaiting the result of a lawsuit.

If an issuer is newly excluded due to the company-wide exclusion or norms-based filter, each portfolio manager has to sell the position within a period of one month. Depending on market conditions, rare exceptions may be granted by the CIO, RM & the Global Head of ESG Investments & Research in order to accommodate, for example, a potential liquidity issue.

For additional information, please refer to the [Sustainability Risk Policy | Candriam](#).



4. Investment Process

4.1. How are the results of the ESG research integrated into portfolio construction?

ESG considerations are taken into account within each individual investment process. Our ESG integration approach leverages on the frameworks and analysis conducted by the ESG Team. The consideration of ESG aspects in the financial/credit framework will impact the final issuer score/color and valuation for our equity strategies and credit recommendation for fixed income strategies. To this end, integrating ESG considerations will ultimately impact the construction of the final portfolio.

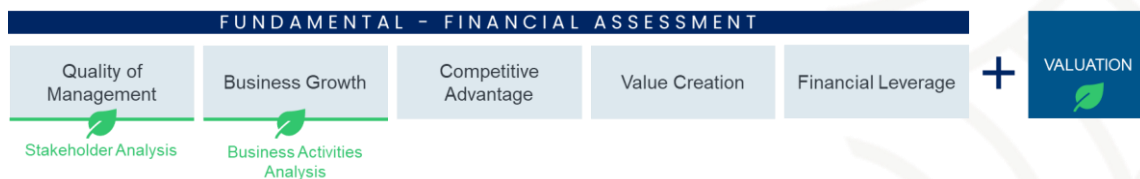
ESG Integration for Equity Strategies

At Candriam, we integrate ESG information and analysis into equity investment decisions in order to better assess the risks and opportunities that stem from the business activities and operations of companies. Respecting and preserving the distinct nature of each philosophy and approach across our range of investment processes, Candriam’s fundamental equity investment strategies are impacted at each of the following levels: Fundamental Analysis, Valuation and Portfolio Construction.

Fundamental Analysis

Candriam’s fundamental analysis is based on five pillars: Quality of Management, Business Growth, Competitive Advantage, Value Creation and Financial Leverage. Each of these pillars receives a colour/score that determines the final assessment of a company.

Candriam’s fundamental equity strategies¹ take into account the "Business Activities Analysis" and "Stakeholder Analysis" scores in fundamental analysis and "Company Valuation" as follows:



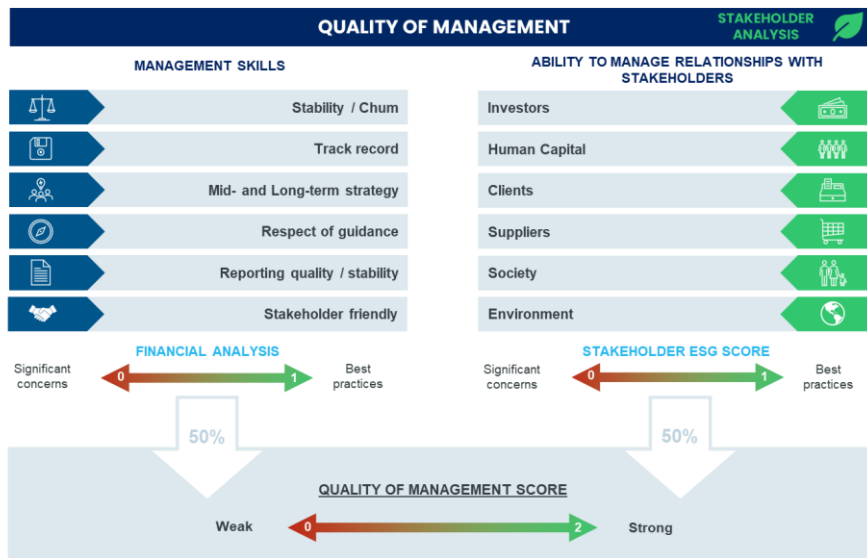
Quality of Management

In order to obtain a holistic view on the overall governance and soundness a company’s management, we assess a company’s relationships with several stakeholders by considering and integrating qualitative ESG information and quantitative ESG scores that result from the ESG stakeholder analysis. Further to the assessment of strategy, stability, track record, corporate communication and other financial criteria, we assess the Management team on its relationships with its stakeholders.

