CANDRIAM
A NEW YORK LIFE INVESTMENTS COMPANY

Candriam Sustainable Bond Impact 2024 Annual Impact Report

JULY 2025

Marketing communication

About the authors.

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Impact Investing at Candriam.

Foreword

Nicolas Forest

CIO

I am proud to present the inaugural Impact Report for the Candriam Sustainable Bond Impact Fund, showcasing tangible evidence that our investments drive both financial returns and measurable societal impact.

At Candriam, it is our conviction that investment management has a key role to play in addressing today's sustainability challenges. As an active and responsible asset manager, we integrate ESG considerations into our investment philosophy across all asset classes, including fixed income.

We also believe that impact investing at the use-of-proceeds level offers a transparent and powerful way to link capital allocation to real-world outcomes. This approach enables precise tracking and reporting on how invested capital contributes to environmental and social progress, reinforcing accountability to investors and differentiating our investment strategy in an demanding market.

By focusing on the use of proceeds, we can demonstrate the direct outcomes our portfolios achieve, facilitating stronger investor engagement, compliance with evolving ESG regulations, and alignment with sustainability goals. We can also better identify high-impact opportunities in the aim to deliver both financial performance and meaningful societal value.

Guided by this conviction, we launched a dedicated impact bond fund aiming to finance projects supporting a more inclusive, low-carbon, and sustainable future. The fund invests in sustainable bonds—green, social, and sustainability instruments—issued by sovereigns, supranationals, and corporates, directing proceeds toward projects that align with and advance the United Nations Sustainable Development Goals (SDGs). Our active dialogue with issuers supports greater transparency, ambition, and accountability.

This first Impact Report marks a significant milestone, demonstrating how our capital drives tangible change. Based on robust data collection and analysis, 100% of issuers required to report have published detailed impact data. The fund currently supports over 16 eligible project categories, primarily across Europe, spanning the full scope of the 17 SDGs.

We invite you to explore this 2024 Impact Report, capturing the positive contributions of our bond investments to sustainable development, the energy transition, and the reduction of global inequalities. By investing in this strategy, you are actively participating in the aim to decarbonise the economy, protect natural ecosystems, and promote a more equitable society.

Lucia Meloni
Lead ESG analyst,
Co-Manager of the Fund

Vincent Compiègne
Deputy Head of ESG
Investments and Research,
Co-Manager of the Fund

In this inaugural Impact Report, we are pleased to share the tangible results of our investments at the use-of-proceeds level.

- 41,648 tonnes of CO_2e avoided or reduced in 2024 - up to 397 tonnes of CO_2e emissions avoided for every one million euros invested.
- A significant contribution to both green and social objectives, with key areas being clean transportation, green buildings and access to essential services.
- Social inclusion and food security: 621 students and 46 farmers supported.
- Further impacts in sustainable water management, natural resource use, and other project categories.

Looking ahead, we intend to deepen and diversify the fund's impact by increasing allocations to primary issuances financing climate adaptation, biodiversity conservation, and ecosystem restoration— essential areas addressing the most pressing environmental challenges of our time. In parallel, food security will remain a strategic focus, reflecting our long-term commitment to balancing environmental and social priorities.

Candriam's Expertise – Impact Investment Strategy

Decarbonising the global economy, protecting biodiversity and reducing inequalities are at the heart of the United Nations' Sustainable Development Goals (SDGs). Willing to take action through the development of solutions to this pressing issue, Candriam developed a bond impact strategy in 2021, through its **sub-fund Bond Impact, part of the Candriam Sustainable SICAV.**

In line with the Candriam Sustainable SICAV's overall sustainability objectives, the sub-fund aims to bring a positive contribution to one or more of the 17 UN SDGs, with a transparent reporting of the achieved impact. Aligning financial incentives with positive impact goals can create sustainable and scalable solutions. Thus, **our bond Impact strategy has two ambitious objectives: positively contribute to the UN's SDGs, and benefit from the evolution of the international bond market.**

Impact investments are defined as those aiming to generate measurable societal impact – environmental, social, or both – alongside a financial return.

At Candriam, we complement this definition by incorporating into our approach the cornerstone notions of impact: generating this impact through the company's activities (**intentionality**), alongside making a difference (**additionality**) and evaluating the scale of this impact (**measurability**).

We also use the Theory of Change (ToC) to define our Impact Strategy. The Theory of Change[1] for an impact fund is a strategic blueprint that outlines how targeted investments and active engagement with portfolio companies create measurable social, environmental, and financial value. For our Bond Impact strategy, it applies as shown in Figure 1.

Purpose	Inputs	Activities	Outputs	Outcomes	Impact
The decarbonisation of the global economy, the protection of biodiversity and the reduction of inequalities are at the heart of the UN's Sustainable Development Goals (SDGs). Investors can take action and offer solutions: Candriam developed a bond impact strategy.	• Candriam's Sustainable Bonds Internal Methodology • Expertise: • Fund managers: Philippe Dehoux, Sylvain de Bus • ESG Team : Lucia Meloni and Vincent Compiègne	ESG due diligence: Analysis of the use of bonds' proceeds, discussion during Bond Impact Fund's Monthly Meeting Engagement to improve practices: at issuer level but also at use of proceeds level	• Renewable energy produced or saved in MVh • Amount of wastewater use, reused or avoided in m3 • Area under conservation and/or reforested in m2 • Number of students impacted • Number of places and bed in healthcare facility • Number of farmers supported through social projects	• Increased access to clean energy (renewable energy), protection of biodiversity (area protected) and circular waste • Increased access to essential services (education, healthcare and food security)	Contribution to achieving the SDGs Accelerated global transition to net zero emissions Access to essential services
Mission	Required resources	Actions taken	Outcomes of activities	Outcomes created	Changes generated

Source: Candriam, December 2024

1 - A Theory of Change, according to the United Nations Development Group, is "a method that explains how a given intervention, or set of interventions, are expected to lead to a specific development change, drawing on a causal analysis based on available evidence."

The Fund's total impact is calculated by aggregating the impacts disclosed by the issuers in their respective impact reports. This information may be reprocessed by LGX, the external provider that Candriam works with.

How do we define our investment universe ?

To define the sub-fund's investment universe, we analyse the sustainable bonds to check their eligibility, using an internal methodology.

Our approach is based on two fundamental principles:

- Firstly, **the issuer itself must be sustainable**. Indeed, according to our proprietary ESG model, we consider that sustainable risks related to an issuer are indissociable from the financial instrument that it may issue in the future.
- Secondly, **the project financed through the bond issuance must meet rigorous criteria** defined by Candriam

Issuer sustainability: whether the issuer is a corporate or a state, we analyse normative and controversial activities, examine the interests of all involved stakeholders, and identify the key sustainability challenges faced by the issuer. Based on this analysis, we determine the issuer's environmental and social contribution , ensuring that we invest in companies that contribute positively to sustainable themes. We believe this approach is efficient in preventing 'greenwashing' or 'socialwashing', as it ensures that the selected companies or sovereign issuers have a positive environmental or social contribution, limiting reputational risks.

We avoid investing in a green bond for which the issuer comes to the green bond market without a dedicated environmental strategy. The green bonds should be leveraged and should fit the issuer's environmental strategy.

Example: Iberdrola

Spanish electric utility company

Iberdrola fits in the funds' strategy: we estimate that the company's environmental strategy is strong and aligned with scientist scenarios. Iberdrola has four dedicated objectives:

1. Reduce intensity of CO_2 emissions to 55g CO_2 /kWh by 2026 and <10g CO_2 /kWh worldwide by 2030. While this is more ambitious than most peers as well as the European and Spanish net zero objectives (carbon intensity objective of 79g CO_2 /kWh by 2030), the target seems realistic given the current reduction performance of the company.

2. Reduce the intensity of greenhouse gas (GHG) emissions by 65% by 2030 versus 2020, covering scope 1, 2 and 3 GHG emissions.

