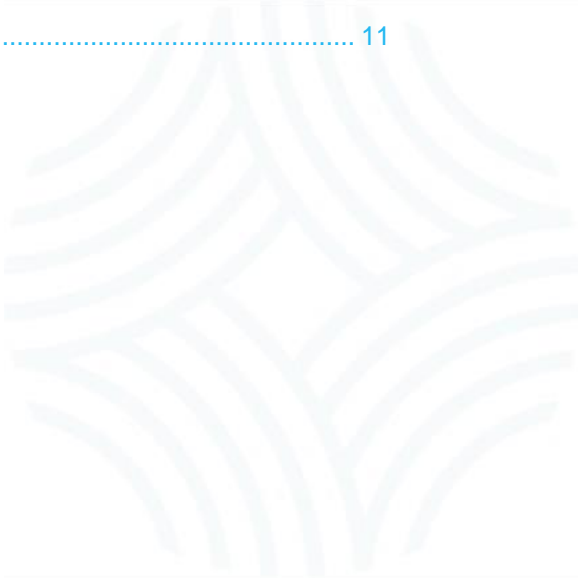




Sustainability Risk Management Policy

Table of Content.

- 1. Portfolio Sustainability Risk..... 4
- 1.1 Define Candriam ESG product strategy and ESG characteristics 4
- 1.2 Identification, Management and Monitoring of Sustainability Risks 4
 - a. Issuers ESG assessment & ESG investment selection..... 4
 - b. Exclusion..... 5
 - c. Engagement & Proxy-Voting 5
 - d. Other Sustainability Risks 6
 - e. Monitoring of sustainability Risk 6
- 1.3 Sustainability Risk Committee & Applicable Policies 8
- 2. Corporate Sustainability Risk 9
- 3. Governance 11



Sustainability is rooted in Candriam's operating model and forms a key part of its corporate culture. As part of our conviction and of our fiduciary duty to our clients, Candriam's sustainable development strategy leads it to incorporate the overall sustainability trends that will shape the world of tomorrow into our strategic operational and investment choices.

As sustainable economic development is one of the key cornerstones of its corporate strategy, Candriam has developed a policy for identifying, monitoring and managing sustainability risks across the full scope of the assets it manages on behalf of its clients. The identification and management of these sustainability risks concern not only investment analysis, risk and portfolio management but also Candriam's own corporate operations.

"Sustainability risks" refer to any Environmental, Social or Governance event that could affect the performance and/or reputation of an issuer in any of the portfolios managed by Candriam and/or of Candriam as a corporate entity.

Sustainability risks can be subdivided into 3 categories:

- **Environmental:** environmental events may create physical risks for companies. These events could, for example, result from the consequences of climate change, the loss of biodiversity or changing ocean chemistry. In addition to physical risks, companies could also be negatively impacted by the mitigation measures adopted to address environmental risks and which will impact companies differently depending on the latter's exposure to the above risks and their adaptation to these.
- **Social:** refers to risk factors related to the human capital supply chain and how businesses manage the impact of these factors on society. Issues relating to gender equality, compensation policies, health & safety and risks associated with working conditions impact the social dimension. The risks of violating human rights or labour rights within the chain of supply are also part of the social risk.
- **Governance:** these aspects are linked to the governance structure and include board-independence management, relationships with the employees, compensation, and compliance or tax practices. Governance risks originate from a failure to monitor the company and/or the lack of incentive for the company management to uphold high standards of governance.

1. Portfolio Sustainability Risk

1.1 Define Candriam ESG product strategy and ESG characteristics

The Client Solutions Committee is the committee in charge of the development, analysis and approval of new ideas and products or specific client requests for new investment techniques or processes. Each new product or adapted product positioning is validated by the Client Solutions Committee before launch or implementation.

