

Product name:

Legal entity identifier

Candriam Equities L - Oncology Impact

5493008RMIWWW5WNUT02

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.

Sustainable investment objective

Does this financial product have a sustainable investment objective?

X Yes

No

It will make a minimum of **sustainable investments with an environmental objective: 0%**

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 will make a minimum of **sustainable investments with a social objective 25%**

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

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 promotes E/S characteristics, but **will not make any sustainable investments**



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.

● **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 PhD;
- Eligible companies must have an individual exposure to oncology-related activities and/or the fight against cancer of at least 10% in terms of income or capex or pipelines.

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.

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

The sustainable investments which the financial product makes do no significant harm to any sustainable environmental or social investment objectives, to the extent that Candriam takes account of the principal adverse impacts and aims for alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, through the framework of its ESG ratings and its exclusions policy on controversial activities and normative policy.

Companies that contribute negatively to environmental and/or social sustainable investment objectives and that consequently do significant harm to these objectives through their adverse impacts will consequently tend to be allocated a poor score under Candriam's ESG rating system. It is therefore highly likely that they be excluded from the eligible investment universe.

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

Indicators of the principal adverse impacts on sustainability factors were considered using Candriam's ESG rating framework, exclusions from controversial activities and exclusions based on standards.

For example:

1. Through the exclusion of companies involved in controversial activities and through standards-based exclusions, which are based on an analysis of companies' compliance with international standards, Candriam takes account of the following principal adverse impacts (PAIs):

- PAI 3, 4 and 5: Exclusion of companies with significant exposure to conventional and non-conventional fossil fuel activities and/or non-renewable energy production. For PAIs 4 and 5, Candriam applies thresholds when taking account of exposure to these activities.
- PAI 7: Activities adversely impacting biodiversity sensitive areas. For example, Candriam excludes companies involved in palm oil (thresholds based on palm oil not

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.

certified by the RSPO).

- PAI 10: Breaches of UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.

- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).

2. By analysing the contribution of a company's business activities to the main sustainability challenges of climate change and resource depletion, Candriam takes account of the following principal adverse impacts:

- PAI 1, 2, 3, 4, 5 and 6: By assessing the main sustainability challenges of climate change, Candriam analyses a company's exposure to climate risks as well as the intensity of GHG emissions generated by their business activities. This assessment is used to determine whether the company's business activities contribute positively or negatively to climate change.

- PAI 7, 8 and 9: Assessment of the impact of a company's business activities on the depletion of natural resources.

3. Through entity level engagement: In order to avoid and/or reduce adverse impacts on sustainability factors, Candriam also considers adverse impacts through its Enterprise-wide Engagement Programme, which includes dialogue with companies and the exercise of voting rights. Candriam prioritises 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, social and environmental impacts. Therefore, the level of engagement may vary from one issuer to another depending on Candriam's prioritising methodology.

The main themes of Candriam's engagement and voting practices are the energy transition, fair working conditions and business ethics. For example, in its dialogue and voting activities, Candriam takes into account PAI 1, 2 and 3 (GHG emissions, carbon footprint and GHG intensity), PAI 4 (exposure to fossil fuels), PAI 6 (energy consumption intensity by sector with high climate impact), PAI 10 (violations of the United Nations Global Compact Principles and the OECD Guidelines for Multinational Enterprises), as well as PAI 12 and PAI 13 (gender).

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

The investments in the portfolio undergo a normative 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 conventions of the International Labour Organisation and the International Bill of Human Rights are among the many international references embedded in the normative analysis and Candriam's ESG analysis framework.

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

Additional information on how Candriam takes account of the "do no significant harm" principle can be found at the links mentioned at the end of this Appendix.



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

X Yes, at the Sub-fund level, as indicated in Annex I of the SFDR delegated Regulation supplementing Regulation (EU) 2019/2088, the Principal Adverse Impacts (PAIs) on sustainability factors are taken into account – as described in the Level 2 PAIs in the document entitled "Principal Adverse Impact at Product Level" – by one or more of the following means:

- Exclusions:

Through the exclusion of companies involved in controversial activities or through standard-based exclusions, Candriam takes the following into account:

Through the exclusion of companies involved in controversial activities and standards-based exclusions, which are based on an analysis of companies' compliance with international standards, Candriam takes account of the following principal adverse impacts (PAIs):

- PAI 3, 4 and 5: Exclusion of companies with significant exposure to conventional and non-conventional fossil fuel activities and/or non-renewable energy production. For PAIs 4 and 5, Candriam applies thresholds when taking account of exposure to these activities.
- PAI 7: Activities adversely impacting biodiversity sensitive areas. For example, Candriam excludes companies involved in palm oil (thresholds based on palm oil not certified by the RSPO).
- PAI 10: Breaches of UN Global Compact principles and the OECD Guidelines for Multinational Enterprises.
- PAI 14: Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons).
- Engagement and voting:

In order to avoid and/or reduce adverse impacts on sustainability factors, the sub-fund also considers adverse impacts through its Entity-wide Engagement Programme, which includes dialogue with companies and the exercise of voting rights. 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, social and environmental impacts. Therefore, the level of engagement may vary depending on the issuers and Candriam's prioritising methodology.