3. Reach 52GW of renewables by 2025 – an ambitious goal.

4. Reach 83% of smart grids by 2025.

Iberdrola has a track record of actively investing in, and pioneering, renewables technologies of the future and their supply chain. Today, Iberdrola aims to scale up the hydrogen supply chain and has set up Iberlyzer, a joint venture with leading electrolyzer and power control systems players NEL and Ingeteam. The company included eligible projects in its frameworks which would further support the financing of this environmental strategy. Indeed, Iberdrola aims to finance projects related to the following categories:

1. Energy access: smart grids,

2. Renewable energy: wind, solar, hydroelectric facilities , battery energy storage systems, and

3. Energy efficiency: sustainable customer, electric mobility, green hydrogen and stations.

Use of proceeds: we check this item using an internal four-pillar framework.

1. If the instrument is a green bond, the company's environmental strategy must be aligned with the objectives of the Paris Climate agreement.

2. The allocation of the proceeds to eligible projects and KPIs is carefully examined for positive contribution to the SDGs.

3. The management of net proceeds is monitored (tracking of the proceeds)

4. The reporting of the KPI and the evolution of the project must be verifiable at least annually. Transparency and accountability are factors that we strongly emphasise.

As part of our investment process, we require issuers to publish a detailed impact report clearly outlining the use of proceeds, impact metrics, and alignment with the United Nations Sustainable Development Goals (UN SDGs). Without this, the issuer is not part of our eligible list.

Our ESG and Portfolio Management teams rigorously evaluate these reports, both for existing holdings and prospective investments. In cases where reports lack clarity, sufficient data, or necessary granularity, we proactively engage with issuers to request improvements and to ensure future disclosures will meet our standards. If an issuer consistently fails to comply with these requirements, we take action by divesting from the position.

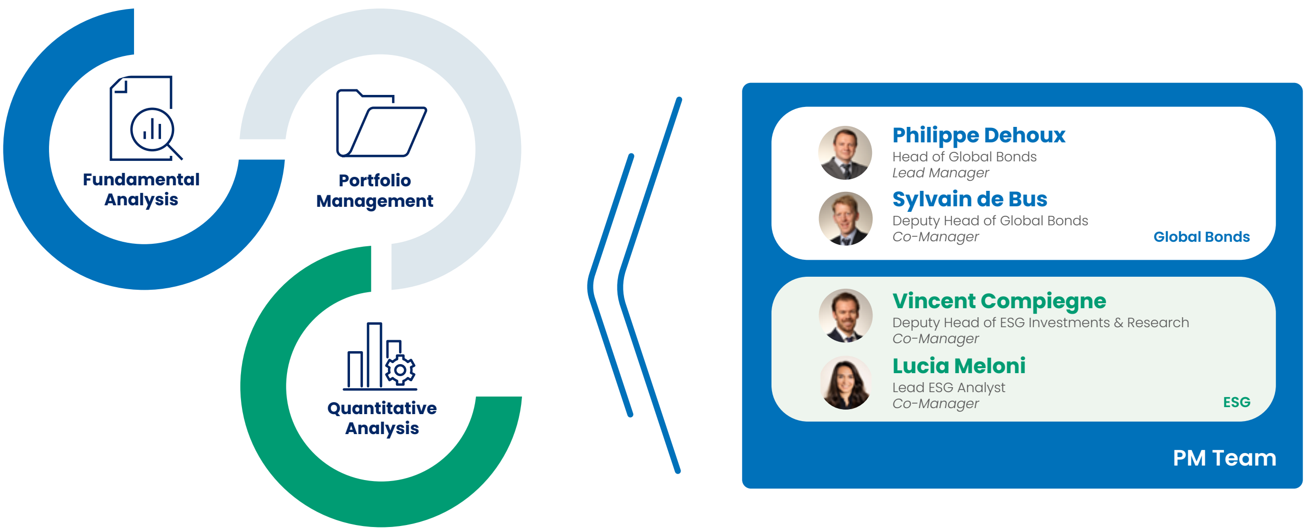
Candriam Sustainable Bond Impact fund

Investment Team

The fund is managed by portfolio managers (PMs) part of Candriam's Global Bonds team, a team of six professionals in charge of the fixed income aggregate and government bonds strategies. For this fund, **a specialised Fixed Income Impact Team (the SDG team) has been set up**, that gathers two portfolio managers and two ESG analysts.

The lead manager is Philippe Dehoux, Head of Global Bonds, with co-managers Sylvain De Bus, Deputy Head of Global Bonds, Lucia Meloni, Senior ESG analyst and Vincent Compiègne, Deputy Head of ESG Investments & Research.

Figure 2:
Investment team



Source: Candriam, December 2024

Candriam Sustainable Bond Impact – Investment Team

Philippe Dehoux, Lead Manager

Head of Global Bonds

Philippe Dehoux has been Head of Global Bonds at Candriam since 2019. Prior to this role, he was head of Corporate Bonds from 2013 to 2018, head of European Bonds, and a portfolio manager since 1996.

He began his career in 1991 as an internal auditor at Codep Banque d'Epargne, joining the finance department of Dexia Bank Belgium, a predecessor company of Candriam, in 1995.

Philippe holds a degree in applied economics from the Facultés Universitaires Catholiques de Mons in Belgium and a diploma in international finance from the Institut de Finance et de Cambisme, also in Belgium. He has been a qualified financial analyst with the Belgian Association of Financial Analysts (ABAF) since 2002.

Sylvain De Bus, Co-Manager

Deputy Head of Global Bonds

Sylvain De Bus has been Deputy Head of Global Bonds in 2019. He joined Candriam in 2001 as a fund manager first in the private clients team, moving to the fixed income team that same year and rising to senior asset manager in 2006, and Head of Euro Bonds in 2017.

He began his career in 2000 at JP Morgan in 2000, later joining Artesia Bankding Corporation in private and personal banking.

Sylvain holds a masters degree in Applied Economics from the Faculty of Economics and Business of the University of Leuven (KU Leuven) in Belgium.

Vincent Compiègne, Co-Manager

Deputy Global Head of ESG Investments & Research

Vincent has been Deputy Head of ESG Investments & Research at Candriam since 2019. He joined the firm in 2017 as a Senior Analyst in the ESG Investments & Research Team.

Vincent has worked in the financial services industry since 2007, including at AXI IM as an SRI Analyst for the Transport and Industrial Goods sectors, where he monitored the development and follow-up of green investments, including AXA Group and AXA IM's Green Bonds. He also worked at ERAFP, France's first 100% SRI pension fund, and at Bloomberg.

Vincent holds a Masters 2 in Economics and Finance from the Sorbonne (France).

Lucia Meloni, Co-Manager

Lead ESG analyst, ESG Investments & Research

Lucia Meloni joined Candriam as an ESG Analyst at Candriam in 2011. Besides her role as the Lead ESG analyst covering the Financials sector, Lucia coordinates the corporate governance analysis across the ESG model, developing specific processes according to asset class and special situations (Good Governance, LBO etc...).

Lucia also develops and coordinates positions and views on broad topics surrounding corporate governance, such as ESG metrics on executive remuneration and Cryptocurrencies. Lucia plays a key role to the development and follow-up of sustainable bonds investments within Candriam. She came to Candriam from a position as a corporate governance research analyst at RiskMetrics in 2010.

Lucia holds a bachelors degree in political economics and a masters in economics and finance, both from the LUISS Guido Carli Business School in Rome.

Investment Universe

The fund has access to a global universe that includes investment grade, high yield, emerging markets, corporate and sovereign issuers.

The fund uses the iBoxx Euro Overall index as reference universe, which stands for the investment grade fixed income market for EUR-denominated bonds issued by corporations and governments. The fund may invest up to 35% of its assets outside the index, in non-EUR investment grade (hedged to Euro), high yield, emerging and convertible issues.

The fund targets a double objective:

- **benefit from the evolution of bond markets**, and outperform the iBoxx Euro Overall index,
- **generate a positive social or environmental impact** by investing primarily into bonds for which the use of proceeds contributes to one or several UN Sustainable Development Goals (SDGs).

The fund is classified under article 9 of the SFDR regulation, i.e. it pursues a sustainable investment objective. It invests at least 75% of its assets into green, social or sustainability bonds as defined by international standards such as, for example the Green Bond Principles maintained by the International Capital Market Association (ICMA), the EU Green Bond Standards or Social Bond Principles also developed by the ICMA.

The fund has also obtained two ESG labels[2]:

© 2022 Central Labeling Agency (CLA):
see https://www.towardssustainability.be.

