

LUX IM – ESG CANDRIAM ONCOLOGY SCIENCE (“Sub-fund”)

Sustainability-related disclosures required for Article 9 funds under Regulation (EU) 2019/2088 of the European Parliament

Section	Disclosure
No significant harm to the sustainable investment objective	<p>The Investment Manager of the Master UCITS ensures that its sustainable investments do not cause significant harm to any environmental and/or social sustainable investment objective by means of its ESG research and analysis of corporate issuers</p> <p>The 'Do not significant harm' principle, in particular, is assessed for corporates through:</p> <ul style="list-style-type: none"> - the consideration of “principal adverse impacts” (“PAIs”) - the alignment with the OECD Guidelines for Multinational Enterprises and the UN Global Compact to ensure minimum environmental & social safeguards.
Sustainable investment objective of the financial product	<p>The Sub-fund is a feeder structure following Art. 77 of the UCI Law. It invests at least 85% of its net assets in shares of Candriam Equities L Oncology Impact (the "Master UCITS").</p> <p>The Master UCITS 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.</p>
Investment strategy	<p>The objective of the Master UCITS 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 implemented following a well defined investment process and a strict risk framework. Respect of these elements are subject to the Investment Manager risk monitoring. With regard to the environmental and social sustainability aspects of the investment strategy, the Investment Manager’s proprietary ESG analysis, leading to ESG Rating and scoring, as well as the norms-based controversy assessment and controversial activities exclusion policy are implemented as they enable to define the investable universe for the Sub-Fund. This strategy considers the following: (a) Negative screening; (b) ESG research and analysis; (c) Sustainable investments according to Art. 2 (17) of Regulation (EU) 2019/2088 (“SFDR”).</p> <p>Corporate governance is a key aspect of the Investment Manager's Stakeholder analysis. To assess a company's governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance as defined by SFDR, The Investment Manager's ESG analysis comprises, among others, 5 key governance pillars: Strategic direction; Audit committee & auditor independence; Transparency on executive remuneration; Share capital to ensure all shareholders have equal voting rights; Financial conduct and transparency.</p>
Proportion of investments	<p>The Master UCITS will invest at least 75% of its net assets in sustainable investments as defined in Article 2(17) SFDR</p> <p>The Sub-fund will be invest at least 85% of its net assets in the Master UCITS. As a consequence the minimum proportion of the Sub-fund’s net assets invested in sustainable investments is 64%.</p> <div style="text-align: center; margin: 20px 0;"> <pre> graph TD A[Investments] --> B["#1 Sustainable Min 64%"] B --> C[Social] A --> D["#2 Not sustainable"] </pre> </div> <p>#1 Sustainable covers sustainable investments with environmental or social objectives. #2 Not sustainable includes investments which do not qualify as sustainable investments</p> <p>In order to define whether an company is a sustainable and meets the requirements and philosophy outlined in SFDR, the Investment Manager:</p> <ul style="list-style-type: none"> - applies corporate exclusionary screenings based on a norms-based controversy and a controversial activities analysis. These include minimum safeguards with respect to international norms and conventions and allow for the exclusion of activities that the Investment Manager deems harmful to environmental and/or social sustainability objectives. - applies and integrates ESG research and analysis as a key component of its sustainability assessment of issuers. This enables the Investment Manager to identify and assess sustainability related risks and opportunities, as well as issuers’ contributions to sustainability objectives. <p>As a result of the Investment Manager ESG research and Analysis, each issuer is assigned:</p> <ul style="list-style-type: none"> - a Business Activity Score that gauges how an issuer's business activities contribute to key sustainable challenges, and - a Stakeholder Score that measures how an issuers interacts with and manages its key stakeholder. <p>Together, these Scores determine an overall ESG Score and ESG Rating for each issuer.</p> <p>A company that is compliant with the Investment Manager’s corporate exclusionary screenings is considered as sustainable investments on basis of its ESG rating.</p> <p>The Sub-fund may invest up to 15% of its net assets in cash for liquidity purposes and derivatives for hedging purposes.</p> <p>Not sustainable investments can be present in the Master UCITS for a maximum of 25% of the total net assets. These not sustainable investments can be:</p>

Section	Disclosure
	<ul style="list-style-type: none"> - Cash: Cash at sight, cash deposit, reverse repo needed to manage the liquidity of the fund following subscriptions/redemptions and/or being the result of the market exposure decision of the Master UCITS; - Issuers that are complying with the minimum environmental and social safeguards that can be purchased for diversification purposes; - Issuers that were considered as sustainable investments at the moment of the investment and that are not fully aligned anymore with the Investment Manager sustainable investment criteria. These investments are planned to be sold; - Non single name derivatives can be used for efficient portfolio management and/or for hedging purposes and/or temporarily following subscriptions/redemptions.
Monitoring of the sustainable investment objective	<p>In order to attain the sustainable investment objective, the eligibility of target issuers is assessed based on:</p> <ul style="list-style-type: none"> ▪ corporate exclusionary screenings based on a norms-based controversy and a controversial activities analysis; ▪ Based on ESG research and Analysis, each issuer is assigned: <ul style="list-style-type: none"> - a Business Activity Score that gauges how an issuer's business activities contribute to key sustainable challenges, and - a Stakeholder Score that measures how an issuers interacts with and manages its key stakeholder.. <p>The Master UCITS measures the attainment of the sustainable objectives through the following sustainability indicators:</p> <ul style="list-style-type: none"> ▪ Research and development: Research and development spending as a proportion of the company's market capitalisation to outperform the benchmark; ▪ Level of education: the level of education of management teams, measured as the percentage of senior executives holding a doctorate to outperform the benchmark.
Methodologies	<p>In order to attain the sustainable investment objective, the eligibility of target issuers is assessed based on the above-described negative screening and positive screening procedures (see 'Monitoring of the sustainable investment objective').</p> <p>Internal controls are in place in respect of investment decision making for the Sub-fund. These include, but are not limited to, pre-trade and post-trade controls to ensure all applicable binding elements are observed at all times, and independent oversight by risk management functions as required.</p>
Data sources and processing	<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. 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>
Limitations to methodologies and data	<p>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.</p> <p>Based on the details above, there is no material effect on the attainment of the environmental or social characteristics promoted by the Master UCITS.</p>
Due Diligence	<p>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.</p>
Engagement Policies	<p>In order to avoid and/or reduce the adverse impact on sustainable objectives, the Master UCITS also considers the adverse impacts in its interactions with companies, through dialogue and voting. The Investment Manager prioritise its engagement and voting activities according to an evaluation of the most material and relevant ESG challenges, facing industries and issuers, by considering both the financial and societal / stakeholder impacts. Therefore, the level of engagement with each company within the same product may vary and is subject to the Investment Manager's prioritisation methodology.</p>
Attainment of the sustainable investment objective	<p>The Sub-Fund does not use a reference benchmark for the purpose of attaining the sustainable investment objective.</p>