

Product name:

Legal entity identifier

Candriam Equities L - Oncology Impact

5493008RMIWWW5WNUT02

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.

Does this financial product have a sustainable investment objective?

☒ ☐ **X** Yes

☐ ☒ ☐ No

- | | |
|--|---|
| <p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: 0%</p> <p><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input checked="" type="checkbox"/> It will make a minimum of sustainable investments with a social objective: 25%</p> | <p><input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of _% of sustainable investments</p> <p><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</p> <p><input type="checkbox"/> with a social objective</p> <p><input type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments</p> |
|--|---|



What is the sustainable investment objective of this financial product?

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

The sub-fund seeks to produce a return for investors while generating a positive social impact over the long term, by selecting companies that address certain societal challenges and mobilise resources in the fight against cancer.

The sustainable investments held in the sub-fund do not systematically take account of one of more environmental objectives. Nevertheless, having undergone Candriam's proprietary ESG analysis and filtering, such sustainable investments may over the long term contribute to one or more of the following environmental objectives as set out in Article 9 of Regulation (EU) 2020/852:

- a) climate change mitigation,
- b) climate change adaptation,
- c) the sustainable use and protection of water and marine resources,
- d) the transition to a circular economy,
- e) pollution prevention and control.

The sub-fund has not designated a benchmark in order to achieve its sustainable investment objective.

The sub-fund's benchmark cannot be considered to be an EU "climate transition" benchmark nor a "Paris-aligned" benchmark as defined in title III chapter 3a of Regulation (EU) 2016/1011.

Candriam is a member of the Net Zero Asset Management initiative, so the sub-fund seeks to reduce greenhouse gas emissions in line with the Paris Agreement targets.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

Achievement of the sustainability objectives is measured by means of the following sustainability indicators:

- Research and development spending: better-than-benchmark research and development spending as a proportion of the company's market capitalisation,
- The level of education of management teams: better-than-benchmark percentage of senior executives holding a doctorate,

The following indicators are also tracked in order to:

- ensure that there are no investments in companies in breach of the OECD Guidelines for Multinational Enterprises and the UN Global Compact,
- ensure that there are no investments in companies contained in Candriam's SRI exclusion list following application of Candriam's exclusion policy,
- measure the number of participations for which Candriam has voted.

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 do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

Candriam performs ESG research and analysis on the corporate issuers to ensure that these sustainable investments do no significant harm to any of the environmental and/or social sustainable investment objectives. Based on its proprietary ESG ratings and scores, Candriam's ESG methodology defines clear requirements and minimum thresholds in order to identify issuers which can be considered to be "sustainable investment" and which, in particular, do no significant harm to any of the environmental and/or social sustainable investment objectives.

In particular, the "do no significant harm" principle is evaluated for companies as follows:

- by considering the "principal adverse impacts",
- by aligning with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure that minimum social and environmental guarantees are respected.

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

Consideration of the principal adverse impacts is an essential part of Candriam's approach to sustainable investment. The principal adverse impacts are considered throughout the ESG research and analysis process and by means of several methods:

1. ESG ratings of companies: the ESG research and filtering methodology considers and evaluates the principal adverse impacts on sustainability from two distinct but related perspectives:

- the commercial activities of the issuers of the company and their positive or adverse impact on the main sustainability challenges such as climate change and resource depletion,
- the company's interactions with the main stakeholders.

2. Negative filtering of companies, consisting of a normative exclusion and an exclusion of companies involved in controversial activities.

3. Engagement activities with the companies based on dialogue and voting, helping to avoid or mitigate the adverse impacts. The ESG analysis framework and its results feed into Candriam's engagement policy and vice versa.

The integration of the principal adverse impacts on sustainability factors is based on the materiality or likely materiality of each indicator for each specific industry/sector to which the company belongs. The significance depends on a number of factors including the type of information, the quality and scope of the data, applicability, relevance and geographical coverage.

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

The investments in the portfolio undergo a normative controversy analysis examining respect for international social, human, environmental and anti-corruption norms as defined in the UN Global Compact and the OECD Guidelines for Multinational Enterprises. The International Labour Organisation and the International Bill of Human Rights are among the many international references embedded in the normative analysis and in Candriam's ESG model.