This fund has received the sustainability label Towards Sustainability. Reassessed each year, the label is a quality standard overseen by the Central Labelling Agency of the Belgian SRI Label (CLA). To meet this standard, financial products must meet a number of minimum sustainability requirements, both at the portfolio level and in the investment process. You will find more information about the label on the website https://towardssustainability.be/the-label/quality-standard.

This label is valid for a limited term and is subject to reevaluation. Obtaining this label by the fund does not mean that it meets your own sustainability objectives, nor that the label meets the requirements of future national or European rules. For more information on this subject, see the website https://www.lelabelisr.fr/.

2 - Source: Candriam, June 2025. The quality of the ranking, award or label obtained by the fund or the management company depends on the quality of the issuing institution and the ranking, award or label does not guarantee the future results of the fund or the management company.

2024 Year in Review.

Sustainable Debt Market Update

After two years of sluggish growth, sustainable debt volumes increased in 2024, with the strongest year over year growth since 2021. The green, social, sustainability and sustainability-linked (GSSS) bond issuances increased by 5%, supported by the rise in sustainability bonds volumes (+26% year-over-year) accounting for 23% of the market[3]. Nonetheless, the green label has continued to represent the bulk of sustainable debt issuance with 53% of the bonds issued that were labelled green (59% of volumes). Social bonds were the third most commonly used label among sustainable debt issuers, accounting for 15% of the market share by volume.

In terms of region representation, Europe continues to be on the front scene, accounting for 43% of total volumes, Asia ranking as the second most active region with a 26% market share. In Latin America, although we have seen total volumes of sustainable debt decreasing, internationally marketed GSSS bonds grew by 10%, supported by sovereign issuances such as Mexico.

Sovereign, supranational and agency (SSA) issuers also contributed to global growth over the past year. Supranational volumes jumped 46% compared to 2023, accounting for 17% of the global market, while sovereign issuances declined by 17% year-on-year. Nevertheless, government issuances still represented around 10% of global volumes, with European countries as the main contributors. Notably, new entrants joined the market, such as the Dominican Republic which issued its inaugural green bond in July 2024 to finance projects focused on climate resilient management of natural resources.

Figure 3 :
Breakdown of GSSS bond issuances by region - 2024

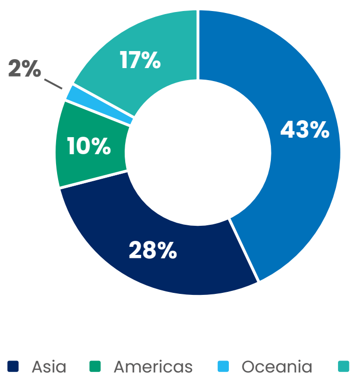
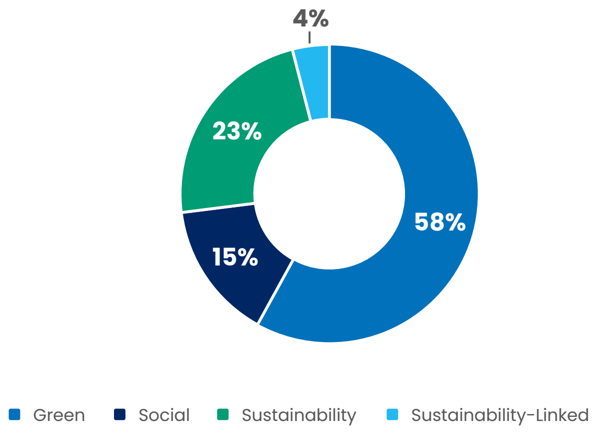


Figure 4 :
Breakdown of GSSS bond issuances by type - 2024



Source: Candriam, December 2024

In terms of sector representation, financials drove the sustainable debt market, issuing 49% of the 2024 non-SSA volumes, while utilities and industrials attracted the remaining share with respectively 22% and 9% of GSSS bond issuance last year. Iberdrola and E.ON were amongst the top 10 contributors amongst European corporate issuances in 2024 with respectively 8 and 7 green labelled issuances, while Acciona Financiacion Filiales SA ranked as the largest issuer in Europe (by number of issuances).

Utilities also continue to drive the sustainability-linked bond market with Enel issuing 6 bonds under this format in 2024.

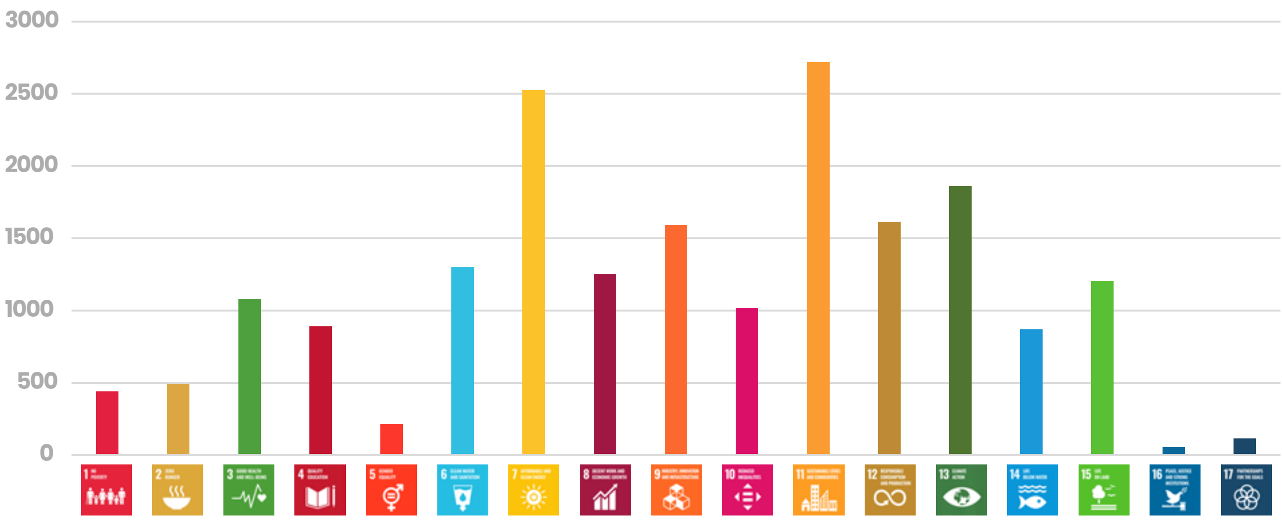
3 - All market data in this section are sourced from Candriam and LGX, as of December 2024

Overall, although the sustainable debt market has continued to grow and hit a new record at the end of 2024, GSSS bonds remain concentrated on a certain type of label (Green and Sustainability bonds accounting for 82% of the market compared to 77% in 2023), and in the region issuing the most GSSS bonds, with Europe strengthening its first position.

Nonetheless, issuers have shown greater diversification in the type of projects financed through sustainable debt. Indeed, while renewable energy and clean transportation continue to rank as the most represented eligible categories (respectively included in 62% and 51% of issuances), we have seen more issuances including projects contributing to biodiversity protection and climate adaptation. In 2024, the two categories were respectively included in 48% and 27% of issued bonds (vs. 44% and 23% in 2023).

This diversification was ultimately reflected in the intended SDGs reported before issuances, with SDG 14 (Life below water) and SDG 15 (Life on land) reported for 59% of bonds issued in 2024 (vs. 48% in 2023).

Figure 5 :
Intended SDGs (by number of bonds issued)



Source: Candriam, December 2024

Overview of our Impact Portfolio in 2024

In 2024, bond market yields generally increased, with variations across regions due to economic growth, inflation expectations, central bank actions, and investor sentiment. US government bonds saw a more significant yield increase (+70 bp for 10-year Treasury) than Eurozone bonds (+35 bp for German Bund), driven by higher inflation expectations and anticipation of fiscal changes tied to the US presidential election. The Federal Reserve's cautious approach to rate cuts also contributed to the rise in US yields. In the Eurozone, yields increased more slowly due to contained inflation and economic challenges. Geopolitical tensions added to market volatility, particularly for riskier assets. In the summer, weaker economic data and a surprise rate hike by the Bank of Japan caused a brief market dip. Then the main focus of the second half of the year was the US election, with government bond yields reflecting the potentially inflationary aspects of a Trump presidency. Credit markets saw tightening spreads in both investment grade and high yield segments, with European markets outperforming. Investment grade credit spreads were supported by strong fundamentals and investor demand. Corporate results generally beat expectations, but markets were sometimes surprised by guidance revisions, deteriorating margins, and concerns about consumers scaling back purchases due to cost increases.