Taking into account Candriam's sustainability positioning and sustainable investments expertise, the ESG characteristics for new or repositioned products are included in the presentation and discussed and validated during the committee. This committee is in charge to define the SFDR Classification of the products and depending of this classification, the ESG characteristics are defined: typology of exclusions, ESG issuer Selectivity (Best In Class/Best in Universe and/or thematic approaches), impact objectives, ESG KPI (Carbon reduction objective,)

Also, for each portfolio a Sustainability Risk Profile is determined and communicated through the prospectus or SFDR disclosure document. The sustainability risk profile consists out of multiple scores that reflect the materiality of the ESG related risks in the portfolio and how those risks may affect performance.

The Client Solutions Committee is chaired by the Investment Solutions team and comprises representatives of different departments: Investment Management, Risk Management, Sales, Legal, Compliance and Product Management

1.2 Identification, Management and Monitoring of Sustainability Risks

a. Issuers ESG assessment & ESG investment selection

CANDRIAM apply a holistic top-down approach requiring an overall assessment of all the aspects of a business, sector or country's exposure to material ESG issues. Candriam considers that an issuer's long-term value or financial risks are not solely influenced by financial criteria such as operating margin income or growth. By incorporating environmental, social & governance (ESG) criteria, we identify other factors that may influence a company's value and competitiveness over the medium and long term, factors which are not always immediately obvious in traditional financial analysis.

Candriam has developed expertise in ESG analysis through its dedicated ESG team, which comprises analysts specializing in specific sectors, sovereign analysis and active engagement activities. The team has developed its own ESG analysis methodology which it applies to governments, corporations and supranational agencies/organizations.

The ESG analysts use internal and external research to feed their models. The team strives to retrieve information from diverse sources, as we consider information from different providers to be complementary. This is necessary because of providers' varying coverage, methodologies and culture, which may ultimately lead to discrepancies in views and final ratings. These different assessments provide our ESG analysts a more holistic view of a company.

This team is tasked with providing Issuers ESG assessment and delivering selection options for fund managers.

Each Issuers analyzed has a ESG Score from 1 to 10. 1 -Excellent ESG profile , 10- Very bad ESG profile



This ESG score give investment's perimeter to the funds managers following the ESG characteristics of the products that they manage.

For additional information on the ESG process, please refer to the Transparency Codes or the Candriam Integration Policy published on our website.

b. Exclusion

This controversial activity policy defines which activities, due to their widely recognised ethical and/or economic unsustainability, are to be excluded from Candriam's investments based on four different levels:

- Level 1 Company-Wide Exclusion Policy: exclusions across all investments of the most controversial and unsustainable activities (controversial weapons, thermal coal and tobacco);
- Level 2A Exclusion Policy: an intermediate level adding exclusions relating to conventional weapons, gambling, oppressive regimes and climate-related risks;
- Level 2B Exclusion Policy: exclusions related to conventional weapons, gambling, oppressive regimes, and other activities that carry risks for responsible investments.
- Level 3 SRI Exclusion Policy: a broad set of exclusions encompassing a wide range of controversial activities from an environmental and social perspective (adult content, alcohol, gambling, etc.).

Each Candriam products has a Level of exclusion assigned following it's ESG profile. For third-party discretionary portfolio mandates, company-wide exclusions are applied if parties so agree.

For additional information, please refer to the company-wide exclusion policy published on our website

c. Engagement & Proxy-Voting

Stewardship is a key part of our long-term investment process, given its potential impact on investor returns. Candriam engages with the management teams of its investment candidates on a range of aspects. Stewardship takes the form of individual and /or collaborative dialogue between ESG analysts and the representatives of the company and other stakeholders.

Our engagement activities have 3 main objectives that are directly linked to our ESG selection:

- encourage improved ESG disclosure;
- support investment decisions;
- influence corporate practices on ESG issue.

In particular, engagement activities related to the investment decision process occur:

- within our ESG analysis framework, when Candriam wants to inform issuers of the final opinion it has opted for, and the main elements underpinning its decision;
- systematically, following the occurrence of an event deemed controversial and/or material (e.g., breach of UN Global Compact principles), leading to the inclusion of the issuer's name on our watch list. In that sense, any company turning non-eligible on normative-analysis grounds is contacted.

