

Sustainable investment objective

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

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

Did this financial product have a sustainable investment objective?	
☒ YES ☒ It made sustainable investments with an environmental objective: 35.29% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ It made sustainable investments with a social objective: 60.70%	☐ NO ☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of ____% of sustainable investment ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective ☐ It promoted E/S characteristics, but did not make any sustainable investments



To what extent was the sustainable investment objective of this financial product met?

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

The attainment of the sustainable investment objectives is measured through the following sustainability indicators:

- Carbon footprint : the Sub-Fund had a carbon footprint that is at least 30% lower than the carbon footprint of the Sub-Fund's reference Benchmark;

- ESG score : the Sub-Fund had a weighted average ESG score that is higher than the weighted average ESG score of the Sub-Fund's reference benchmark. The ESG Score is computed employing Candriam's proprietary ESG analysis methodology.

Moreover, the following indicators were monitored:

- OECD Guidelines for Multinational Enterprises, UN Global Compact: to ensure that there were no investments in companies that are in violation with the these principles;

- Candriam's Exclusion Policy: to ensure that there were no investments in companies that are on the Candriam's SRI Level 3 exclusion list as a result of the application of Candriam's Exclusion Policy.

How did the sustainability indicators perform?

The Sub-Fund has been managed in accordance with its sustainability indicators as defined below.

For the selection of sustainable investments, the portfolio manager has taken into account ESG assessments of issuers, produced by Candriam's ESG analyst team.

For companies, these assessments are based on the analysis of the company's interactions with its key stakeholders and the analysis of its business activities and their impact, positive or negative, on key sustainability challenges such as climate change and resource depletion. In addition, Candriam's ESG analysis includes exclusion filters based on compliance with international standards and involvement in controversial activities.

Candriam's ESG research and analysis for sustainable investments also assesses the compliance of investments with the "do no harm" principle to a sustainable investment objective and with good governance practices.

This integration of Candriam's ESG research methodology has enabled the Fund to meet the minimum proportion of sustainable investments defined in the prospectus (minimum 80%). The proportion of sustainable investments in the Fund was therefore above this minimum threshold, as detailed in the section "What was the proportion of sustainability-related investments?"

The Sub-Fund's reference benchmark has not been designated for the purpose of attaining the sustainable investment objective of the Sub-Fund.

The Sub-Fund's reference benchmark does not qualify as an EU Climate Transition Benchmark or an EU Paris-Aligned Benchmark under Title III, Chapter 3a, of Regulation (EU) 2016/1011.

However, the Sub-Fund aimed to have a carbon footprint that is at least 30% lower than the carbon footprint of the Sub-Fund's reference benchmark.

Moreover, Candriam being part of the Net Zero Asset Management initiative, the Sub-Fund aimed to reduce greenhouse gas emissions.

Sustainability KPI Name	Portfolio	Benchmark	New indicator
Carbon Footprint - Corporate - Scope 1&2 - 30% Reduction Vs Bench	70.14	252.33	
Esg Score - Corporate - Higher Than Bench	53.63	47.17	

... And Compared to Previous Periods?

The sub-fund has also been managed in line with its sustainability indicators.

Sustainability KPI Name	Year	Portfolio	Benchmark
Carbon Footprint - Corporate - Scope 1&2 - 30% Reduction Vs Bench	2024	72.67	236.88
Esg Score - Corporate - Higher Than Bench	2024	53.97	46.55
Carbon Footprint - Corporate - Scope 1&2 - 30% Reduction Vs Bench	2023	95.94	223.79
Esg Score - Corporate - Higher Than Bench	2023	53.12	46.03
Carbon Footprint - Corporate - Scope 1&2 - 30% Reduction Vs Bench	2022	81.14	223.95
Esg Score - Corporate - Higher Than Bench	2022	51.89	45.50

The asset allocation of the financial product has evolved over the years.