The main themes of Candriam's engagement and voting practices are the energy transition, fair working conditions and business ethics. For example, in its dialogue and voting activities, Candriam takes into account PAI 1, 2 and 3 (GHG emissions, carbon footprint and GHG intensity), PAI 4 (exposure to fossil fuels), PAI 6 (energy consumption intensity by sector with high climate impact), PAI 7 (activities having an adverse impact on biodiversity sensitive zones) PAI 10 (breaches of the United Nations Global Compact Principles and the OECD Guidelines for Multinational Enterprises), as well as PAI 12 and PAI 13 (gender).

- Monitoring:

Monitoring includes calculating and assessing the main adverse impacts on sustainability factors, including reporting at the sub-fund level. Certain principal adverse impact indicators may have explicit objectives and be used to measure achievement of the sub-fund's sustainable investment objective. All principal adverse impacts that take into account GHG emissions, carbon footprint and intensity (PAI 1 to 4)) are tracked as well as PAI 10 (Violations of the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises), PAI 13 (gender diversity in governance bodies), PAI 14 (involvement in controversial weapons).

The indicators of specific principal adverse impacts taken into account depend on data quality and availability and may change as data quality and availability improves. If it is not possible to use a principal adverse impact indicator due to data limitations or other technical issues, the fund manager may use a representative replacement indicator.

More extensive information on the types of PAI considered can be found through the links provided at the end of this Annex (document entitled "Principal adverse impacts at product level").

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



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

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 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. Candriam's Level 3 SRI Exclusions Policy uses a wide range of excluded activities to address environmental and social questions. These activities involve risks for the environment, our health, human rights and other environmental and social objectives.

Candriam's Level 3 SRI Exclusions Policy applies to all investments made by Candriam by way of long positions in direct lines on private sector and sovereign issuers and derivative products on individual issuers.

The policy is aimed at harmful activities that in our opinion have a substantial adverse impact and involve serious financial and sustainability risks. Exposure to these activities presents significant systemic and reputational risks for invested companies from economic, environmental and social points of view.

Candriam's Level 3 SRI Exclusions Policy excludes controversial activities linked to weapons, tobacco and thermal coal, and encourages third parties to do likewise. In addition, the Level 3 SRI Exclusions Policy takes account of the fact that climate change is the biggest sustainability challenge of the near future, and it therefore emphasises the environmental questions. The objective is to contribute to the fight against climate change by excluding activities that significantly harm the environment. We believe that supporting environmental sustainability in this way can also have positive repercussions for the social questions. The exclusion of these activities is part of a broader greenhouse gas reduction framework which is necessary to prevent the temperature of the planet rising two degrees Celsius above pre-industrial levels. Candriam has taken steps to lower its exposure to climate risks by reducing its exposure to corporate activities that generate the most greenhouse gases. In particular, these are oil, gas and mining activities. In line with this approach, Candriam is a signatory to the Net Zero Asset Managers initiative.

Candriam's Level 3 SRI Exclusions Policy also targets a number of activities which, with the gradual rise of ESG investment, are no longer considered suitable by numerous sustainable and responsible investors due to their potential repercussions on the well-being of humans, society and animals. Examples include adult content, conventional weapons, alcohol, gambling, GMOs, nuclear energy, palm oil and animal experimentation.

The full list of activities excluded by virtue of Candriam's Level 3 SRI Exclusions Policy and their respective thresholds and exclusion criteria are available through the links provided at the end of this Annex (document entitled "Candriam Level 3 SRI Exclusions

Policy”).

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

- a minimum share of sustainable investments;
- better-than-benchmark research and development spending as a proportion of the company’s market capitalisation,
- better-than-benchmark percentage of senior executives holding a PhD;
- Eligible companies must have an individual exposure to oncology-related activities and/or the fight against cancer of at least 10% in terms of income or capex or pipelines.

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 80% of the net total assets of the Sub-fund are considered to be sustainable as defined by the SFDR.