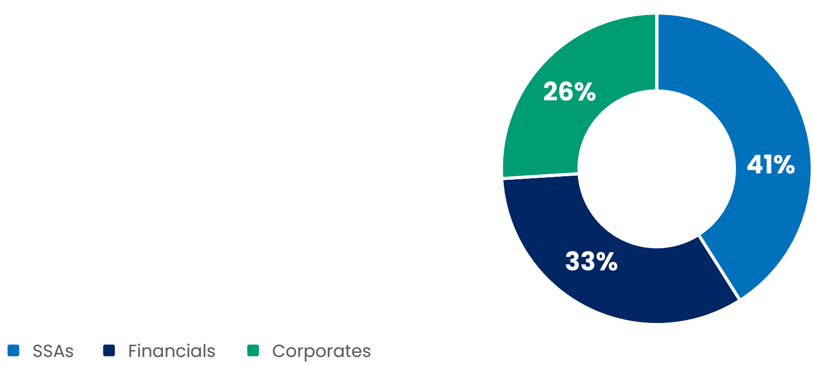
On corporate credit, which accounted for 60% of investments on average over the year, the fund maintained an overweight position throughout the year, focusing on a diversified mix of financials and non-financials while prioritising quality and liquidity. On the duration front, we benefitted from volatility in rates. At the same time, we maintained a structural steepening bias (via the 10-30 year part of the curve), as we expected the central bank to start cutting interest rates. In terms of sovereign exposure, we were cautious on France (with some underweight during the year when we thought valuations were too tight in a context of political instability and a large budget deficit). We kept a constructive stance on Spain given the country's fiscal and economic dynamics relative to core peers.

The fund (I-Cap share class, LU2369560169) **delivered a net performance of 2.45%, slightly underperforming the reference index which returned 2.51%**[4]. For the C-Cap share class (LU2369559823), the net performance was 2,04%. The main contributor to relative performance was the overweight to investment grade credit, which benefitted relative performance via both additional carry and a decrease in risk premia (spreads) over the year. On the other hand, the underweight to collateralised credit detracted as these also benefitted from spread compression.

The contribution of our 10-30 year steepening bias was more mixed, as the curve slightly flattened in the first half of the year, before steepening strongly in Q3, and flattening again somewhat in Q4.

In terms of impact, green bonds accounted for the largest share of the portfolio in 2024, with 64% of the instruments allocated to green projects, while the remaining share was split between sustainability and social bonds (16% and 13% respectively), with 90% of the amount invested through those instruments, already allocated to projects. The remaining holdings were either invested in either SLBs or non-labelled bonds.

Figure 6 :
Portfolio breakdown by type of issuer



Source: Candriam, December 2024

4 - Source: Candriam. Net performance in EUR, I-Cap share class, from 31/12/2023 to 31/12/2024. The fund is actively managed and implies reference to a benchmark, the iBoxx EUR Overall (Total Return). Past performance is not a reliable indicator of future performances. Markets could develop very differently in the future. It can help you assess how the fund has been managed in the past. See the Performance section for the full history of the Fund's performance.

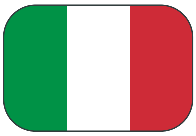
Among green, social, and sustainable debt, SSA issuers generated the lion's share of our labelled issuances, accounting for 41%. SSA issuers remain core in our impact strategy, as the diversification in projects financed and regions are likely to be greater than other issuers. We notably welcomed BNG Bank's 2024 green bond issuance and continued to keep track on any new issuances from sovereign issuers such as Italy and France, while also remaining interested in emerging markets through Chile's social bonds.

Driven by the current sustainable debt market, (with financials accounting for 49% of non-SSA issuances in 2024), this sector continued to play a significant role in our sustainable-labelled debt portfolio. Moreover, social and sustainability labels are well-suited instruments for financial issuers, given the nature of eligible social projects. In fact, in the Candriam Sustainable Bond Impact fund in 2024, financials made up the bulk of the social and sustainability debt issuances, with a 62% share (excluding SSAs). Notably, primary issuances from Nordea Bank, Bank Nova Scotia piqued our interest, as well as Credit Mutuel Arkea, following our positive assessment of the company's impact report related to the June 2020 bond.

The remaining share of our labelled debt portfolio was driven by corporate issuers. We consider it fundamental to leverage GSS debt instruments to support companies' energy transitions and climate commitments across all sectors. While carbon intensive issuers are often seen as highly suitable for this type of debt instrument, we also ensure to consider all sectors within the sustainable debt market. In 2024, we focused on primary issuances in the utilities sectors, including E. ON SE, and Elia Transmission Belgium SA, both of which entered the green bond market, while also tracking new issuances in other sectors, such as Telefonica Emisiones SA.

Case Studies

For all securities displayed hereafter, impact metrics are shown in proportion to the issuance in which the Candriam Sustainable Bond Impact fund is invested.



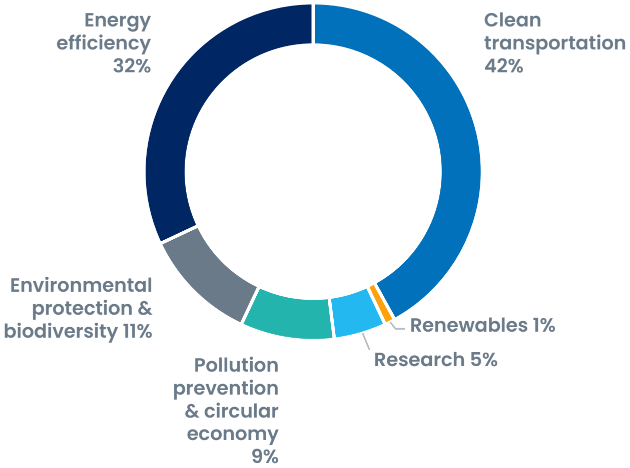
Italy – Green Bond

Sustainable Financing Strategy

- Buoni Poliennali Del Tesoro issued its Green Bond in March 2021 to finance the government's expenditures in **renewable electricity and heat; energy efficiency; transport; pollution prevention and control; circular economy; protection of the environment and biological diversity & research.**

- As of end of 2024, all the proceeds were fully allocated to the eligible green expenditures.

Figure 7 :
Breakdown of financed projects (by amount of proceeds)



Targeted SDGs

Impact Metrics

- Quantities of Electrical Energy Produced/Saved: 3,276,254 MWh
- Avoided Emissions (tCO_2e per million invested): 182 tCO_2e/million
- Jobs Created and/or Retained: 30,661 Jobs

Total: 2,457,000 tCO2e/y avoided
(≈ 512,028 homes' annual electricity use)

Examples of projects

- Construction and expansion of **underground metro lines** with electric traction in cities with the highest levels of pollution from transportation: Naples, Turin, Rome, Catania, and Brescia, reducing harmful pollutants and improving air quality in the areas that need it most.

- Development of 10 **new cycling routes across Italy**, promoting slow, sustainable tourism through soft mobility. The non-motorised network will reach 6,000 km, with dedicated signposting and services accessible to all users. Cycling has a significantly lower carbon footprint of only 21gCO_2e per passenger/km, compared to 101 gCO_2e for buses and 271gCO_2e for cars.

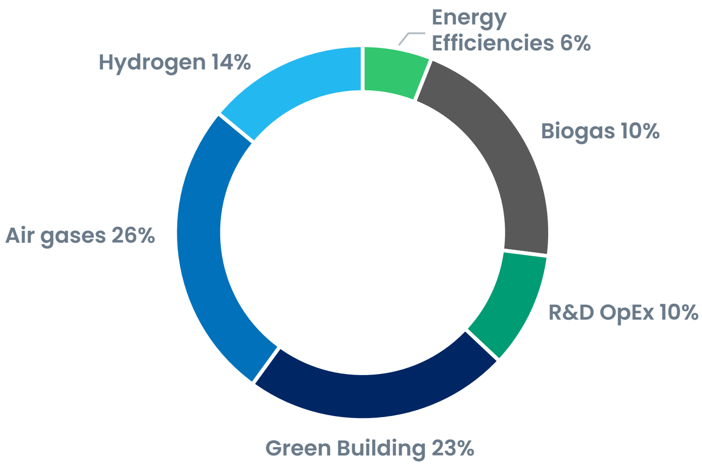
Source: Italy Government's 2024 Green Bond & Impact Reporting
Example of portfolio security, 2024.