The ESG Stakeholder analysis is taken into account in the Quality of Management assessment. If the company ‘stakeholder’ score belongs to the 3rd tertile of its universe², the ‘Quality of Management score’ cannot be ‘green’.

¹ Applicable for developed markets (Emerging Markets get a specific analysis)

² Investment universe varies across strategies

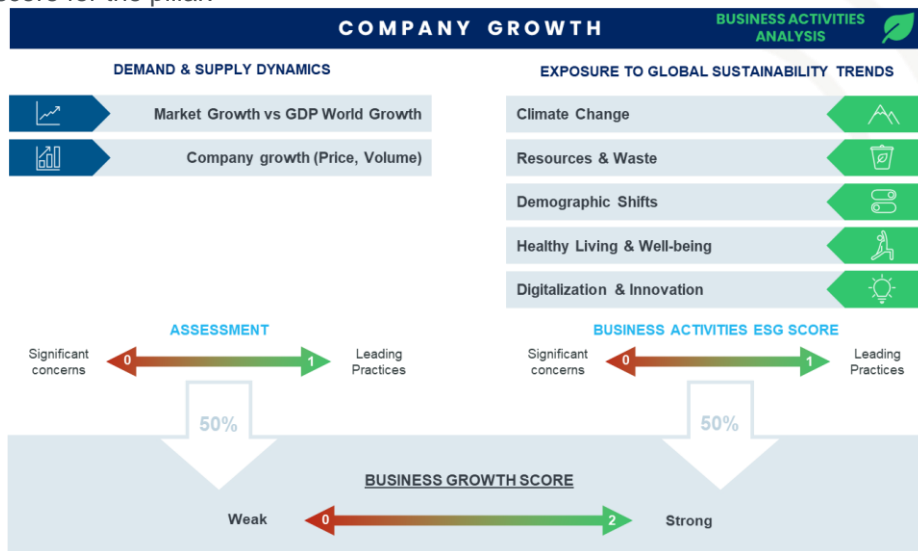


Business Growth

In the assessment of business growth, the ESG Business Activities analysis of issuers is taken into account. Candriam has identified key long-term sustainability trends which strongly influence the environment in which companies operate and which influence their future market challenges and long-term growth and prosperity.

The five defined key Sustainability Trends illustrated above are analysed in order to assess the growth potential in conjunction with other key market drivers and regulatory risk.

More specifically, we consider the supply & demand dynamics as well as market drivers, the score resulting from the ESG Business Activities analysis, and potential regulation constraints to determine the overall score for the pillar.



Competitive Advantage

We perform an intrinsic analysis of products and services, R&D, customer support, and other areas relevant to the company's business, including opportunities and risks resulting from sustainability regulation considerations.

We use the Porter concepts to analyse the competitive position of the company in its industry, such as the threat of new entrants, threat of substitutions, and the bargaining power of suppliers and customers. We check potential constraints resulting from sustainability regulation and assess their impact on the competitive advantage of the company, as well as risks and opportunities including barrier to entry.

For instance, given the ambitious climate objectives of many countries across the globe, there has been a strong emergence of regulations and legislations pertaining to emissions, pollution, amongst other environmental considerations. To this end, we expect companies that have business activities that positively contribute to those environmental objectives to outperform in the long run.

This analysis leads to a qualitative view which is taken into account in our overall assessment in this pillar.