Engagement aims at encouraging issuers to adopt/adhere to recognized standards/norms or more common practices, so that they can better anticipate and manage specific ESG risks and opportunities.



Such engagement activities occur when we estimate that the issuers in question may lose their competitive edge and/or jeopardize their mid-/long-term valuation through being unprepared for changing market conditions because they have not properly managed an ESG topic. Such a situation justifies our support of improved preventive or healing measures.

More specifically, engagement activities pre- or post-the Annual General Meetings (AGMs), as well as voting itself, belong to this pillar. When contacting issuers, Candriam presents its voting policy and the rationale behind specific controversial voting recommendations, advocating change in favour of best practices in the field.

Candriam's Proxy Voting policy favours resolutions that support sustainable development principles in accordance with its sustainable and responsible approach.

Proxy voting activities fall under the ultimate responsibility of the Candriam Group Strategic Committee as part of our investment process. The Candriam Proxy Voting Committee is the 'guardian' of our Voting Policy and responsible for its implementation. This Committee, dedicated to the responsible exercise of voting rights by Candriam, has a four-fold mission:

- define the general policy for the exercise of Candriam's voting rights and for the evolution of the policy;
- review voting proposals made by ESG analysts and assess the effectiveness of votes cast at shareholder meetings;
- ensure that the Candriam voting policy is properly implemented into operating procedures;
- reviews and validates the Proxy voting Annual review before its release.

The Committee consists of internal representatives from the Management, Operations, Compliance and ESG Research & Stewardship teams and of an Independent Member. Representatives of the Legal department may attend meetings upon request.

The Committee meets regularly during the AGM season.

d. Other Sustainability Risks

ESG data and ESG models are key elements of adequate Sustainability Risk management.

Candriam has a strong process in place for the selection of ESG data providers. The ESG Investment & Research team performs due diligence on such providers and, once the choice is made, Purchasing takes over the contractual negotiations.

Controls on ESG data integration are implemented to ensure that the ESG data in our information system are consistent. The Candriam data team defines and implements data controls.

Risk Management Modelling validates the different models used in our ESG approach

e. Monitoring of sustainability Risk

The monitoring of sustainability risks takes place in a similar way as other financial risks monitored from the second line of defense, Risk Management.

Candriam has implemented a policy summarize all ESG investment rules that fund managers must comply with: the ESG Investment Policy.

Risk Management use mainly Charles Rivers to control all Sustainability Risk Limits via a pre-trade and post-trade compliance check..



In case of breaches, the reporting and escalation of findings pursuant the same process that others financials risks.

Any breaches are reported to the Sustainability Risk Committee.

This committee, led by the **Chief Investment Officer & the Chief Risk Officer**, is held every two months. and comprises representatives of different departments: Investment Management, Risk Management, ESG , Product Management.

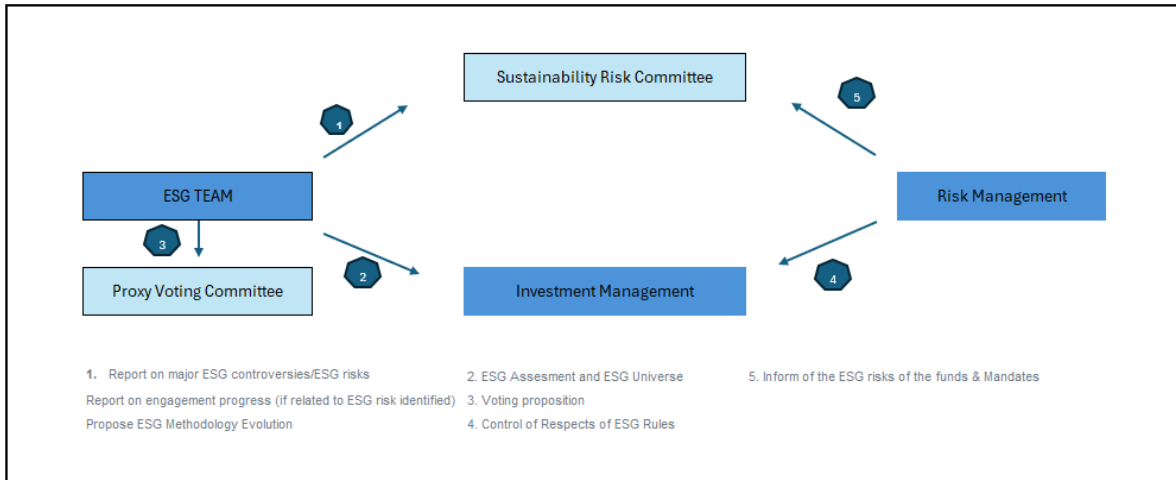
The additional role of the committee is to review and validate all developments linked to the ESG methodology linked :