Air Liquide – Green Bond

Sustainable Financing Strategy

- Air Liquide has issued its inaugural Green Bond in May 2021 to finance projects **including, but not limited to, Biogas and Hydrogen production.**
- As of 2024, the company has fully allocated the bond proceeds to green projects, with 43% allocated to financing and 57% to refinancing.

Figure 8 :
Breakdown of financed projects (by amount of proceeds)



Targeted SDGs

Impact Metrics

- Biogas: 592,100 MWh (biogas produced annually)
- Energy efficiencies: 17,520 MWh (annual reduction of energy consumption)
- Hydrogen: 4,352 tH2 (annual hydrogen production)
- Air gases: 25,000 MWh (energy saving of the Air Separation Units installed)
- Green buildings: 23,000 m² (surface area)

Total: 305,830 tCO2e/y avoided
(≈ 63,734 homes' annual electricity use)

Examples of projects

- The proceeds financed the **Trailblazer electrolyzer in Germany**. More than 1,400 tonnes of carbon-free hydrogen are produced per year since 2023. The hydrogen plant has a capacity of 20 MW powered by hydraulic and renewable energy and aims to achieve a 30 MW capacity.
- Air Liquide also financed the **Fontanella anaerobic digester** (which uses manure to produce fertiliser and biogas) in Italy, with a biomethane capacity of 23GWh per year (equivalent to the yearly consumption of 35 heavy-duty vehicles)

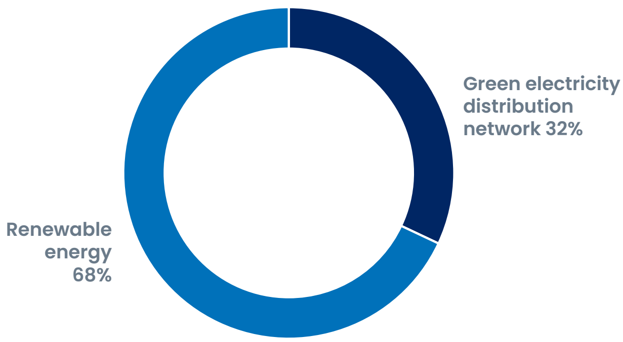
Source: Air Liquide's 2024 Green Bond & Impact Reporting
Example of portfolio security, 2024.

Iberdrola – Green Bond

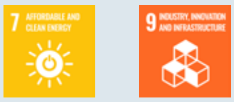
Sustainable Financing Strategy

- Iberdrola is among the pioneers in green finance, with an inaugural green bond issuance in 2014. By the end of 2024, the company had issued over €36 billion in green financing transactions.
- In 2024, Iberdrola closed €7.8 billion in green deals, supporting a portfolio of renewable energy and grid modernisation projects aligned with the EU Taxonomy.
- We are invested in the November 2022 green bond, under the company's 2023 Green Bond Framework.
- The proceeds are fully allocated to a diversified portfolio of renewable energy assets, including onshore wind farms across Spain and Portugal, and solar PV projects like Francisco Pizarro.

Figure 9 :
Breakdown of projects financed (by amount of proceeds)



Targeted SDGs



Impact Metrics

- 521 MW of installed renewable capacity
- 376 GWh electricity generated
- 681 km of transmission & distribution lines built or upgraded

Total: 99,208 tCO2e/y avoided
(≈ 20,675 homes' annual electricity use)

Examples of projects

- The **Tâmega Hydroelectric Complex,** in northern Portugal, is one of the largest energy initiatives in the country's, featuring three dams with a combined installed capacity of 1,158 MW. Upon completion, it will increase Portugal's total installed electrical capacity by 6%.
- The **Ciudad Rodrigo Photovoltaic Plant,** in Spain, has an installed capacity of 318 MW, comprising 826,200 solar panels. The project is expected to generate enough clean energy to power 150,000 homes annually and prevent the emission of 75,000 tonnes of CO_2e each year.
- The **Iglesias Wind Farm**, in Northern Spain, is expected to be one of the most powerful onshore wind turbines site. The project is set to install a capacity of 94 megawatts (MW) and generate enough clean energy to supply over 75,000 homes and prevent 250,000 tonnes of CO_2e annually.

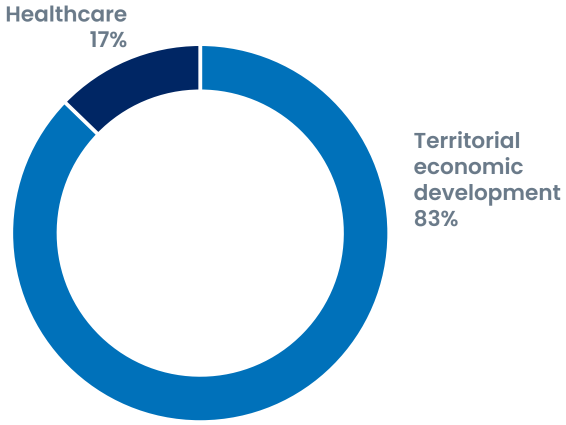
Source: Iberdrola's 2024 Green Financing Returns Report
Example of portfolio security, 2024.

Credit Mutuel Arkea – Social Bond

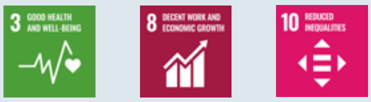
Sustainable Financing Strategy

- Credit Mutuel has issued its inaugural Social Bond in June 2020 to finance and refinance **loans contributing to territorial** economic development (e.g., SMEs, and local authorities) and **supporting the healthcare system** (e.g., public hospitals, and medical-social centers).
- As of 2024, the company has fully allocated the bond proceeds to social projects, with 30% allocated to financing and 70% to refinancing, and continue to finance new social projects through the issuances of 5 social bonds between 2020 and 2023.

Figure 10 :
Breakdown of financed projects (by number of loans)



Targeted SDGs



Impact Metrics

- Number of hospitals financed: 20
- Number of patients benefiting from the infrastructure: 25,313
- Number of loans: 1,705

Examples of projects

- The proceeds notably financed **9 public hospitals** (with a total capacity of 10,572 patients) to renovate the infrastructures, modernise the medical equipment, and also contribute to renovate the structures of a psychiatric unit for children and adolescents and a specialised care facility.
- Credit Mutuel Arkea allocated 164M€ to loans to **SMEs** (loans classified as "Not Covid-19"), and 458M€ to SMEs in the context of the sanitary crisis.

Source: Credit Mutuel Arkea's 2024 Green and Social Bond & Impact Reporting
Example of portfolio security, 2024.

Chile - Social Bond

Sustainable Financing Strategy

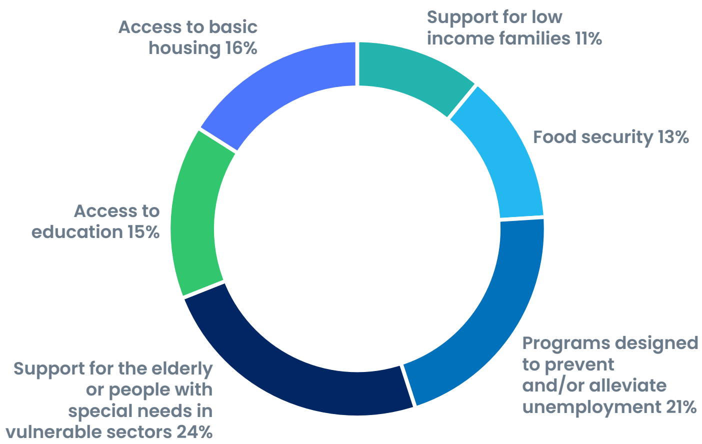
- The Republic of Chile has issued an inaugural social bond in 2020. Followed by several other social labelled issuances in the following years, amounting for 24.78bn€ of issuances under this label.