Final Fundamental Assessment

For each criteria, companies receive one of the following scores or colors: 0/Red (weak), 1/Orange (medium) or 2 /Green (strong quality). All the five scores are then compiled in order to get a global score/colour grade of the companies which determine the “quality score” of a company: “High Quality” (Green), “Satisfying Quality” (Orange) and “Low Quality” (Red).

The ESG assessment is a contributing factor to determine the final colour/score of a company, which in turn will determine the weighting of this position in the final equity portfolio.

Company Valuation

We further evaluate the dynamics of their profitability and growth, the liquidity of the equity, and valuation. Our valuation is predominantly based on DCF models using at least five years of projected Free Cash Flow, based on our internal projections.

We adjust the discount rate based on the final score/colour of a company which takes into account ESG criteria. For example, for green companies, we reduce the discounting rate within our DCF. This modification has a significant impact on the DCF- valuation.

Portfolio Construction

Within the eligible universe, the process is mainly colour-based, bottom-up stock selection; weightings in the portfolio are function of the global colours of the companies. The sector weight deviations from the benchmark are not a strategic objective; they result from our convictions on individual stocks, with top-down sanity checks and other deviation boundaries.

The weight is significantly impacted by the colour grade (including the ESG score), and the upside potential derived through our valuation analysis (that takes the ESG score into account as well). We favour companies that are 'green' in all aspects. An 'orange' company will have a lower weight and 'red' companies are in principle excluded, or extremely reduced, depending on the process.

ESG Integration for Fixed Income Strategies

Corporate issuers:

At Candriam, we believe that bond markets exhibit an asymmetric risk-return profile. The cornerstone of our investment philosophy is a high conviction approach based on rigorous bottom-up research in order to gain a deep and detailed understanding of the creditworthiness of every issuer. We believe that a complete assessment of the risks pertaining to issuers, and particularly downside risk, cannot be obtained without consideration of ESG factors. In line with this long-standing investment philosophy, our fundamental credit analysis has integrated ESG criteria over the past years while establishing our credit recommendations for every issuer in the investable universe.

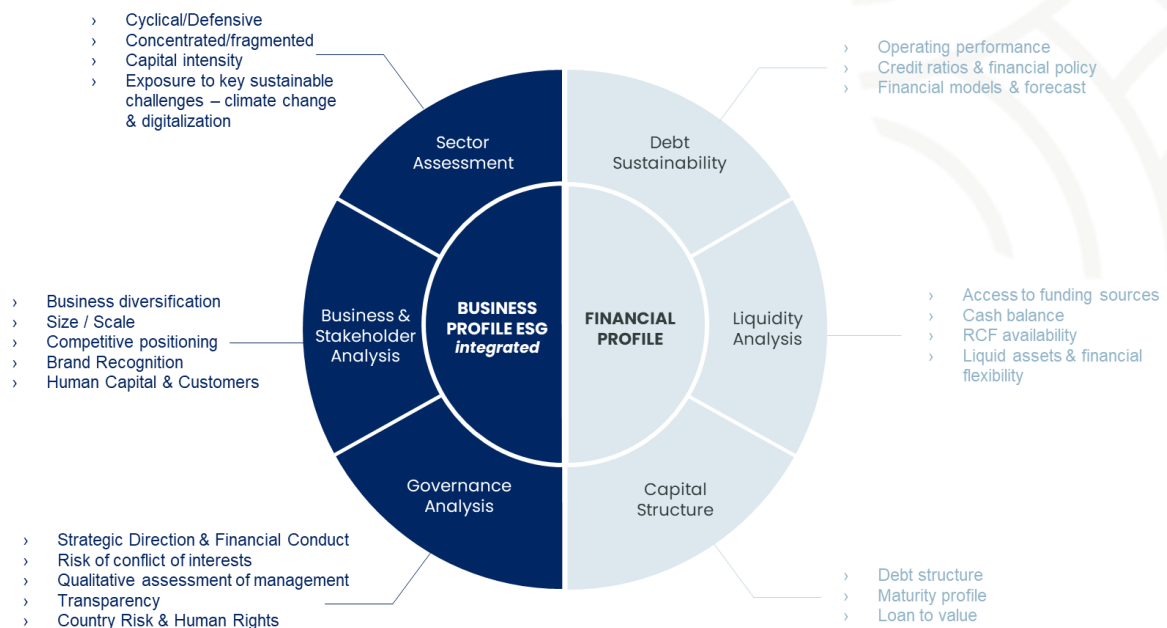
Our credit analysis is based on a study of both the business profile analysis and financial profile analysis. During the business analysis step of our credit research process, we explicitly integrate ESG factors in order to evaluate the profile of a specific issuer. We believe a study of ESG factors is indispensable in order to get a complete understanding of the credit worthiness of an issuer. An entity's ability to fulfil its financial obligations includes both the willingness as well as the ability to reimburse its debt. A scrutiny and an evaluation of ESG factors provides us with vital extra-financial elements, enabling us to get a clear view of issuers profile. This study is carried out by our credit analysts who are specialised by sector and across investment grade, high yield market and emerging corporate bond markets. This credit analyst team is supported by our independent ESG research unit that includes 8 analysts that cover global credit markets and 3 analysts that are responsible for engagement with companies.