- Evolution of ESG models
- Evolution of exclusion Policy
- Validation of new ESG data providers
- Validation of any change to the ESG Investment Policy
- Review of Major ESG Controversy
- Review of ESG funds Risk (ESG indicators, PAI)

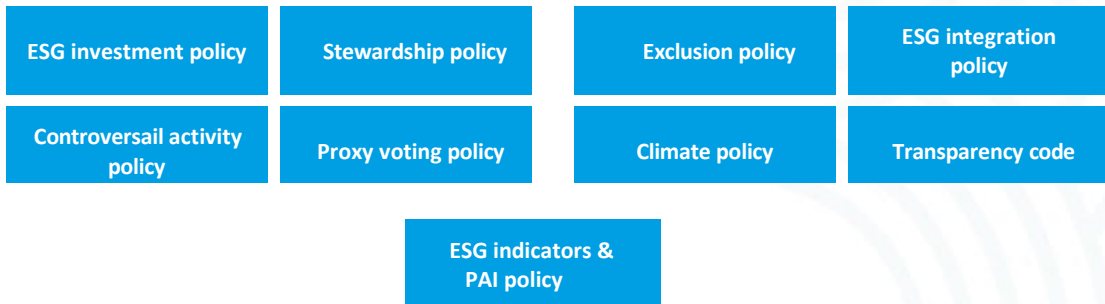


1.3 Sustainability Risk Committee & Applicable Policies

Sustainability Risk Committee



Applicable Policies



2. Corporate Sustainability Risk

Candriam integrates the consideration of sustainability risks and opportunities into its strategic roadmap.

Candriam has analyzed the sustainability challenges and opportunities for an asset manager such as Candriam, using public and stakeholder sources and findings from Candriam's CSR and ESG experts. In addition, Candriam is conducting a double materiality assessment in preparation of the upcoming applicability of the CSRD regulation, with a consolidated group report set to be published in 2026, covering the year 2025

The Candriam Group Strategic Committee sets our overall sustainability strategy for sustainable investing, covering investment approach, product and commercial positioning and corporate sustainability.

Business Ethics

A fundamental Candriam commitment to its clients and society is to conduct its business ethically and with integrity. This is enshrined in a series of ethical codes and codes of conduct for staff.

Procedures are in place regarding anti-fraud, anti-money laundering and terrorism financing, the KYC (Know Your Customer) process, whistleblowing, the detection and management of conflicts of interest, prevention of market abuse and the monitoring of personal transactions.

Staff follow regular compliance training.

Staff members' yearly assessment includes the consideration of their compliance with procedures and of sustainable behaviour aligned with Candriam's values.

Candriam's Compliance department is independent and performs second-line controls on these topics.