Investment Category	Proportion of Investments	Proportion of Investments	Proportion of Investments	Proportion of Investments
	2025	2024	2023	2022
#1 Sustainable	95.99%	93.95%	87.10%	82.83%
#2 Not sustainable	4.01%	5.92%	12.90%	15.78%
Environmental	35.29%	41.49%	37.72%	33.09%
Social	60.70%	52.46%	49.38%	49.74%

Investment Category	Proportion of Investments	Proportion of Investments	Proportion of Investments	Proportion of Investments
	2025	2024	2023	2022
Taxonomy-aligned	0.00%	0.00%	0.00%	0.00%
Other	35.29%	41.49%	37.72%	33.09%

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

How did the sustainable investments not cause significant harm to any sustainable investment objective?

Candriam ensured that its sustainable investments did not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate and sovereign issuers. Based on its proprietary ESG Ratings and Scorings, Candriam's ESG methodology set clear requirements and minimum thresholds to identify those issuers that qualify as 'sustainable investment' and, in particular, do not cause significant harm to any environmental and/or social sustainable investment objective.

The 'Do not significant harm' principle, in particular, was assessed for corporates through:

- the consideration of "principal adverse impacts"
- the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.

For more details, refer to the section below on the consideration of principal adverse impacts on sustainability factors.

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

The consideration of adverse impacts is central to Candriam's sustainable investment approach. Principal adverse impacts were taken into account throughout the entire ESG research and analysis process and through a wide range of methods:

1. ESG rating of corporates: the ESG research and screening methodology considers and assesses the principal adverse impact on sustainability from two distinct, but interlinked, angles:

- the company's issuers' business activities and how they impact, either positively or negatively, key sustainable challenges such as climate change and resource depletion;.
- company's interactions with key stakeholders.

2. Negative screening of companies, which includes a norms-based exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with companies, through dialogue and voting activities, which contribute to avoiding or reducing the extent of the adverse impacts. The ESG analysis framework and its results feed our engagement process, and vice versa.

The integration of the principal adverse impacts on sustainability factors has been based on the materiality or likely materiality of each indicator for each specific industry / sector to which the company belongs. The materiality is dependent on several factors, such as: type of information, data quality and breadth, applicability, relevance, and geographical coverage.

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

The Sub-fund's investments were subject to a norms-based controversy analysis that considered the compliance with the international social, human, environmental and anti-corruption standards, as defined by the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and International Bill of Human Rights are part of the many international references integrated into our norms-based analysis and ESG model.

This analysis aimed to exclude companies that have significantly and repeatedly breached any of these principles.



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

At Financial Product level, the principal adverse impacts (PAI) on sustainability factors were considered through one or several means: voting, dialogue, exclusions and/or monitoring (cfr. Candriam's PAI statement: <https://www.candriam.com/en/private/sfdr/>)

ENGAGEMENT

Candriam's engagement policy is available on Candriam website [\[https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities\]](https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities).

DIALOGUE with corporate issuers

This financial product is invested in corporate issuers. Below statistics refer to engagement activities Candriam have performed with these corporate issuers.

Climate (PAI1 to PAI6) is obviously central in Candriam's exchanges with companies. Priorities of Climate-engagement on the corporate side are identified taking into account :

- issuers presenting a weak transition profile (proprietary risk transition model), and/or still highly carbon intensive (Scope 1-2) or with large Scope 3 emissions,
- issuers from financial sectors still largely exposed to fossil fuel and with a key role in financing the transition
- relative exposure of managed portfolios to the above issuers.

Candriam has joined in November 2021 the Net Zero Asset Management Initiative [<https://www.netzeroassetmanagers.org/signatories/candriam/>]. Through engagement, Candriam's objective is to encourage companies to publicly report on how they align with a 1.5D trajectory and to encourage such an alignment. We expect issuers in particular to explain how their strategy and capital expenditures plan serve their decarbonisation commitment. We usually combine individual and collaborative dialogue.

8 issuers in the financial product are actually part of the priority targets of Candriam Net Zero Engagement campaign.