The analysis seeks to exclude companies which have significantly and repeatedly breached one of these principles.

Details are available from the links at the end of this document.



Does this financial product consider principal adverse impacts on sustainability factors?

X Yes, the principal adverse impacts (PAIs) on sustainability factors are considered at the level of the sub-fund by one or more means (see Candriam's PAI declaration):

- Monitoring: calculation and evaluation of the indicators of the principal adverse impacts, including regular reporting at sub-fund level. Certain of these indicators may have explicit objectives and be used to measure achievement of the sub-fund's sustainable investment objective.

- Engagement and voting: in order to avoid and/or mitigate the adverse impact on sustainability objectives, the sub-fund also considers adverse impacts in its interactions with the companies, through dialogue and voting. Candriam prioritises its engagement and voting activities based on an evaluation of the most significant and the most relevant ESG challenges faced by the sectors and the issuers, taking account of the financial and social impacts and of the impacts on the stakeholders. The degree of engagement with each company may consequently vary within the same product and is subject to Candriam's prioritising methodology.

- Exclusion: Candriam's negative filtering on companies or on countries seeks to avoid investments in harmful activities or practices and may result in exclusions related to the adverse impact of companies or issuers.

The specific principal negative impacts considered are subject to the availability of data and may change as the quality and availability of data improves.

For more information about the types of PAI considered, click on the following link to Candriam's SDFR site (SDFR is the Sustainable Finance Disclosure Regulation):

<https://www.candriam.com/en/private/market-insights/sfdr/>

<https://www.candriam.com/en/professional/market-insights/sfdr/>

No

What investment strategy does this financial product follow?

The objective of the sub-fund is to use discretionary management to benefit from the performance of the market in global equities of companies in the field of oncology (cancer research, diagnosis, treatment, etc.) in order to respond to one of the serious long-term challenges of sustainable development.

The investment strategy is applied according to a well-defined investment process and a rigorous risk framework. Adherence to these elements is subject to risk monitoring by Candriam.

Regarding the environmental and social aspects of the investment strategy, Candriam's proprietary ESG analysis (which produces ESG ratings and scores) and a normative controversy evaluation (including the controversial activity exclusion policy) are applied, making it possible to define the investable universe for the sub-fund.

Furthermore, Candriam's ESG analysis, which includes an analysis of the issuer's activities and its interaction with its main stakeholders, is an integral part of the financial management of the portfolio, enabling the asset manager to identify the risks as well as opportunities around the serious challenges of sustainable development.

As the management company, Candriam has established a monitoring framework as described in the sustainability risk management policy. Monitoring of the sub-fund's investment strategy risks seeks to ensure that the investments are aligned with and take account of environmental, social and governance indicators and the sustainability thresholds as explained above.

● ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

The binding elements of the investment strategy used to select investments with the aim of achieving the sustainable investment objectives are based on Candriam's ESG



The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

analysis and the resulting framework of ESG ratings and scores.

The analysis produces ESG ratings and scores which determine the eligibility of issuers and which act as binding elements in the selection of issuers for sustainable investments.

Negative filtering of issuers is also applied, consisting of a normative controversy evaluation and an exclusion of issuers involved in controversial activities as described in Candriam's exclusion policy, which is available on the Candriam website here: <https://www.candriam.com/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>.

Finally, the sub-fund's investment strategy has other sustainability-related binding elements. It seeks to have:

- a minimum proportion of sustainable investments,
- better-than-benchmark research and development spending as a proportion of the company's market capitalisation,
- a better-than-benchmark percentage of senior executives holding a doctorate.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

● **What is the policy to assess good governance practices of the investee companies?**

The company's governance is a core aspect of the stakeholder analysis performed by Candriam. It can be used to evaluate:

- 1) how a company interacts with and manages its stakeholders, and
- 2) how a company's board of directors discharges its governance and management functions regarding disclosure and transparency and regarding consideration of sustainability objectives.