- We invested in the social bond issued in July 2021, under the 2020 Sustainable Bond Framework, with eligible social categories dedicated to support elderly or people with special needs in vulnerable sectors and prevent and/or alleviate unemployment.

- Chile reported approximately 1.1 million of beneficiaries through this issuance, with notably proceeds allocated to pension contribution for elderly people, permanent support for families and programs to increase access to health food service for the most vulnerable students of the educational system.

- Following this initial investment and the diversification in the impact generated through this issuance, we would remain keen to invest in the Republic of Chile's future social bond issuances.

Figure 11 :
Breakdown of projects financed (by amount of proceeds)



Targeted SDGs

Examples of impact metrics reported for the 2021 issuance (in number of beneficiaries):

- Elderly people: 188,742

- Permanent support for families: 195,558

- Preferential School subsidy: 261,748

- Schools' food program: 199,080

Source: LGX, Chile's Sustainable Bond Framework; Chile's 2022 Allocation & Impact Report
Example of portfolio security, 2024.

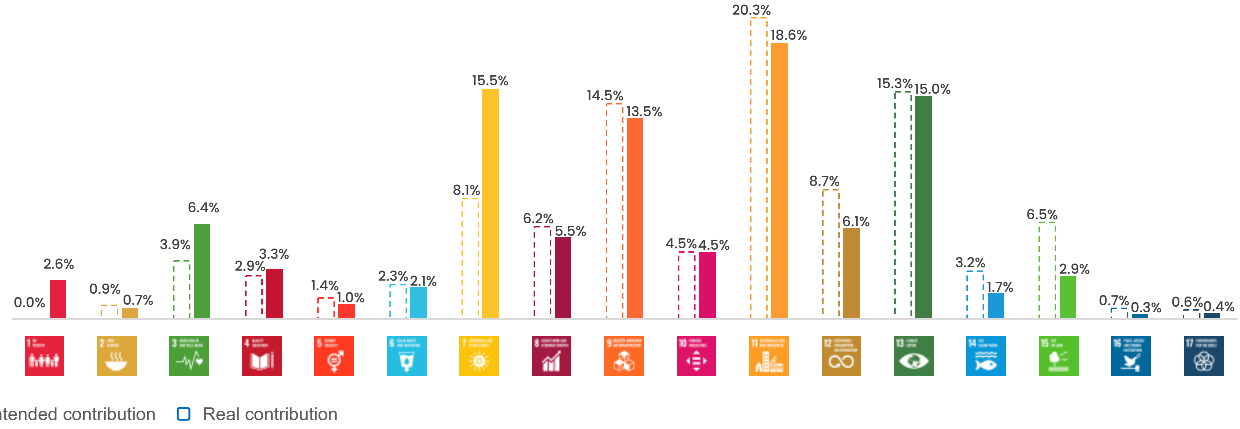
2024 Impact Performance.

The assessment of the 2024 impact performance of the Candriam Sustainable Bond Impact Fund was performed with the portfolio holdings as of December 31th, 2024. Each individual bond's impact is measured through the analysis of its post-issuance report. Candriam uses a proprietary model, as well as data sourced from external providers, to assess and aggregate the contribution to eligible green or social projects, and the impact generated by each project.

Contribution to SDGs

In 2024, the Candriam Sustainable Bond Impact Fund contributed to all 17 SDGs, with the four largest contributions to the SDG 7 (Affordable and Clean Energy), 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities) and 13 (Climate Action).

Figure 12 :
In percentage of total invested GSS bonds

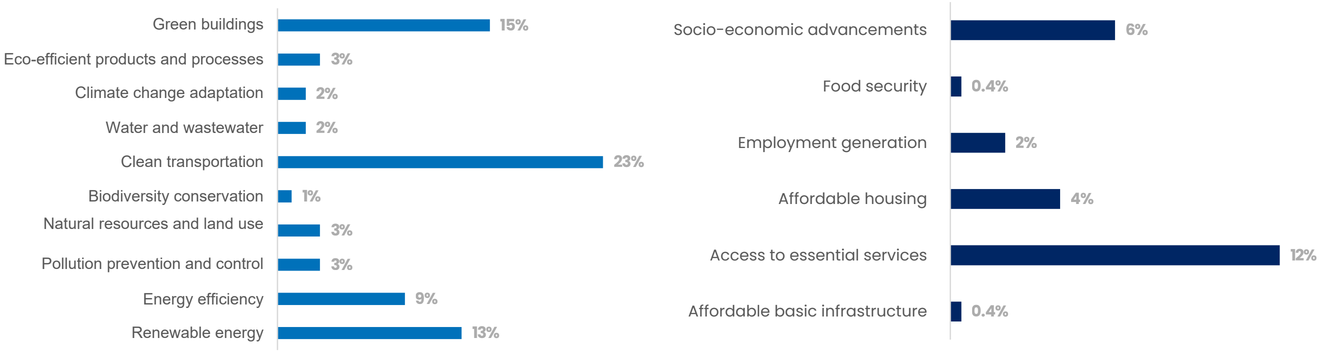


Sources: Candriam, Bloomberg as of 31/12/2024

While several bonds in portfolio intended to contribute to SDGs 14 and 15, with an approximate 10% share of the portfolio, the real contribution only accounted for half of this initial target. OP Corporate Bank and Swedbank were amongst the major contributors to biodiversity conservation with proceeds allocated towards sustainable forestry (forestry certified by the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC)). At the portfolio level, the investments contributed to place 690 square-kilometers of land under conservation or certified land management, equivalent to the area of 99 soccer fields.

In terms of contribution to green and social projects, the Candriam Sustainable Bond Impact fund mostly contributed to finance projects related to clean transportation, green buildings and access to essential services.

Figure 13 & 14:
In percentage of total invested GSS bonds with a post-issuance report



Sources: Candriam, LGX, as of 31/12/2024
Note: The remaining proceeds were allocated to other non-aggregated green or social categories

Impact Performance

As of end of 2024, the Candriam Sustainable Bond Impact fund's share alone contributed to the generation of the following positive impacts:

GREEN ENERGY

Renewable energy produced or saved
38,933 MWh
≃ 5 Wind turbines running for a year

SUSTAINABLE WATER

Annual water savings
900,066 m³
≃ 360 Olympic Swimming pools

NATURAL RESOURCES

Area under conservation and/or reforested
734,866 m2
≃ 105 soccer fields

SOCIAL INCLUSION

621
Students supported

ACCESS TO ESSENTIAL SERVICES

42
Places and beds in healthcare facility

FOOD SECURITY

46
Farmers supported through social projects

Sources: Candriam, LGX, as of 31/12/2024

The fund contributed to avoid or reduce 41,648 tonnes of CO2e

For one million euro invested in the portfolio, the investor could help **avoid as much as 397 tonnes of CO2e.**

Equivalent to 204 round trips Brussels – New York

Equivalent to the electricity use of 83 homes during one year

The following impact was also obtained, as of end of 2024, for one million euro invested:

16 tonnes of waste prevented, minimised, reused or recycled

≃ 3,220 garbage cans

371 MWh of renewable energy generated

≃ 30 homes' annual electricity use

102 people benefiting from social projects

3 jobs created or retained

Sources: Candriam, LGX, as of 31/12/2024

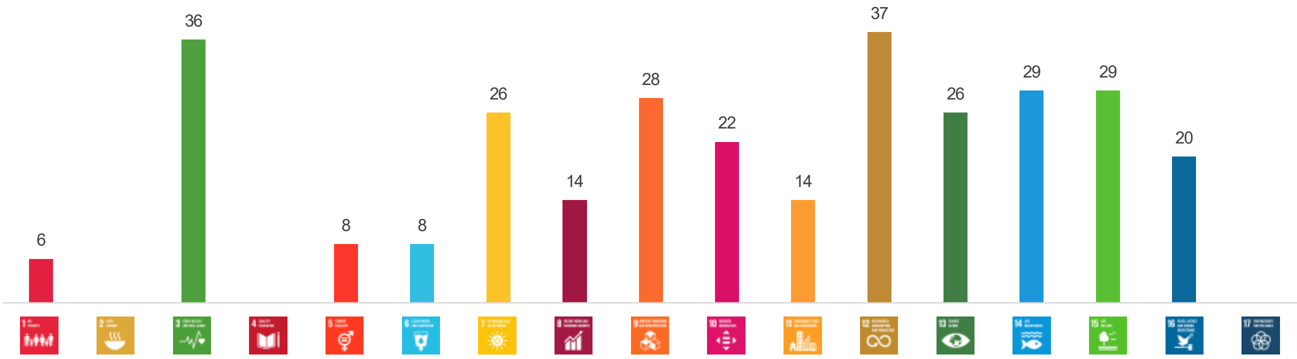
Overview of Engagement

Engagement is a core element of Candriam's sustainable investing strategy. It enables to better assess specific risks and opportunities at the issuer level, which is fundamental for sustainable debt investments.