The ESG analysts provide a strong platform for our credit analysts as a negative ESG assessment on an issuer will provide a negative signal. Having done the ground work on all the issuers, the ESG analysts are a valuable source of information and are a strong complement to our credit analysts, with whom they enjoy close interaction and knowledge sharing.

The ESG integration is carried out by our credit analysts and is geared towards better evaluating risks presented by each issuer and does not aim to exclude issuers. Instead, the aim is to identify strengths and weaknesses from an ESG perspective so as to unearth opportunities and identify threats. The ultimate result is an assessment of the business profile of each issuer integrating ESG factors.

The environmental, social and governance factors are evaluated based on their relevance and materiality to a company’s credit worthiness. We aim to combine qualitative and quantitative assessments on each of the factors in order to gain a greater insight into the issuer’s future prospects. We use a sector-based approach to identify the aspects representing high-impact risks to enhance risk-adjusted performance. We do not limit our analysis to examining historic data as we use a forward looking approach, meaning that we will determine how these material factors may evolve in the future. In addition to the daily interaction between the ESG team and the credit analysts, a formalised monthly ESG committee is also attended by credit analysts, portfolio managers and ESG teams, chaired by the Global Head of Fixed Income and the Head of ESG Investments and Research. During this meeting, both teams discuss their findings and results not only in terms of exclusions of issuers, but also in terms of the strengths and weaknesses of issuers based on ESG factors. Furthermore, trends and regulatory frameworks within different sectors are discussed and shared. Our ESG analysts also take part in our credit committees in order to gain a clear understanding of the overall credit recommendation for each issuer and the role that ESG integration has played.

Below we illustrate and detail how our analysts deal with the 3 factors for each issuer they analyse in order to build an ESG case and ultimately determine how it affects the business profile of a company.



Governance Analysis

Governance, defined as a system by which entities are directed and controlled, has always been an important element of our credit analysis. Corporate governance is critical in helping companies achieve their goals and control risks through creating policy and monitoring its implementation. The integration of the key metric is vital while assessing the future prospects of a company. Our credit analysts carry out regular meetings with management and benefit from their experience and long-term interactions with CEOs/CFOs in order to gather data and information on governance. Our framework allows us to establish a governance analysis for each company through a thorough understanding of 4 key themes (Strategic Direction & Financial Conduct; Risk of conflict of interests; Qualitative assessment of management; Transparency) both on a quantitative and qualitative level. These themes are analysed

based on material factors that have significant impact (both positive and negative) on the overall governance picture, based on the ESG analysis model.