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



Asset allocation describes the share of investments in specific assets.

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:

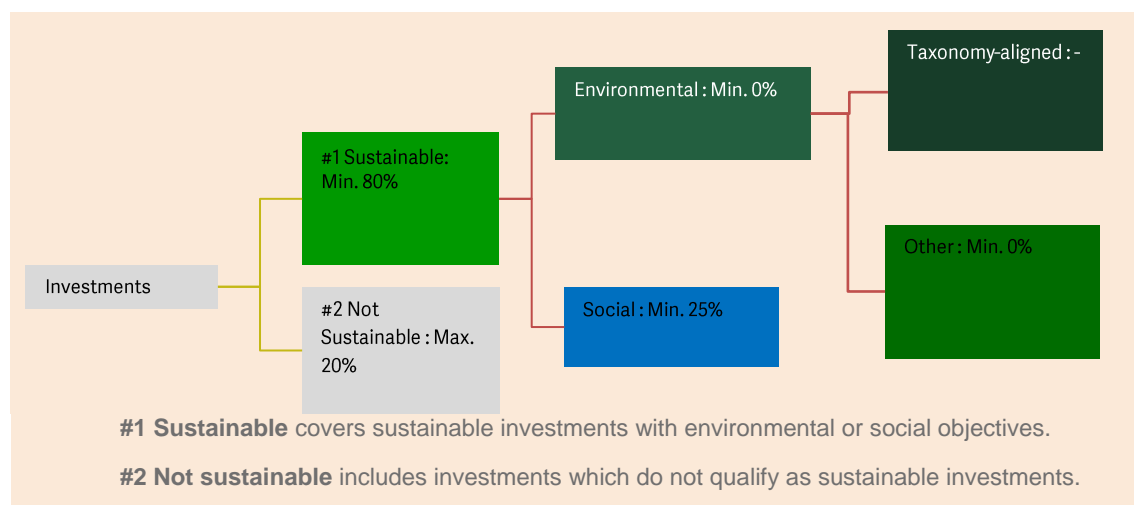
- a commercial activity score that evaluates how an issuer’s commercial activities contribute to the main sustainability challenges, and
- a stakeholder score that evaluates how an issuer interacts with and manages its main stakeholders.

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. Details regarding this methodology and definition can be found via the links at the end of this Appendix.

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 ESG 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.

● **Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?¹**

Yes

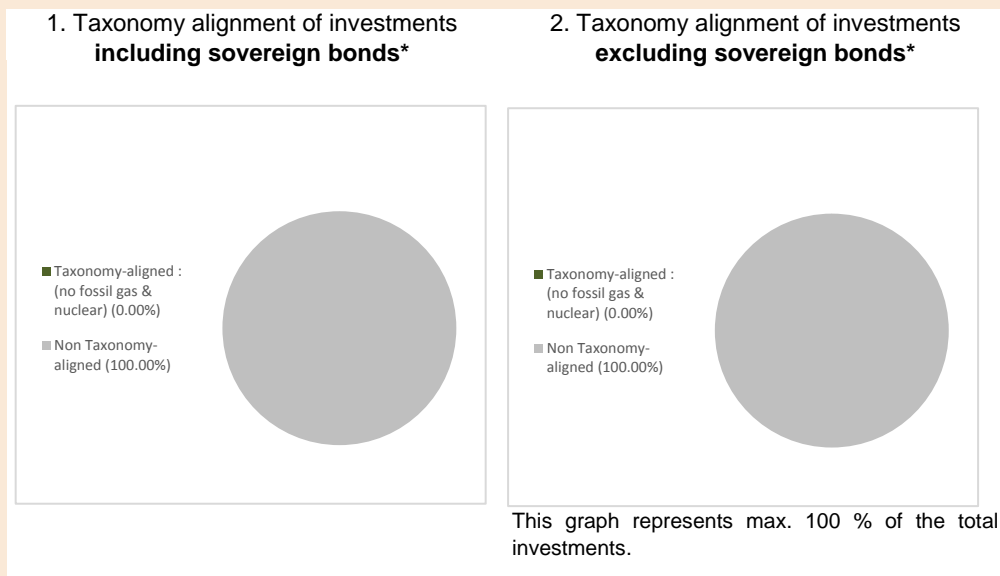
In fossil gas

In nuclear energy

No

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change (“climate change mitigation”) and do not significantly harm any EU Taxonomy 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.

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

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.

● **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.



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.



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 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 20% of the total net assets. Such non-sustainable investments may be:

- cash: 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 who 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/sfdr/>

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