CSR Commitments

Candriam has a dedicated committee to steer Candriam's CSR roadmap. The CSR committee is composed of Candriam stakeholders from different business units and is chaired by Candriam's Head of Corporate Sustainability. The CSR committee addresses sustainability matters in 5 domains:

- Staff – objectives and policies are in place regarding diversity & inclusion and staff well-being. Candriam has formal and informal platforms for dialogue with staff.
- Clients – objectives and a Client Charter are in place to ensure sustainable client relations by offering excellent service and sustainable value.
- Operational value chain – objectives and policies are in place to reduce Candriam's environmental footprint (responsible travel policy, car policy, building charter, best practices waste management). Candriam measures and offsets its remaining carbon emissions.
- For suppliers, they are requested to subscribe and adhere to our supplier code of conduct. In addition, an ESG questionnaire is part of the new vendor RFPs managed by the Purchasing department. The questionnaire considers criteria such as:
 - Environmental : GHG (measuring, reducing, offsetting), use of resources, managing & reducing waste;
 - Social: human rights, labour management, diversity & inclusion, health & safety, sustainable supply chain labour standards, product safety, data security;
 - Governance: independent board members, diversity, policies preventing corruption.
- Governance – Candriam is committed to having a well-balanced composition of its decisional bodies and boards and has put in place a responsible remuneration policy.
- Community – Candriam gives back to the community and promotes a sustainable & inclusive society by supporting initiatives in education, research & entrepreneurship and projects with a social or



societal impact. The Candriam Institute for Sustainable Development monitors the donation process, including the validation of supported initiatives.

For more details on these aspects, please consult the Candriam Climate Policy and Human Right Policy on our website.

For additional information on our management of corporate sustainability risks, please consult the Corporate Sustainability Report on our website: <https://csr.candriam.com/>

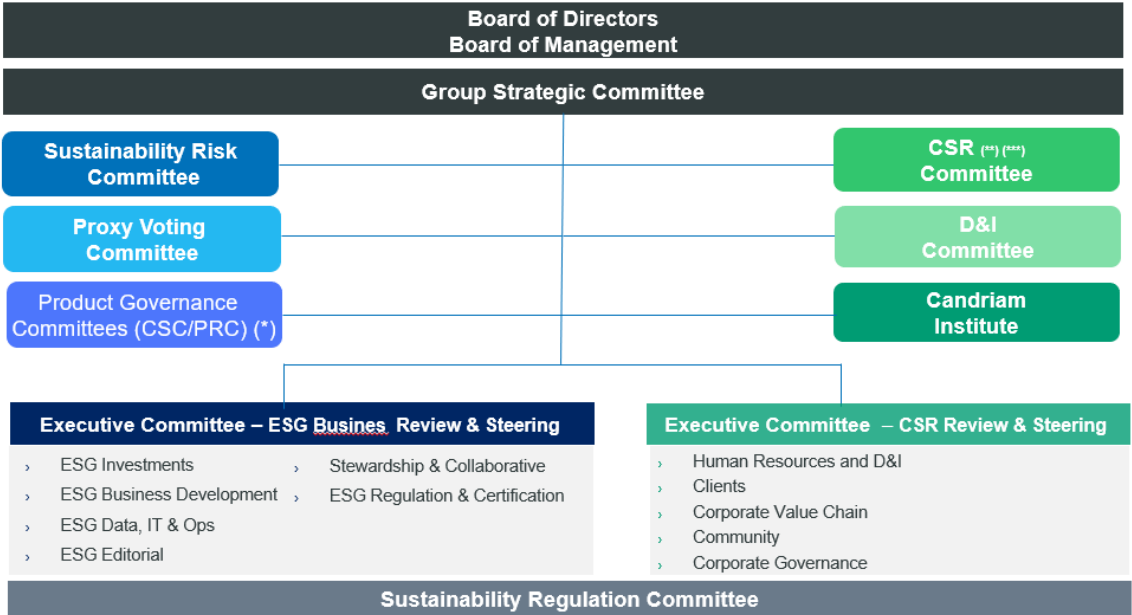


3. Governance

Different committees overview sustainability topics, including sustainability risk and sustainability development:

- A Strategic Sustainability Committee meets regularly: the Group Strategic Committee (GSC), supported by Candriam's ESG and CSR experts, sets out the strategic orientations for ESG investing (both from a product and a commercial standpoint), Corporate Sustainability Risk and Corporate Sustainability. The GSC oversees the due diligence approach for Climate and Human Rights risks across the value chain, including the **elaboration and review of appropriate policies**. The **Sustainability Risk Committee (SRC)** oversees and steers the management of extra-financial risks and impacts in the context of Candriam's **investment activities**. The SRC is responsible for approving the **ESG processes** and framework for funds and mandates. It assesses and monitors sustainability risks and negative **sustainability impacts**, including **climate and human rights** risks, and defines company wide **ESG investment-restrictions** for all Candriam investment activities. The SRC oversees **monitoring** of respect and breaches as well as **Engagement** actions plans
- The Proxy Voting Committee provides strategic guidance on proxy voting best practices and monitors Candriam's voting policy.
- The Client Solutions Committee (CSC) and Product Range Committee (PRC) are the main bodies of Candriam's regular product governance. They steer & manage the product approval and review process, including the ESG/Sustainability characteristics of products & services.
- The **Candriam Institute for Sustainable Development** oversees Candriam's **philanthropy** and community impact program, through the support of initiatives in ESG research, education & entrepreneurship, social inclusion & solidarity, environment, and the fight against cancer.
- The **Candriam ExCo (ESG Business Review & Steering session)** follows-up on the **implementation of the strategic ESG roadmap**, reviewing ESG aspects of business development, investments, operations, IT, stewardship & collaborative initiatives, communication and regulatory. It reviews public reporting on ESG process via UN PRI and CSR Report
- The **Candriam ExCo (CSR Review & Steering session)** follows-up on the **implementation of the CSR roadmap** (E/S/G aspects) with **Business Units reporting** on their progress, across operations, staff, clients, operational value chain, suppliers, governance and the community.
- The **CSR Committee** assesses E/S/G risks, opportunities & impacts for Candriam's operations. It develops a **CSR roadmap** across stakeholder domains and **coordinates the CSR reporting**. It monitors action plans from Candriam's Business Units. Its Ethics **subcommittee on human & social rights** monitors Candriam's **human rights due diligence** process and follows up on **alerts** by operational, procurement or risk teams or via the Compliance whistleblowing procedure.
- **The Diversity & Inclusion (D&I) committee** oversees D&I topics and works with Human Resources and Candriam's Staff Communities to foster Diversity and Inclusion at Candriam.
- The **Sustainability Regulations Committee** oversees the follow-up of ESG/CSR regulations and coordinates the implementation of the Sustainability regulatory roadmap.
- Overview (from January 2024 onwards)





(*) ESG characteristics of products/services (incl. label-decisions) are considered via Candriam's regular Product Governance process in the Client Solutions and Product Range committees
 (**) Monitoring CSR Roadmap across stakeholder-domains with D&I delegated to D&I Committee + Staff communities (TogetHER, Well-being, NextGen), CSRD SteerCo from 2025
 (***) Including CSR Ethics-sub-committee on Human Rights DD with invited experts on social and human rights, this sub-committee reports into the CSR committee





Disclaimer

This document is provided for information purposes only, it does not constitute an offer to buy or sell financial instruments, nor does it represent an investment recommendation or confirm any kind of transaction, except where expressly agreed. Although Candriam selects carefully the data and sources within this document, errors or omissions cannot be excluded a priori. Candriam cannot be held liable for any direct or indirect losses as a result of the use of this document. The intellectual property rights of Candriam must be respected at all times, contents of this document may not be reproduced without prior written approval.

Warning: Past performances of a given financial instrument or index or an investment service, or simulations of past performances, or forecasts of future performances are not reliable indicators of future performances. Gross performances may be impacted by commissions, fees and other expenses. Performances expressed in a currency other than that of the investor's country of residence are subject to exchange rate fluctuations, with a negative or positive impact on gains. If the present document refers to a specific tax treatment, such information depends on the individual situation of each investor and may change.

The present document does not constitute investment research as defined by Article 36, paragraph 1 of the Commission delegated regulation (EU) 2017/565. Candriam stresses that this information has not been prepared in compliance with the legal provisions promoting independent investment research, and that it is not subject to any restriction prohibiting the execution of transactions prior to the dissemination of investment research.

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.