Business & Stakeholder Analysis

The social factor in ESG integration examines the degree to which a company manages its association with its workforce and with society at large. This segment deals with identifying key themes that correspond to the social pillar and evaluating how best they have been addressed by the company. Due to the rather specific nature of certain themes, they can only be applied to the relevant sectors. Product safety for example does not always concerns the information technology sector, but will apply to automakers. Employee safety is more relevant to sectors like mining and construction rather than media and telcos. Other themes, such as training and career management, on the other hand can be applied to all the sectors. We aim to deliver the highest level of detail and granularity in our ESG integration and hence we differentiate between each social theme when we study them. We also remain conscious of the fact that materiality differs amongst the different social themes, and there is a demonstrate relevance of the sector specific issues.

Sector Assessment

The environmental angle is analysed by primarily focusing on aspects such as climate change and resource depletion, while also paying close attention to pollution and biodiversity in certain cases. The aim is to gain a clear understanding of the risks that each issuer exhibits from an environmental perspective. This pillar is highly driven by regulation, which impacts all sectors though in a different manner. Certain sectors (Automobile, Energy) are more CO2 intensive and hence the transformations needed are likely to be more intensive as a result of far greater regulation. The framework hence differs between CO2 intensive sectors, though each one is subject to regulation and an understanding of how a company aligns itself to the various targets that have been set is key.

ESG integration in Business Profile Rating

After the ESG segments have been assessed, we integrate them in our analysis of the business profile, specifically within the 3 themes that have been mentioned above, which are Sector Assessment, Business Analysis and Governance. In doing so, on a qualitative basis, our analysts are able to incorporate the results of the ESG framework into the overall business profile evaluation. It is important to note that a weak ESG assessment can have a material impact on the business profile score, moving it from strong to satisfying or even to weak, depending on the amplitude of the results. Furthermore, in terms of the ESG framework, our credit analysts understand that structurally the ESG risks of an issuer are skewed towards the downside. A good ESG evaluation is likely to help the company over the longer term. However, a weak one is likely to have an immediate impact on the issuer. As a result, credit analysts pay special focus on weak ESG assessment, which will be more likely to bring about a change in our business profile rating.

Finally, we also pay a special attention to the afore mentioned ESG ranking, which is calculated by our ESG team as a part of the exclusion of the least credit worthy issuers within our investment universe. For every issuer, we do consult this ESG ranking in order to compare with the ESG assessment that is carried out by our credit team. This final step, before actually providing a final business profile score, allows our credit analysts to perform an overall check in terms of their ESG evaluation. Indeed, if an issuer is deemed weak by our ESG team, then it cannot have a strong business profile score.

Sovereign issuers

For sovereign issuers, Environmental, Social and Governance (ESG) factors are taken into account in our country and government bond selection process. The analysis and selection of government bonds consists of three steps: the sovereign credit recommendation, the country valuation and the government bond selection.

ESG factors are integrated in the process through the determination of our sovereign credit recommendation.

In the country valuation, we will then look at liquidity and compare the sovereign credit recommendation of each country against its market valuation. This gives us an indication of the relative and absolute value of the different countries in our universe and this on different curve segments. This provides an indication of both relative and absolute value.

In the third step, the government bond selection, we use internal tools to spot valuation opportunities among countries and by maturity bucket. We detect these opportunities through a systematic analysis of the spreads, aided by an internal Relative Value Tool (carry & roll down) and statistical analysis of the trends of spreads for each instrument.

4.2. How are criteria specific to climate change integrated into portfolio construction?

ESG factors are embedded in the financial process in order to better assess risks and opportunities. The results of the Business Activities analysis, which includes assessing exposure of corporates to climate change, are integrated in our financial/credit framework. It will thus have an impact on the final issuer score/colour and valuation for our equity strategies and the credit recommendation for fixed income strategies. Moreover, each investment strategy aspires to have a lower carbon emission in comparison to its relative benchmark or below an absolute threshold, depending on the investment strategy. Recall that all strategies may not invest in any company that derives more than 5% of its revenue coming from Thermal Coal.