In 2024, we engaged with 76% of the unique issuers in the Fund, leading to 214 dialogues. Collaborative discussions accounted for 81% of the dialogues, while the remaining were individual engagement with issuers.

Of these individual dialogues, 46% are still ongoing and have focused on various environmental, social and governance topics, including but not limited to net zero strategy, forced labor, and PFAS-related risks. Additionally, we engaged with issuers exposed to controversies, when deemed necessary, to understand the causes and the management strategies in place to prevent future occurrences.

Figure 15 :
Number of individual dialogues linked to each Sustainable Development Goal

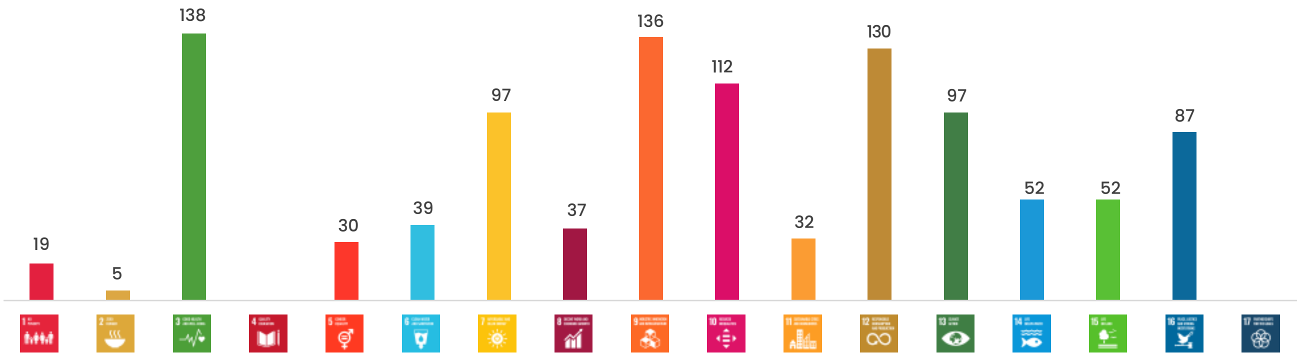


Sources: Candriam, as of 31/12/2024

Collaborative dialogues have also contributed to addressing various sustainable topics, with 67% of these discussions still ongoing. Amongst our major initiatives, we engaged with the Fund's issuers as part of the Climate Action 100+ initiative, as well as the Investor Policy Dialogue on Deforestation, an investor-led sovereign engagement initiative aimed at halting deforestation. This initiative notably included Germany as one of the targeted governments, which included Natural resources and Land use as an eligible project category in its 2020 Green Financing framework. Other collaborative dialogues also focused on social issues, such as forced and child labor.

Figure 16 :
Number of collaborative dialogues linked to each Sustainable Development Goal

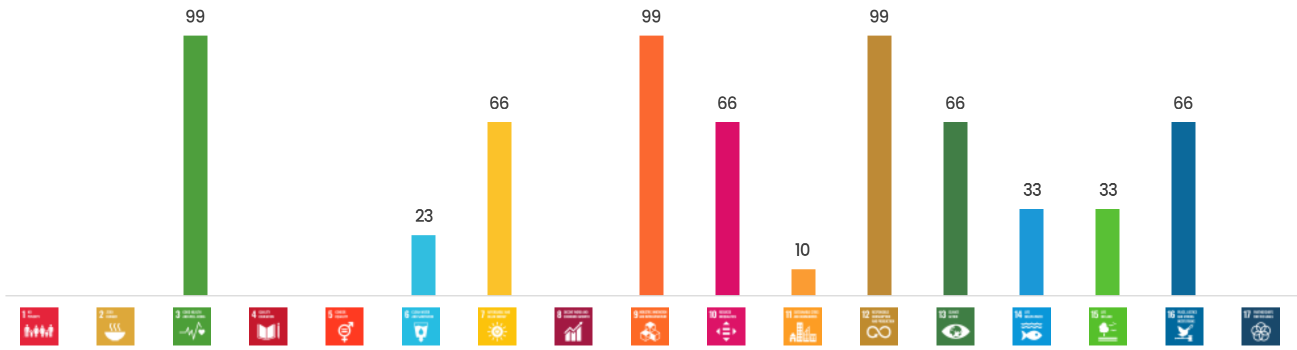
Focus on relatively small initiatives



Sources: Candriam, as of 31/12/2024

Figure 17 :
Number of collaborative dialogues linked to each Sustainable Development Goal

Focus on large initiatives



Sources: Candriam, as of 31/12/2024

2025 Ahead.

New Regulation, and More Diversification Expected as Key Drivers

In Europe, regulations are expected to continue supporting the sustainable debt market, particularly with the EU Green Bond Standard, a new set of voluntary guidelines for green bond instruments, that entered into force in December 2024. This standard might enhance the harmonisation and comparability in the market, as, among other criteria, issuers must align at least 85% of their eligible green projects on the EU Taxonomy. **The EU Green Bond Standard will likely bring more clarity for investors and support stronger demand for green-labelled debt.**

The enhancement of corporates' sustainable reporting and commitments is also among the key potential drivers for 2025. In 2024, around 25% of investment-grade corporate issuances in EMEA were labeled as green, social or sustainability bonds [5], driven by the ambition to reduce carbon emissions and increased efforts to address climate adaptation issues, with proceeds allocated towards biodiversity and climate resilience. **The green bond format is likely to remain a relevant tool for companies seeking to finance these commitments**, while also strengthening and further detailing the credibility of their decarbonisation strategy to stakeholders.

SSA issuers are expected to also remain a catalyst for sustainable debt volumes in 2025. SSAs have the potential to bringing greater diversification to the market, particularly with the recent development of the blue blond market. For example, CAF, the development bank of Latin America and the Caribbean, has published a new sustainable finance framework with a wide range of eligible projects supporting blue finance. COP30 could also further support sustainable sovereign debt issuances, as governments revise their Nationally Determined Contributions (NDCs), which might drive financings towards green and social projects. Additionally, while about 170 countries issue sovereign debt, only around 60 have already issued sustainable labelled debt, leaving room for higher number of inaugural GSS issuances.

5 - Sources: Candriam, Environmental Finance (Sustainable Bonds Insight 2025)

With an estimated share of 40% of the new issuance volume this year[5], Europe is expected to remain central to sustainable debt issuance growth in 2025, as governments' and corporates' net zero strategies will continue to require significant funding for climate transition. Asia is also likely to stay at the forefront, while Latin America may continue to bring greater diversification in impact, through sovereign and corporate issuances. Eventually, although ESG backlash has increased in the US, sustainable debt volumes are expected to remain flat in 2025, given the already low penetration of labelled debt in this region and the continued investments towards climate transition.