Candriam also actively participate to several collaborative initiatives such as Climate Action 100+ or IIGCC & ShareAction Climate initiatives on Financials. Such initiatives targeted 4 issuer(s) of the financial product. These initiatives contribute not only to increase the level of transparency on Greenhouse gas emissions and related strategy, but also to gain fundamental leverage for supporting strategic changes. Outcomes of these engagements are detailed in Candriam's annual engagement & voting report, available on Candriam's public website (Publications | Candriam) [<https://www.candriam.com/en/professional/insight-overview/publications/#sri-publications>].

Given the geopolitical context and observed increase in inequalities, 8 issuer(s) with presence in the financial product have also been contacted in relation to the protection of fundamental human rights at direct or indirect workforce level (supply chain due diligence) (PAI10 PAI11).

While above mentioned PAI are prevalent when considering engagement performed for this financial product in 2025, other PAI such as biodiversity-related ones may also have been addressed in Candriam's dialogues with issuers. For more information, please refer to Candriam Engagement Annual review under Candriam website [<https://www.candriam.com/en/professional/investment-solutions/sustainability-documents/#engagement-activities>].

EXCLUSIONS

PAI3

In addition to companies involved in the thermal coal, oil and gas activities (PAI 4), electricity-generating companies with a carbon intensity greater than 279 gCO₂/kWh (PAI 3), are considered risky for inclusion in sustainable investments, even if they are not universally controversial. Given that emissions vary according to electricity generation sources, it is important to assess the carbon footprint per kilowatt-hour (kWh) to determine how closely companies are aligned with the 2 degrees Celsius trajectory.

This is why Candriam includes the carbon intensity of energy producers in its sustainability assessment. Where carbon intensity data is not available, Candriam's ESG analysts use other indicators to assess alignment with the Paris Agreement, such as progress in the energy transition in line with Paris Agreement targets and integration of a 1.5°C limit scenario, taking into account investment plans and the credibility of carbon neutrality targets. These indicators are forward-looking and evolve over time to reflect the progress made by companies in their transition.

The carbon intensity (PAI 3) threshold for the product in 2025 was established at 279 gCO₂/kWh. Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding this threshold, in addition to those previously excluded.

PAI4

Exposure to fossil fuels (PAI 4) undergoes stringent exclusions across all Candriam sustainable funds. Thermal coal, recognized for its detrimental impact and serious financial and sustainability implications, poses systemic and reputational risks that financial benefits cannot outweigh.

Companies directly involved in coal extraction are excluded regardless of the level of sales/revenues.

Companies generating more than 5% of revenues from the exploration, processing, transportation and distribution of thermal coal are also excluded.

The exclusion of companies developing new projects in coal extraction, coal power generation and coal transportation is appreciated without a minimum revenue threshold.

Additionally, companies involved in the exploration, production, refining or transport of oil & gas (>5% revenues), providing services and equipment dedicated to oil & gas production (>25% revenues), or with expansion or exploration plans for new oil and gas projects are excluded. This applies for both conventional and unconventional oil & gas activities.

Over the reference period, no additional issuer(s) became ineligible for the financial product due to exceeding threshold of exposure to thermal coal activities, supplementing the previously excluded entities.

Furthermore, no additional issuer(s) lost their eligibility due to surpassing the threshold of exposure to conventional oil and gas activities, while no additional issuer(s) lost their eligibility for exceeding the threshold of exposure to unconventional oil and gas activities.

PAI10

In accordance with PAI10 Candriam's normative analysis determines whether a company complies with the 10 principles of the United Nations Global Compact for each of the main categories: Human Rights (HR), Labor Rights (LR), Environment (ENV) and Anti-Corruption (AC). Our norms based analysis incorporates various international references, including the United Nations Declaration of Human Rights, ILO Fundamental Conventions, and OECD Guidelines for Multinational Enterprises, ensuring comprehensive coverage of human rights, labor standards, corruption, and discrimination.