For further information on ESG integration, please refer to question 4.1.

4.3. Has the ESG evaluation or investment process changed in the last 12 months?

Not applicable.

4.4. Is a part of the fund(s) invested in entities pursuing strong social goals/social enterprises?

The fund covered by this Code seeks to invest does not actively seek to invest in entities pursuing strong social goals. However, as the fund applies an ESG approach across all asset classes, its investments are geared towards companies that display sound ESG practices and that do not harm society.

The funds covered by this Code seek to invest in entities positively contributing to society. Although the strategies do not apply an “impact” approach, they strive to exceed benchmark averages on the verifiable impact indicators. More specifically, these strategies aspire to obtain a lower carbon emission against their benchmarks or compared to an absolute threshold, depending on the investment strategy. We also aspire, for sovereign strategies, to obtain a better Freedom House and Environmental Performance indexes compare to their respective benchmarks.

4.5. Does (do) the fund(s) engage in securities lending activities?

The funds does not conduct securities lending/borrowing.

4.6. Does (do) the fund(s) use derivative instruments?

Depending on the investable asset classes and within the limits defined by the approved prospectus, SRI portfolios may use derivatives, as defined below. The general principle on the use of derivatives is that short positions via derivatives can only be used to cover long positions. No net short positions are authorised, except in exceptional cases where adequate hedging cannot be achieved due to lack of instrument coverage.

For all derivative transactions, the fund is required to use as counterparty, only those financial institutions that comply with the principles of the United Nations Global Compact, as described in Section 3.3 of this Code at the time of the transaction.

Please find below our standard policy on derivative instruments as defined by the ESG Risk Policy:

- **Interest rate futures:** management of the funds in question involves the regular use of interest-rate futures based on government bonds belonging to the SRI universe, in order to adjust the portfolio's duration (upward or downward) across the different segments of the yield curve. These transactions are limited by the legal rules applicable to funds subject to the European Directive, i.e., to 100% of the fund's assets (including other derivatives). As the underlying is included in the SRI universe, there is no impact on the fund's ESG quality.
- **Interest-rate swaps:** management of the funds in question may involve the use of interest-rate swaps in order to trade a fixed rate for a variable rate, if the counterparty belongs to the SRI universe. These transactions are limited by the legal rules applicable to funds subject to the European Directive, i.e., to 100% of the fund's assets (including other derivatives). As the underlying is included in the SRI universe, there is no impact on the fund's ESG quality.
- **Equity swaps:** these transactions are permitted, provided that the index or basket of shares meets the criteria of the SRI universe.
- **Credit derivative indices:** management of the funds in question may involve the temporary use of credit-derivative indices, in cases where the funds must quickly adjust their exposure to the markets. These positions are temporary (max one week) and are limited to 10% of the fund's assets.
- **Credit Default Swaps (CDS):** the funds in question may use CDS on an SRI issuer in the portfolio if the counterparty to the transaction is a financial institution that also belongs to the SRI universe. As both the issuer subject to the CDS and the counterparty to the transaction belong to the SRI universe, these transactions have no impact on the fund's ESG quality.
- **Equity index futures:** management of the funds in question may involve the temporary use of equity index futures, in cases where the funds must quickly adjust the portfolio's exposure to the equity markets. These positions are temporary (max one week) and are limited to 10% of the fund's assets.
- **Forwards:** forwards are exclusively used to quickly adjust the portfolio's exposure to foreign exchange risk in the event of strong market fluctuations or a major change in the portfolio's composition. These transactions, which have no impact on the fund's ESG quality, have to be done with a credit institution that is part of the SRI universe.
- **Listed options / OTCs on individual equities or on bond issuers:** these options are valid provided the issuers are in the SRI universe.

Single underlying derivatives must be compliant with the company-wide exclusion policy.

