

LUX IM – CANDRIAM EURO CORPORATE HIGH YIELD BOND

Sustainability-related disclosures required for Article 8 financial products under the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”)

Preamble

LUX IM – CANDRIAM EURO CORPORATE HIGH YIELD BOND (“the Sub-fund”) invests in securities of issuers that contribute to the Sub-fund’s promoted environmental and social characteristics, in line with the Sub-fund’s defined environmental, social and governance (hereinafter “ESG”) investment strategy, as adopted by the Investment Manager (the “Investment Manager” or “Candriam”).

The Sub-fund promotes environmental and social characteristics as follows:

- by seeking to avoid exposure to companies that present both significant and severe structural risks and that are the most seriously in breach of the normative principles, taking account of their practices with regard to environmental and social issues and of adherence to norms such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises;
- by seeking to avoid exposure to companies that are significantly exposed to controversial activities such as but not limited to the mining, transport or distribution of thermal coal, the production or retail of tobacco, and the production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, white phosphorus and or depleted uranium weapons);
- by seeking to achieve a lower carbon footprint than its investment universe.

In addition to the above, Candriam’s ESG research methodology is an integral part of the investment process.

The Sub-fund further invests at least 10% of the net asset value in issuers that qualify as sustainable investment in accordance with Article 2 (17) of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (“SFDR”) supporting environmental and social objectives.

The Sub-fund is not considering the EU criteria for environmentally sustainable economic activities as defined under the EU Taxonomy Regulation to determine the attainment of the sustainable environmental or social characteristics that it promotes.

The Sub-fund invests a minimum of 60% of its net assets to investments that are aligned to the promoted environmental and social characteristics.

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.

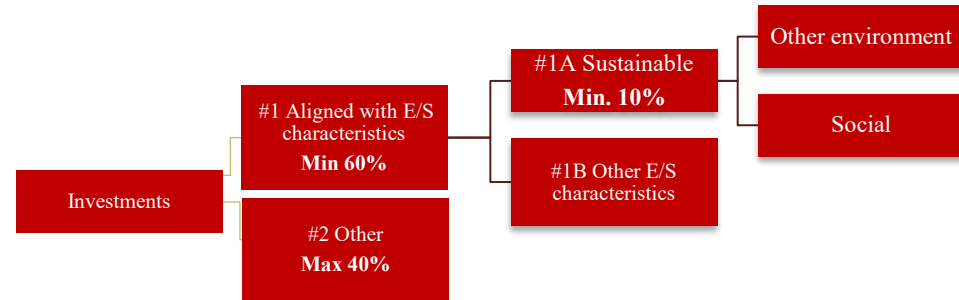
Sustainable Finance Disclosure Regulation Level 2 – Website Disclosure

Section	Regulatory Requirements	Disclosure
Summary Article 25 – SFDR II	<p>In the website section ‘Summary’ referred to in Article 24, point (a), financial market participants shall summarise all the information contained in the different sections referred to in that Article about the financial products that promote environmental or social characteristics. The summary section shall have a maximum length of two sides of A4-sized paper when printed.</p>	<p>Please refer to the standardized 2 pager summary https://www.bgfml.lu/site/en/home/sustainable.html</p>
	<p>The website section ‘Summary’ referred to in Article 24, point (a), shall be provided in at least the following languages:</p> <p>(a) one of the official languages of the home Member State and, where different and where the financial product is made available in more than one Member State, in an additional language customary in the sphere of international finance;</p> <p>(b) where the financial product is made available in a host Member State, one of the official languages of that host Member State.</p>	
No sustainable investment objective Article 26 – SFDR L2	<p>In the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), financial market participants shall insert the following statement: “This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.”</p> <p>Where the financial product commits to making one or more sustainable investments, financial market participants shall in the website section ‘No sustainable investment objective’ referred to in Article 24, point (b), explain how the sustainable investment does not significantly harm any of the sustainable investment objectives, including all of the following:</p>	<p>This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.</p> <p>The Sub-fund invests at least 10% of its holdings in sustainable investments in pursuit of its investment objective. The sustainable investments which the Sub-fund intends to make for part of the portfolio aim to contribute to a reduction in greenhouse gas emissions by means of exclusions and the use of climate indicators in the analysis of companies, and they aim to have a positive environmental and social impact in the long term. Concerning sustainable investments with environmental objectives, the Sub-fund, through its sustainable investments defined by Candriam’s exclusive ESG analysis, 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.</p> <p>Candriam performs ESG research and analysis on the sovereign and corporate issuers to ensure that these investments do no significant harm to any of the environmental and/or social sustainable investment objectives.</p> <p>Based on its exclusive ESG ratings and scores, Candriam’s ESG methodology defines clear requirements and minimum thresholds in order 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.</p> <p>In particular, the “do no significant harm” principle is evaluated for companies as follows:</p> <ul style="list-style-type: none"> - by considering the “principal adverse impacts”;