In Candriam's "Level 3" SRI exclusion policy, companies with severe to very severe violations of the UN Global Compact principles are excluded. This list focuses on a strict interpretation of violations of the UN Global Compact, as assessed by Candriam's ESG analysts.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, for significant and repeated breaches of international social, human, environmental and anti-corruption standards, as defined by the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

PAI14

Candriam is firmly committed to excluding from all its investments companies directly involved in the development, production, testing, maintenance and sale of controversial weapons (anti-personnel landmines, cluster bombs, depleted uranium weapons and armor, chemical weapons, biological weapons and white phosphorus weapons). Candriam considers these damaging activities to present systemic and reputational risks.

Over the reference period, no additional issuer(s) directly covered became ineligible for the financial product, in addition to those previously excluded, due to their involvement in these activities.

MONITORING: calculation and evaluation of the principal adverse impact indicators

Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the Financial Product. See below the results of the indicators of this Financial Product

PAI indicators	Value	Coverage (% rated / total assets)	Eligible assets (% eligible assets / total assets)
Scope 1 GHG Emissions	47,819.04	78.43%	84.31%
Scope 2 GHG Emissions	15,623.81	78.43%	84.31%
Total GHG Emissions	63,442.85	78.43%	84.31%
2 - Carbon Footprint	70.14	78.43%	84.31%
3 - GHG intensity of investee companies	170.58	78.43%	84.31%
4 - Exposure to companies active in fossil fuel sector	9.12%*	75.01%	84.27%
10 - Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	0.00%	91.50%	91.68%
13 - Board gender diversity	35.57%	74.75%	91.66%
14 - Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	0.00%	91.50%	91.68%

*This PAI does not reflect the % of income invested in the portfolio but the % of issuers who have part, even if marginal, of their income exposed to Fossil fuel.



What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:
01/01/2025 - 31/12/2025.

Largest investments	Sector	% of Assets	Country
Candriam Sustainable Money Market Euro Z Eur Acc	Financial - Investment - Other Diversified Comp.	5.86%	Luxembourg
Tenet Healthcare 5.125% 01-11-27	Healthcare	2.73%	United States (u.s.a.)
Cco Holdllccco Hold Capital 5.125% 01-05-27	Financial - Investment - Other Diversified Comp.	2.48%	United States (u.s.a.)
The Adt Corporation 5.875% 15-10-33	Building Materials And Building Industry	2.24%	United States (u.s.a.)
Travel Leisure 6.125% 01-09-33	Hotels And Restaurants	2.19%	United States (u.s.a.)
Sse 4.5% Perp Emtn	Energy And Water Supply	2.13%	United Kingdom
Post 6.5% 15-03-36	Including Foods And Also Retail Trade	2.12%	United States (u.s.a.)
Avantor Funding 2.625% 09-10-25	Banks And Other Credit Institutions	2.12%	United States (u.s.a.)
Rogers Communications 7.0% 15-04-55	Electrical Enginneering	2.11%	Canada
Bell Telephone Company Of Canada 6.875% 15-09-55	Telecommunication	2.10%	Canada
Telus 6.625% 15-10-55	Internet And Internet Services	2.09%	Canada
Grifols 7.125% 01-05-30	Biotechnopgy	2.00%	Spain
Nidda Healthcare Holding Ag 7.5% 09-05-25	Internet And Internet Services	1.92%	Germany
Essendi S.a. 5.5% 15-11-31	Financial - Investment - Other Diversified Comp.	1.88%	Luxembourg
Zegona Finance Lc 8.625% 15-07-29	Financial - Investment - Other Diversified Comp.	1.85%	United Kingdom