In order to evaluate a company's governance practices specifically regarding the stability of the management structures, labour relations, staff remuneration and tax compliance as defined by the SFDR, Candriam's ESG analysis includes five key pillars of governance:

1. The strategic orientation, which evaluates the independence, expertise and composition of the board of directors and ensures that the board acts in the interests of all shareholders and other stakeholders and that it is able to act as an effective counterweight to management,
2. An audit committee and an evaluation of the independence of the auditors in order to avoid conflicts of interest,
3. Transparency around the remuneration of senior managers, enabling managers and the remuneration committee to be held to account by the shareholders, to align the interests of senior management with those of the shareholders, and to focus on long-term performance,
4. The share capital to ensure that all the shareholders have equal voting rights,
5. Financial conduct and transparency.

What is the asset allocation and the minimum share of sustainable investments?

At least 75% of the net total assets of the sub-fund are considered to be sustainable as defined by the SFDR.

A maximum of 25% of "non-sustainable investments" may be allocated.

Sustainable investments are defined on the basis of Candriam's proprietary ESG analysis.

With Candriam's proprietary ESG research and analysis, including its ESG rating framework, it is possible to define clear requirements and minimum thresholds in order to identify companies considered to be "sustainable investments". Candriam ensures that these companies:

- are involved in economic activities which contribute to an environmental objective or to a social objective,
- do no significant harm to any of the environmental and/or social sustainable investment objectives and in particular respect minimum guarantees,
- respect the principles of good governance.

With Candriam's ESG research and analysis, it is possible to determine and evaluate the company's capacity to contribute to the environmental and/or social sustainable objectives. As such, in order to determine whether a company is a sustainable company that respects the requirements and the philosophy set out in the SFDR, Candriam:

- applies company exclusion filters based on a normative analysis and on an analysis of controversial activities. These measures contain minimum guarantees regarding international norms and conventions and make it possible to exclude activities considered by Candriam to be harmful to the environmental and/or social sustainability objectives,
- applies and embeds the ESG research and analysis as a core component of its evaluation of the sustainability of issuers. This allows Candriam to identify and evaluate sustainability risks and opportunities and the contributions of issuers to sustainability objectives.

Following Candriam's ESG research and analysis, each issuer is given:

- a commercial activity score that evaluates how an issuer's commercial activities contribute to the main sustainability challenges, and
- a stakeholder score that evaluates how an issuer interacts with and manages its main stakeholders.



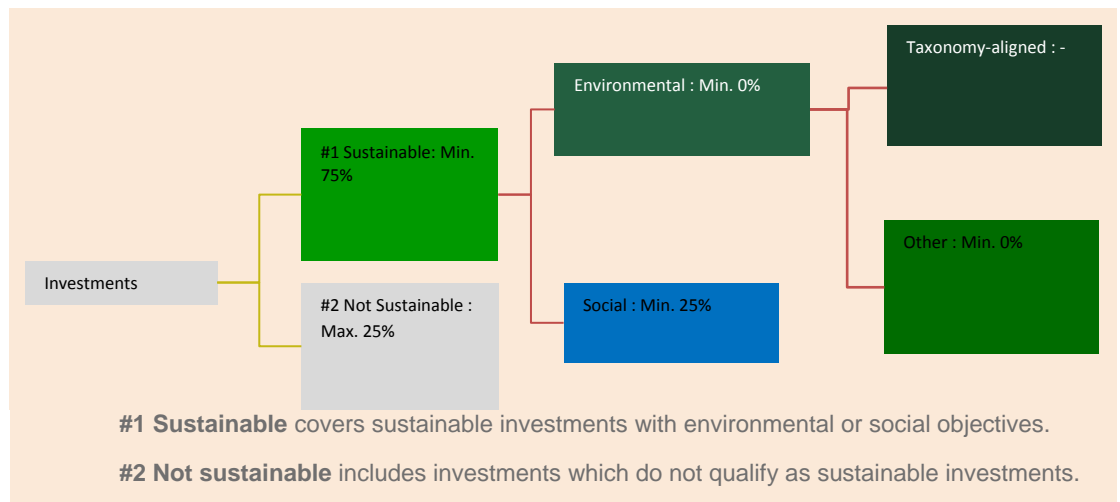
Asset allocation describes the share of investments in specific assets.

Together, these scores make up a global ESG score and an ESG rating for each issuer.

An issuer which respects Candriam's exclusion filters is considered to be a sustainable investment on the basis of its ESG rating. For more details about this methodology and this definition, please see the Candriam website.

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.



● **How does the use of derivatives attain the sustainable investment objective?**

Derivative products are not used in order to achieve sustainability objectives.