4.7. Does (do) the fund(s) invest in mutual funds?

Depending on the investable asset classes and within the limits defined by the approved prospectus, the investment strategies may invest in mutual funds. External funds must have an exclusion policy relating to controversial weapons, thermal coal and tobacco.

5. ESG Controls

5.1. What internal and/or external control mechanisms are in place to ensure compliance of the portfolio with the ESG rules on managing the fund(s) as defined in section 4?

Several departments are in charge of internal control: risk management, internal audit and compliance.

Each department is independent of the Fund Management Department and is placed directly under the authority of Candriam's Group Strategic Committee.

The risk management department ensures that the securities making up the strategies, classified as Article 8 according to the SFDR, comply with the company-wide exclusion policy.

One of the tools used by this department is the constraints server, a tool that combines all the constraints and limits required to manage the investment funds. It contains regulatory and contractual constraints as well as internal limits and constraints used to prevent operational errors. Constraints are applied, for example, to the:

- ESG investment universe
- List of 41 authorised investments
- Potential ratios (liquidity, dispersion) defined
- Main regulatory constraints applicable to the fund
- "List of credit warnings" and "list of equity warnings".

Once the constraints have been configured in the constraint's server, any order entered by the portfolio manager is immediately checked against them before the order is sent to the markets (*ex-ante* control). The portfolio manager is alerted in the event of a breach of constraint.

The Internal Audit Department carries out inspections and subsequently advises as necessary to ensure the performance and effective implementation of the internal control system in force. The inspection missions represent the lion's share of the audit department's work and aim to provide the Group Strategic Committee with an objective and independent assessment of a particular domain (function, process, system,).

6. Impact measures and ESG reporting

6.1. How is the ESG quality of the fund(s) assessed?

For developed markets corporate issuers, we can measure the ESG quality of the fund is assessed through internally developed ESG scores which can be measured against the fund's benchmark. We track the ESG quality using an overall ESG score as well as E, S and G scores, as illustrated below:

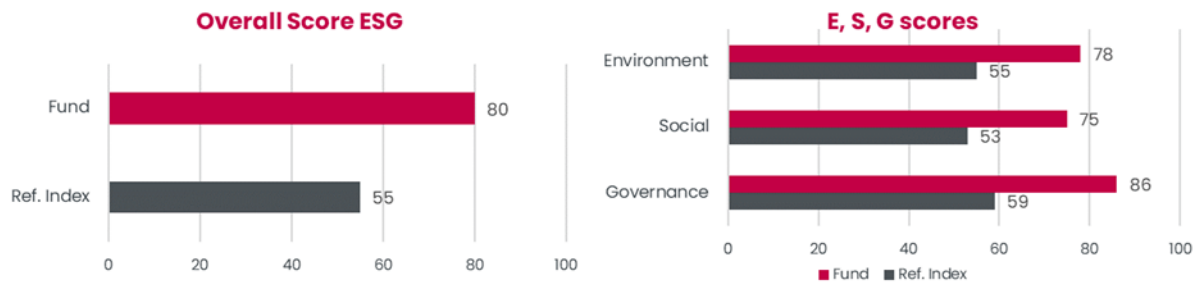


Image provided for illustrative purposes only.

Please note that these scores are not disclosed publicly.

6.2. What ESG indicators are used by the fund(s)?

The following metrics are generally¹ tracked at the fund level:

- ESG Scoring & Distribution
- ESG Impact Indicators, such as (but not limited to):
 - o Carbon footprint
 - o Carbon intensity
 - o Weighted Average Carbon Intensity
 - o Renewable energy production
 - o Water consumption
 - o Water intensity
 - o Weighted Average Water Intensity (WAWI)
 - o Board gender diversity
 - o Board independence
 - o Collective bargaining agreements
 - o Exposure to carbon-related assets in the power generation sector

Please note that these indicators are tracked internally and not disclosed publicly.