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		- by aligning with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure that minimum social and environmental guarantees are respected.
	<ul style="list-style-type: none"> how the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I, are taken into account; 	<p>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. For the analysis of companies, these methods include:</p> <ol style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. Negative filtering of companies, consisting of a normative exclusion and an exclusion of companies involved in controversial activities. Engagement activities with the companies based on dialogue, helping to avoid or mitigate the adverse impacts. The ESG analysis framework and its results feed into Candriam's engagement policy and vice versa. <p>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.</p>
	<ul style="list-style-type: none"> whether the sustainable investment is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. 	<p>The investments in the portfolio undergo a normative controversy analysis examining respect for international social, human, environmental and anticorruption 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.</p> <p>The analysis seeks to exclude companies which have significantly and repeatedly breached one of these principles.</p>
Environmental or social characteristics of the financial product	In the website section 'Environmental or social characteristics of the financial product' referred to in Article 24, point (c), financial market participants shall describe the environmental or social characteristics that the financial products promote.	<p>The Sub-fund promotes environmental and social characteristics as follows:</p> <ul style="list-style-type: none"> by seeking to avoid exposure to companies that present both significant and severe structural risks and that are the most seriously in breach of the normative principles, taking account of their practices with regard to environmental and social issues and of adherence to norms such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises;

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Article 27 – SFDR L2		<p>- by seeking to avoid exposure to companies that are significantly exposed to controversial activities such as but not limited to the mining, transport or distribution of thermal coal, the production or retail of tobacco, and the production or sale of controversial weapons (anti-personnel mines, cluster bombs, chemical, biological, white phosphorus and or depleted uranium weapons);</p> <p>- by seeking to achieve a lower carbon footprint than its investment universe.</p> <p>In addition to the above, Candriam's ESG research methodology is an integral part of the investment process.</p>
Investment strategy	In the website section 'Investment strategy' referred to in Article 24, point (d), financial market participants shall describe all of the following:	
Article 28 – SFDR L2	<ul style="list-style-type: none"> the investment strategy used to meet the environmental or social characteristics promoted by the financial product; 	<p>The objective of the Sub-fund is to use discretionary management to benefit from the performance of the market in high yield bonds denominated in EUR issued by private sector issuers. These high yield securities are generally poorly rated and exposed to higher credit risk and liquidity risk than more highly rated securities; they may be subject to greater market value fluctuations and lower liquidity.</p> <p>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.</p> <p>Regarding the environmental and social aspects of the investment strategy, Candriam's proprietary ESG analysis 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.</p> <p>The Investment Manager integrates the proprietary ESG analysis within the investments' selection process, as follows:</p> <p>Exclusion of target issuers that:</p> <ul style="list-style-type: none"> are involved in severe controversies according to the United Nations Global Compact and to the OECD Guidelines for Multinational Enterprises; are involved in specific activities (according to specific thresholds applied to the revenues deriving from such activities) <ul style="list-style-type: none"> controversial and nuclear weapons; conventional weapons; adult entertainment; coal; tobacco; gambling mining, transport or distribution of thermal coal; any other controversial activity foreseen in the Candriam's exclusion policy:

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		<p>Candriam's Level 1 Company-Wide Exclusions Policy targets harmful activities that we believe present a negative profile from both a financial perspective and a sustainability perspective. The downside of investing in these activities present important systemic and reputational risks. Thus, Candriam excludes controversial armament, tobacco and thermal coal activities from all directly-managed portfolios and encourages third parties to do the same. Level 1 Company-Wide Exclusions Policy applies to all investments made by Candriam via long positions in direct lines in corporate and sovereign issuers and single-name derivatives. Details on the complete list of activities excluded under Candriam's Level 1 Company-Wide Exclusions Policy and their respective exclusion thresholds or criteria can be found on the Candriam website here: https://www.candriam.com/siteassets/medias/publications/sripublications---candriam-policies/exclusion-policy.pdf</p> <p>In addition, the portfolio is constructed in order to achieve or to respect:</p> <ul style="list-style-type: none"> - the objectives of the sustainability indicator described above; - the defined minimum proportion of investments which have environmental and social characteristics; - the defined minimum proportion of sustainable investments.
	<ul style="list-style-type: none"> the policy to assess good governance practices of the investee companies, including with respect to sound management structures, employee relations, remuneration of staff and tax compliance. 	<p>The company's governance is a core aspect of the stakeholder analysis performed by Candriam. It can be used to evaluate:</p> <ul style="list-style-type: none"> - how a company interacts with and manages its stakeholders; - how a company's board of directors discharges its governance and management functions regarding disclosure and transparency and regarding consideration of sustainability objectives. <p>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:</p> <ol style="list-style-type: none"> 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.
Proportion of investments	In the website section 'Proportion of investments' referred to in Article 24, point (e), financial market participants shall insert the information referred to in Article 14 and	The Sub-fund commits to have a minimum 60% of its total net assets in investments aligned with the E/S characteristics promoted and a minimum of 10% in sustainable investments. The investments which have environmental and social characteristics