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

The EU Taxonomy Regulation establishes six distinct but interconnected environmental objectives. These environmental objectives are placed at the heart of Candriam's EDG research and analysis of issuers.

At the present time, however, only a small number of companies worldwide publish the necessary information for a rigorous evaluation of their alignment with the Taxonomy.

As a result, the sub-fund does not commit to a minimum Taxonomy alignment percentage, meaning that this percentage must be considered to be zero.

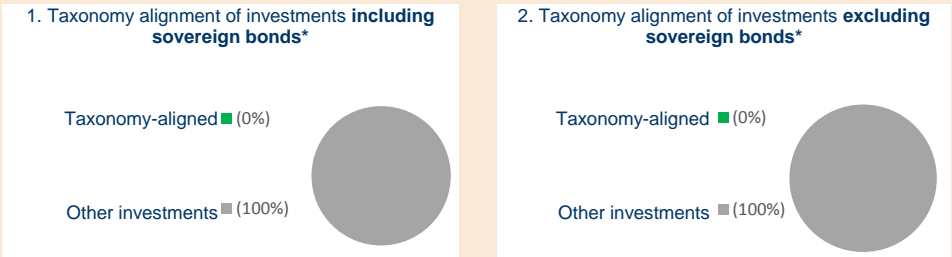
To determine the Taxonomy alignment percentage of the investments, Candriam uses its in-house ESG team which applies its own ESG research and analysis framework. It uses data published by the companies about their activities which are aligned with the Taxonomy and/or information published by third-party data providers or other sources which according to Candriam's ESG team analyse Taxonomy alignment information about the companies in a reliable way and distribute it. The calculation is not examined or audited by an external party.

The methodology used to calculate the alignment of investments with the UE Taxonomy is based on a company's turnover/income.

The sub-fund may hold sustainable investments with environmental objectives which are not aligned with ecologically sustainable economic activities as covered

and defined by the EU Taxonomy. The environmental objectives of the sustainable investments as defined in the Prospectus or Candriam's Transparency Code pursue not only climate objectives as defined in the EU Taxonomy Regulation, but also other environmental objectives such as alignment with a circular economy objective, a specific temperature objective, or sustainable objectives which partially include environmental indicators such as a global ESG score which is better than a benchmark or the achievement of an absolute minimum ESG score.

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



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

● **What is the minimum share of investments in transitional and enabling activities?**

No minimum proportion of investments in transitional and/or enabling activities has been fixed. However, Candriam's ESG research and analysis framework includes an evaluation of transitional and/or enabling activities and how they contribute to the sustainability objectives.

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

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



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



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The sub-fund does not commit to a minimum of sustainable investments whose environmental objective is not aligned with the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

At least 25% of the net total assets of the sub-fund are considered to be sustainable investments with a social objective.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

Non-sustainable investments may not be held in the sub-fund above 25% of the total net assets. Such non-sustainable investments may be:

- cash and cash equivalents: demand deposits, reverse repurchase transactions that are necessary in order to manage the liquidity of the sub-fund following subscriptions/redemptions and/or resulting from the sub-fund's market exposure decision,
- issuers which respect the minimum environmental and social guarantees which may be purchased for diversification purposes,
- issuers which were considered to be sustainable investments at the time of investment and which are no longer fully aligned with Candriam's sustainable investment criteria. The intention is to sell these investments,
- non single name derivatives may be used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.

Such investments do not affect achievement of the sub-fund's sustainable investment objectives because they make up a limited part of its assets.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

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

- ***How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?***

The sub-fund is actively managed and its investment approach implies a reference to a benchmark.

The selected benchmark does not explicitly take sustainability objectives into account.

There is no EU “climate transition” benchmark or “Paris-aligned” benchmark or any other sustainability benchmark that takes full account of the sustainability objectives and the investment strategy described in the sub-fund's prospectus.

- ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***
- ***How does the designated index differ from a relevant broad market index?***
- ***Where can the methodology used for the calculation of the designated index be found?***

Where can I find more product specific information online?

For more detailed information about the product, go to:

<https://www.candriam.com/en/private/market-insights/sfdr/>

<https://www.candriam.com/en/professional/market-insights/sfdr/>