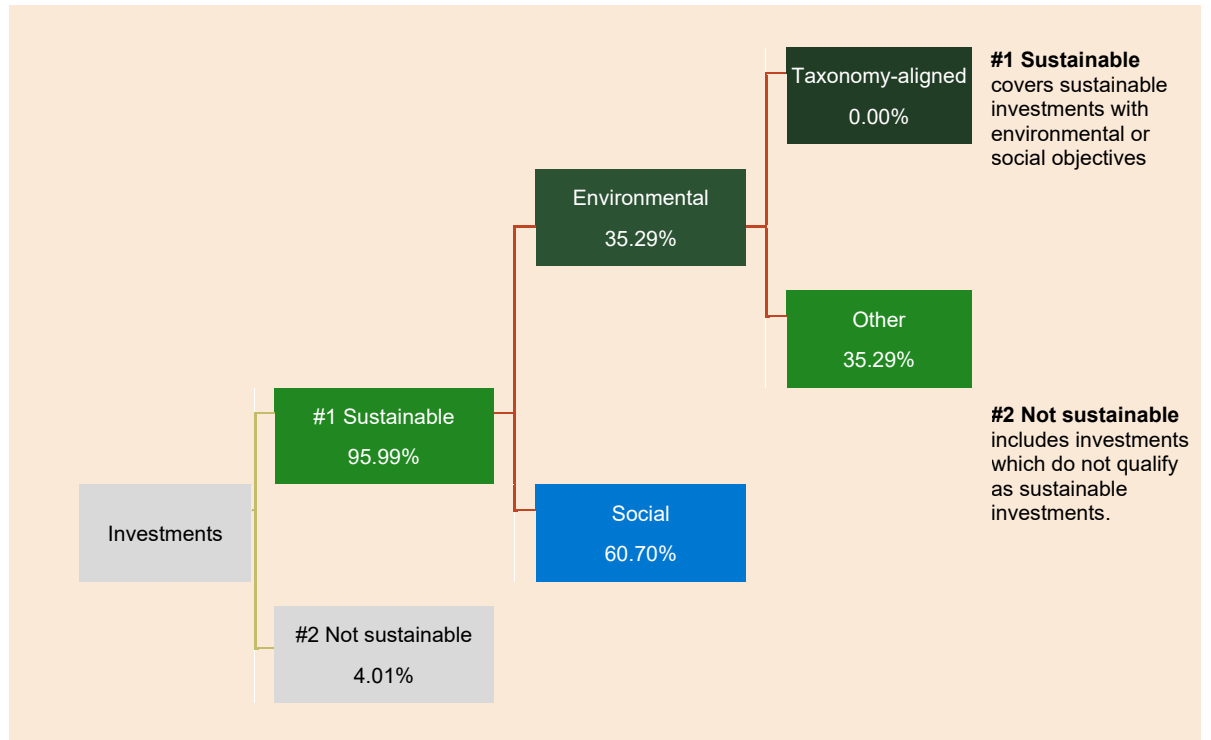
Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?



● ***In which economic sectors were the investments made?***

Top sector	% of Assets
Financial - Investment - Other Diversified Comp.	28.08%
Energy And Water Supply	14.15%
Telecommunication	11.89%
Internet And Internet Services	5.43%
Healthcare	5.16%
Electrical Engineering	5.14%
Miscellaneous Services	3.82%
Banks And Other Credit Institutions	3.56%
Pharmaceuticals - Cosmetics - Med. Products	2.73%
Biotechnopgy	2.60%
Including Foods And Also Retail Trade	2.45%
Building Materials And Building Industry	2.35%
Hotels And Restaurants	2.19%
Chemicals	1.88%
Real Estate	1.54%
Electronics And Semiconductors	1.43%

Data based on the main investments held on average during the reference period. This data is not comparable with those presented in the "Investment portfolio" section of the annual report.



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

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

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

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

Taxonomy-aligned activities are expressed as a share of:

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

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

☐ Yes

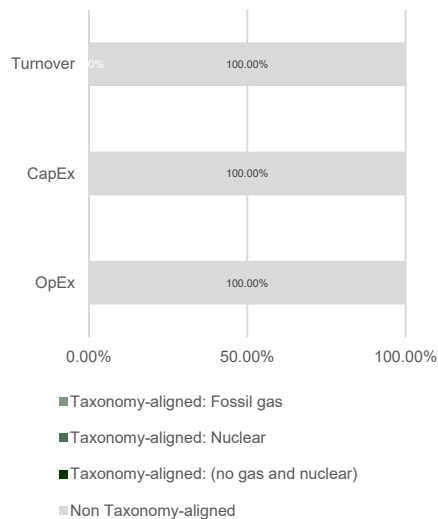
☐ In fossil gas

☐ In nuclear energy

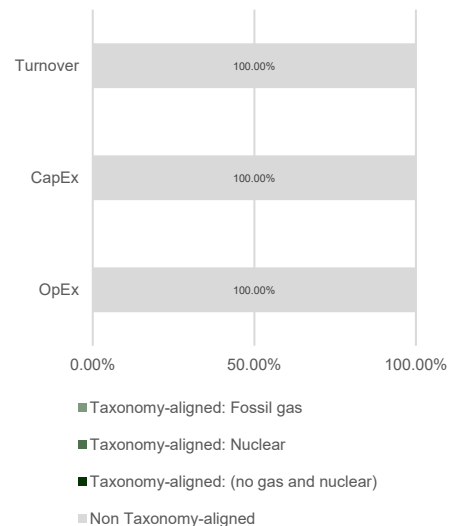
☒ No

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

1. Taxonomy-alignment of investments including sovereign bonds*



2. Taxonomy-alignment of investments excluding sovereign bonds*



This graph represents 100.00% of the total investments.

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

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

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

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, nor on the transitional and enabling activities, as very few companies at global level provide the data necessary for a rigorous assessment their alignment with the Taxonomy.

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

Year	% EU Taxonomy Aligned
2025	0.00%
2024	0.00%
2023	0.00%
2022	0.00%

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

● **What is the breakdown of the proportion of the investments per each of the EU Taxonomy to which those investments contributed?**

The Sub-Fund is unable to publish a percentage of alignment with the Taxonomy, as very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

Therefore, this percentage is considered as nul.

 What was the share of sustainable investments with an environmental objective that were not aligned with the EU taxonomy?

The Sub-Fund had a share of 35.29% in sustainable investments with an environmental objective not aligned with the EU taxonomy.

Indeed to date, only two of the six objectives have entered into force in 2025 and very few companies at global level provide the data necessary for a rigorous assessment of their alignment with the Taxonomy.

 What was the share of socially sustainable investments?

The Sub-Fund had a share of investments with a social objective of 60.7%

 What investments were included under “not sustainable”, what was their purpose and were there any minimum environmental or social safeguards?

The investments included under "Not sustainable" are present in the Sub-fund for 4.01% of the total net assets.

These investments include one or more of the following assets:

- Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the Sub-fund following subscriptions/redemptions and/or being the result of the market exposure decision of the Sub-fund.
- Investments with issuers considered as sustainable investments at the moment of the investment and that are not fully aligned anymore with the Candriam sustainable investment criteria. These investments have been sold during the period.
- Non single name derivatives used for exposition and hedging purposes;

These investments do not affect the delivery of the sustainable investment objectives of the Sub-Fund as they represent a minor proportion of its assets.



What actions have been taken to attain the sustainable investment objective during the reference period?

The financial product is designed to maintain a carbon footprint that is at least 30% lower than the carbon footprint of its Benchmark. During the reference period, the financial product emitted 70.14 Tons CO₂eq per million € invested, representing a reduction of 72.2% relative to the Benchmark. Furthermore, this demonstrates an improvement over the previous year, as the financial product's carbon footprint declined by 3.47%. This reduction is primarily the result of a strategy that favours issuers with lower carbon footprints. In particular, the financial product invested in one issuer within the Travel & Leisure sector who showed an improving carbon footprint. In addition, the financial product aims to deliver an ESG score, determined according to Candriam's proprietary ESG methodology, that surpasses its benchmark. For the reference period, the financial product reported an ESG score of 53.63, marking an increase of 13.7% in comparison to its benchmark. This positive performance can be

attributed to the selective inclusion of issuers that demonstrate stronger ESG profiles. To illustrate this, the financial product invested in one issuer from the Automobiles & Parts sector displaying an improving ESG profile.



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

No specific index is designated as a reference sustainable benchmark to meet the sustainable investment objectives.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.