6.3. What communication resources are used to provide investors with information about the SRI management of the fund(s)?

Management Company - Belfius Asset Management

The documents and information on this fund address the ESG quality of the portfolio via:

- The fund's investment strategy
- The selection of the largest exposures in terms of securities in the portfolio, as described in the fund reports.

¹ The ESG indicators disclosed can vary based on the fund

Details of the securities in the portfolio are also available in dedicated product sheets provided to investors.

Investment Management Company - Candriam

Candriam, the investment manager of the fund, also publishes documents in order to enhance ESG transparency for investors. Please find below examples of additional documents published on an annual basis.

Candriam's funds are described on the corporate website via the fund-search engine:

[Funds | Candriam](#)

The Stewardship report incorporating Engagement and Proxy Voting reviews can be viewed on Candriam's website:

[Annual Engagement & Voting Report | Candriam](#)

The Corporate Social Responsibility Report of the investment manager of this fund, Candriam, can be viewed at the following link:

[CSR Report | Candriam](#)

6.4. Does the fund management company publish the results of its voting and engagement policies?

Yes, the company publishes the results of its voting and engagement policies. Please refer to question 6.3. for the links to our publications.

7. Appendix

ESG Sovereign Framework & UN Global Compact Principles Considerations

Candriam's framework is specifically structured towards identifying violations of the UNGC principles, and towards excluding countries that violate the 10 principles from the investment universe.

For instance, countries that are on Candriam's Oppressive Regimes list are automatically excluded from financing. Countries on the list are those that are in systemic breach of internationally recognised human rights, addressing Principles 1 and 2.

Countries are evaluated according to their scores on four equally weighted domains, according to the four capitals approach - Human, Natural, and Social Capital, as well as Economic Capital, thus addressing the UNGC principles. Each of these domains contain subdomains as follows:

- **Human Capital** (Addressing Principles 3, 4, and 5) - Labour, Health, and Knowledge
- **Natural Capital** (Addressing Principles 7, 8, and 9) – Total Environmental Impact, Transportation Policy, Non-GHG emissions, Energy & Climate Change, Ecosystems & Biodiversity, Water consumption & Emissions, Raw Materials & Wastes, and Exposure to natural hazards & management of disasters
- **Social Capital** (Addressing Principles 1, 2, 6, and 10) - Democracy, Corruption & The Rule of Law, Governance, Fairness, and Peace
- **Economic Capital** – Indebtedness, Economic activity, Budget Deficit, Health of the Financial System, International Competitiveness & Balance of Payments, Economic Positioning, and Foreign Dependency

In addition to this, Candriam applies several exclusion filters, as follows:

- Freedom in the World Index, World Bank Control of Corruption, and World Bank Voice and Accountability – a country is required to achieve a minimum threshold for each of these metrics. Failing one or more of these thresholds results in the Social Capital score of a country being set at Zero, which severely impairs the overall score (up to 25% of the overall score), and results in a country being excluded from the investment universe in the vast majority of cases
- Financial Action Task Force – any country on the “call to action” list automatically receives an overall score of Zero, and is thus not eligible for inclusion in the investment universe
- Oppressive regimes list – any country that appears on Candriam’s Oppressive Regimes list is automatically excluded from investment eligibility.



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Candriam consistently recommends investors to consult via our website www.candriam.com the key information document, prospectus, and all other relevant information prior to investing in one of our funds, including the net asset value ("NAV") of the funds. This information is available either in English or in local languages for each country where the fund's marketing is approved.

Specific information for Swiss investors: The appointed representative and paying agent in Switzerland is RBC Investors Services Bank S.A., Esch-sur-Alzette, Zürich branch, Bleicherweg 7, CH-8027 Zurich. The prospectus, the key investor information, the articles of association or as applicable the management rules as well as the annual and semi-annual reports, each in paper form, are made available free of charge at the representative and paying agent in Switzerland