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Article 29 – SFDR L2	shall distinguish between direct exposures in investee entities and all other types of exposures to those entities.	<p>are investments which undergo Candriam’s proprietary ESG analysis. In addition, these investments must respect Candriam’s exclusion policy concerning controversial activities and the normative filter. The investments which have E/S characteristics must demonstrate good governance practices. Sustainable investments are defined on the basis of Candriam’s proprietary ESG analysis. An issuer which respects Candriam’s exclusion filters is either eligible or not as a sustainable investment on the basis of its ESG rating. The Sub-fund does not use derivatives to attain the environmental and social characteristics promoted.</p>  <pre> graph LR Investments --> A["#1 Aligned with E/S characteristics Min 60%"] Investments --> B["#2 Other Max 40%"] A --> C["#1A Sustainable Min. 10%"] A --> D["#1B Other E/S characteristics"] C --> E["Other environment"] C --> F["Social"] </pre> <p><i>#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.</i></p> <p><i>#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.</i></p> <p><i>The category #1 Aligned with E/S characteristics covers:</i></p> <ul style="list-style-type: none"> - The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives. - The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments. <p>The remaining investments of the Sub-fund (“#2 Other”) may be invested in i) ancillary cash and cash equivalents for liquidity purposes within the limits prescribed by applicable laws , (ii) non single name derivatives which may be used for hedging and investment purposes as per the applicable provisions of the Investment Policy of the Sub-fund; (iii) securities of issuers no longer aligned with the promoted environmental or social characteristics and which are intended to be sold and (iv) other investments including single name derivatives which may be purchased for diversification purposes and which cannot undergo ESG filtering or for which ESG data is not available. Minimum safeguards apply for direct investments and single names derivatives in terms of compliance of the target issuers with good governance criteria and with the exclusion policy applied.</p>
Monitoring of environmental or	In the website section ‘Monitoring of environmental or social characteristics’ referred to in Article 24, point (f), financial market participants shall describe how the environmental or social characteristics promoted by the financial product and the sustainability indicators used to measure the attainment of each of those environmental	The continued monitoring of environmental or social characteristics is crucial, and is ensured by an ESG investment policy, committees and independent compliance check. In case of breaches, these are reviewed by a sustainable risk committee which will decide on suitable actions. Candriam’s ESG investment process is a two-step

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social characteristics Article 30 – SFDR L2	<p>or social characteristics promoted by the financial product are monitored throughout the lifecycle of the financial product and the related internal or external control mechanisms.</p>	<p>process that first of all calls for the definition of the ESG-eligible investment universe. Candriam's ESG analysts provide views on issuers that determine the eligibility and, as a consequence, the ESG investment universe for the portfolio manager teams. Any investment outside the ESG universe is prohibited. In a second step, selection is carried out within this universe using a combination of financial and ESG considerations. Portfolio managers apply their respective investment processes and select issuers from the ESG-eligible universe. It is the responsibility of the ESG team to alert portfolio management teams and risk management if sector models, rules or principles change over time. Similarly, it is the responsibility of ESG team to alert portfolio management teams and risk management if the list of controversial activities, including thresholds, changes. Apart from the portfolio management teams, risk management is responsible for second-line-of-defence controls. Compliance conducts independent verifications of the alignment of portfolios with internal rules. This is realized through the constraint servers managed by risk management (new ESG universes are automatically uploaded when ESG team archive them on the drive). The sustainability risk committee is informed of the rules that are not controllable by risk management due to technical reasons. Any detected breaches are directly communicated to the concerned portfolio manager and a correction is requested. When relevant, the portfolio manager will be asked to provide an explanation for the breach. Detected breaches of the ESG-eligible universe are also reviewed by the sustainability risk committee. This committee decides on necessary actions, such as communication to all portfolio managers, impacts on internal rules, information of the Executive Committee, etc. ESG sustainability indicators are monitored by risk management.</p> <p>The Sub-fund's Management Company will oversee the information provided by the Investment Manager and ensures that the ESG compliance of the Sub-fund is met.</p>
Methodologies for environmental or social characteristics Article 31 – SFDR L2	<p>In the website section 'Methodologies for environmental or social characteristics' referred to in Article 24, point (g), financial market participants shall describe the methodologies to measure how the social or environmental characteristics promoted by the financial product are met.</p>	<p>For corporate issuers, the ESG quality of the Sub-fund is assessed through internally developed ESG scores. The ESG quality is tracked by using an overall ESG score as well as E, S and G scores compared to the investment universe. The ESG scores are measured through the business activities and stakeholder analysis and measure both the positive and negative contributions companies make to key sustainable challenges and the steps they take to avoid that their business activities cause significant harm to the material stakeholders issues including employees, clients, society, suppliers and environment. For sovereign issuers, Candriam aspires to obtain a better Freedom House and Environmental Performance score compared to the investment universe.</p> <p>In addition, for portfolio exposure to corporate issuers, the Sub-fund aims to reduce its carbon emissions relative to the investment universe. As a reminder, Candriam implements across all directly managed investment portfolios an exclusion policy targeting thermal coal extraction.</p> <p>PAI consideration The Sub-fund takes into account PAI consideration as follows:</p>

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		<p>- Monitoring: calculation and evaluation of the indicators of the principal adverse impacts. Certain of these indicators may have explicit objectives and be used to measure achievement of the Sub-fund's sustainable investment objective.</p> <p>- Engagement: 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. Candriam prioritises its engagement 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.</p> <p>- 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.</p> <p>The specific principal negative impacts considered are subject to the availability of data and may change as the quality and availability of data improves.</p> <p>More information on how PAIs are considered during the reference period will be made available in the periodic reporting of the Sub-fund.</p>
Data sources and processing	In the website section 'Data sources and processing' referred to in Article 24, point (h), financial market participants shall describe all of the following:	
Article 32 – SFDR L2	<ul style="list-style-type: none"> the data sources used to attain each of the environmental or social characteristics promoted by the financial product; 	<p>The Investment Managers refer to external ESG data providers and internal research. Candriam's ESG Investment & Research Team carries out ongoing, rigorous screening of ESG data providers.</p> <p>In particular, ESG Analysts check data quality and compare indicators and their materiality. An end-to-end data processing pipeline has been implemented in order to collect, transform, aggregate, exploit and visualize data.</p>
	<ul style="list-style-type: none"> the measures taken to ensure data quality; 	
	<ul style="list-style-type: none"> how data are processed; 	
	<ul style="list-style-type: none"> the proportion of data that are estimated. 	
Limitations to methodologies and data	In the website section 'Limitations to methodologies and data' referred to in Article 24, point (i), financial market participants shall describe all of the following:	
Article 33 – SFDR L2	<ul style="list-style-type: none"> any limitations to the methodologies referred to in Article 24, point (g), and to the data sources referred to in Article 24, point (h); 	Limitations to methodology and data are mainly due to the lack of disclosed or verified data. The proprietary analysis, using multiple data providers, allows to control the limitations by selecting the most relevant data in terms of sustainability. Candriam is using various data providers to compare, evaluate and use the most relevant data as a basis to our ESG analysis/convictions.
	<ul style="list-style-type: none"> how such limitations do not affect how the environmental or social characteristics promoted by the financial product are met. 	The ESG investments & research team strives to source information from diverse sources as we consider information from different providers to be complementary. This is the result of providers' varying coverage, methodologies, as well as culture which may ultimately lead to discrepancies in views and final ratings. The sustainability indicators used for the measurement of the portfolio's sustainable objectives are

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		<p>subject to the conviction that the underlying data are sufficient mature, and that sufficient data coverage and quality are available.</p> <p>Based on the details above, there is no material effect on the attainment of the environmental or social characteristics promoted by the Sub-fund.</p>
Due Diligence Article 34 – SFDR L2	In the website section ‘Due diligence’ referred to in Article 24, point (j), financial market participants shall describe the due diligence carried out on the underlying assets of the financial product, including the internal and external controls on that due diligence.	In order to qualify for initial investment, the investments must comply with the binding elements applied by the Sub-fund. This compliance has to be ensured by the Investment Manager through pre-trade compliance mechanism in place.
Engagement policies Article 35 – SFDR L2	In the website section ‘Engagement policies’ referred to in Article 24, point (k), financial market participants shall describe the engagement policies implemented where engagement is part of the environmental or social investment strategy, including any management procedures applicable to sustainability-related controversies in investee companies.	Candriam prioritises its engagement 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.
Designated reference benchmark – Optional Article 36 – SFDR L2	In the website section ‘Designated reference benchmark’ referred to in Article 24, point (l), financial market participants shall describe whether an index has been designated as a reference benchmark to meet the environmental or social characteristics promoted by the financial product, and how that index is aligned with the environmental or social characteristics promoted by the financial product, including the input data, the methodologies used to select those data, the rebalancing methodologies and how the index is calculated.	No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Sub-fund.