Leveraging Candriam's Expertise to Achieve Stronger and Diversified Impact

Looking ahead, we intend to pursue our approach with the following objectives in mind:

1. **Diversification:** Achieve greater diversification in the impact generated, both in terms of regions covered and the types of issuers financed;

2. **Climate Adaptation and Biodiversity:** Focus on primary issuances that finance climate adaptation projects, as well as biodiversity conservation and restoration efforts, further supporting our commitment (please refer to Candriam's Biodiversity Strategy);

3. **Engagement:** Implement a strategy to engage with issuers on impact reporting practices, leveraging on Candriam's dedicated engagement team;

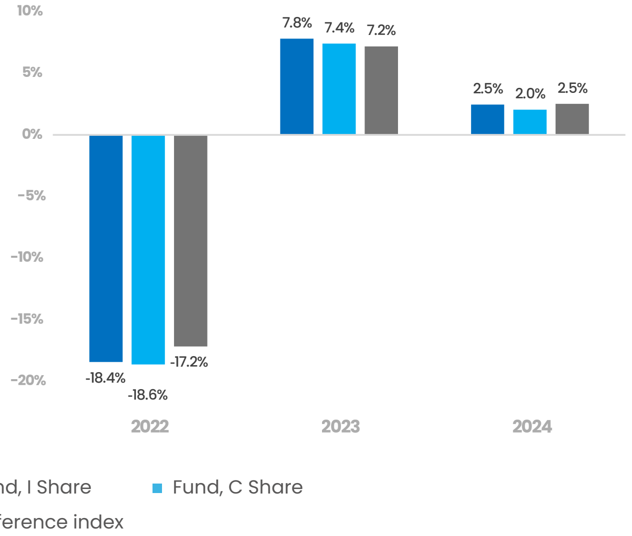
4. **Impact Measurement:** Enhance the quality of impact data tracking and reporting to ensure consistency and transparency regarding the impact generated for investors.

We believe these axes will contribute to make a difference for investors as well as for society as a whole.

Performance.

Data as of December 31, 2024 – Net performance, after fees, in EUR. The Fund is actively managed and the investment approach implies a reference to a benchmark, the 100% iBoxx Euro Aggregate RI©. For more information on the definition of this index and its use, please consult the fund's key information document.

Figure 18 :
Candriam Sustainable Bond Impact - Net Annual Performance in EUR



Sources: Candriam, as of 31/12/2024

Past performance is no guarantee of future results and is not constant over time. Performances expressed in a currency other than that of the investor's country of residence are subject to exchange rate fluctuations, with a negative or positive impact on gains.

The returns shown above are provided on the basis of the Net Asset Value (or NAV), net of fees and reinvested income.

All management fees and charges are included in the calculation of past performance with the exception of any entry and exit fees. Taxes are not included in the calculation of returns. The value or price converted into Euro may be reduced or increased according to exchange rate fluctuations. The fund is not a guaranteed investment. NAVs are net of fees and are provided by the accounting department and the benchmark by official providers.

Market developments (currency conversion, coupon, split, ...) have an influence on the chart. This graph is provided for information purposes only and does not illustrate precisely the evolution of the net assets of the fund. Data may be rounded for convenience. Data expressed in a currency other than that of the investors' country of residence is subject to exchange rate fluctuations, with a positive or negative impact. Gross performance may be impacted by commissions, fees and other expenses.

Appendix.

Sustainable Development Goals

1 NO POVERTY

End poverty in all its forms everywhere

2 ZERO HUNGER

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all

7 AFFORDABLE AND CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all

8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

10 REDUCED INEQUALITIES

Reduce inequality within and among countries

11 SUSTAINABLE CITIES AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

13 CLIMATE ACTION

Take urgent action to combat climate change and its impacts

14 LIFE BELOW WATER

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

15 LIFE ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Source: United Nations Sustainable Development Goals

Risks.

All investment involve risks, including the risks of capital loss.
The specific risk factors of the Candriam Sustainable Bond Impact fund are:

- Risk of capital loss
- Interest rate risk
- Credit risk
- ESG investment risk
- Derivatives risk
- Counterparty risk
- Equity risk
- Risk associated with investing in Contingent Convertible Bonds
- Foreign exchange risk
- Liquidity risk
- Emerging markets risk
- Risk of changes made to the reference index by the index provider
- Risk associated with external factors
- Share class hedging risk
- Sustainability risk

The general explanation of the various risk factors is given in the clause titled "Risk factors" in the fund's prospectus.

1	2	**3**	4	5	6	7

Lower risk **Higher risk**

The SRI assumes you keep the product for 3 years. The actual risk can vary if you cash in at an early stage and you may get back less.

Risk indicator

The summary risk indicator («SRI») is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as class 5 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could impact the capacity of the fund to pay you.

Be aware of currency risk. In some circumstances, you may receive payments in a different currency, so the final return you will get may depend on the exchange rate between the two currencies. This risk is not considered in the indicator shown above. Some relevant risk(s) above are not included in the SRI. As this product does not provide protection against market movements, you could lose all or part of your investment.

Fund Characteristics.

Bond Impact is a sub-fund of the Luxembourg SICAV, Candriam Sustainable.

This list below is not exhaustive, the sub-fund incurs other expenses, further information on fees and charges is available in the prospectus to allow investors to understand the overall impact of costs on the amount of their investment and on the expected returns. For more information, please refer to the prospectus.

AUM (in million EUR):	113 (31/12/2024)
Share Class:	Capitalisation
ISIN:	Class C-Cap: LU2369559823 Class I-Cap: LU LU2369560169
Benchmark:	100% iBoxx Euro Aggregate RI©
Valuation Currency:	EUR
Legal Form:	Sub-fund of a SICAV under Luxembourg law
Fund Type:	UCITS
SFDR Category:	Article 9
Sub-Fund creation date:	Class C-Cap: 15/10/2021 Class I-Cap: 15/10/2017
Domicile Country :	Luxembourg
Management company:	Candriam
Depositary bank:	CACEIS Bank, Luxembourg Branch
Transfer Agent:	CACEIS Bank, Luxembourg Branch
Investment Horizon:	3 years
Swing Pricing System:	Yes
Max Management fees:	Class C-Cap: 0.75% Class I-Cap: 0.40%
Max Subscription fees:	Class C-Cap: 3.50% Class I-Cap: 0%
Max Redemption fees:	N/A
Ongoing charges:	Class C-Cap: 0.91% (01/03/2025) Class I-Cap: 0.51% (01/03/2025)
NAV Date:	D
NAV Calculation Day:	D+1
Frequency valuation:	Daily
Subscription Cut off:	D 12:00
Redemption Cut off:	D 12:00

Please refer to the prospectus of the fund for more details on the investment objectives and policy.
Management fees are expressed as an annual percentage of the average net asset value of the Share Class and are payable at the end of each month. Ongoing charges represent all operating and management costs invoiced to the UCI net of retrocessions. They are calculated annually.

€155 Bn

of assets under management 31 December 2024

600+

experts at your service

+25 years

of innovation and expertise

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Swiss paying agent: CACEIS Bank, Montrouge, succursale de Nyon/Suisse, Route de Signy, 35, CH-1260 Nyon.
Place of performance: Route de Signy 35, CH-1260 Nyon.
Place of jurisdiction: Route de Signy 35, CH-1260 Nyon.

Specific information for investors in France: The appointed correspondent in France is CACEIS Bank, 89-91 rue Gabriel Péri, F-92120 Montrouge, France. The prospectus, the key investor information, the articles of association or as applicable the management rules as well as the annual and semi-annual reports, each in paper form, are made available free of charge at the correspondent in France.

Specific information for investors in Spain: Candriam Sucursal en España has its registered office at C/ Pedro Teixeira, 8, Edif. Iberia Mart I, planta 4, 28020 Madrid and is registered with the Comisión Nacional del Mercado de Valores (CNMV) as an European Economic Area management company with a branch.

Specific information for investors in Austria: The appointed Contact and Information Agent in Austria in accordance with the provisions of art. 92 of the EU Directive 2019/1160 is Erste Bank der oesterreichischen Sparkassen AG, Am Belvedere 1, 1100 Vienna, Austria. The prospectus, the Key Information Documents (KIDs) relating to the portfolios of the Fund, the Articles/Management Rules, the audited annual accounts, the semi-annual accounts as well as the issuance and redemption prices are available in Austria free of charge (in the German language) at the Austrian Contact and Information Agent.

Specific information for investors in United Kingdom: The Fund/s mentioned in this document has/ve been established and is authorised as an EEA UCITS (in accordance with the EU UCITS Directive) in Luxembourg. The Fund/s has/ve sought and has/ve been granted recognition by the Financial Conduct Authority of the UK (the "FCA") under the Overseas Funds Regime (the "OFR") in the United Kingdom and therefore is considered to be a recognised collective investment scheme for the purposes of section 271A of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). The distribution of this document and the offering of shares in the United Kingdom may be restricted. Persons into whose possession this document comes are required by Candriam to inform themselves about and to observe any such restrictions. This document does not constitute an offer or solicitation to any person to whom it is unlawful to make such offer or solicitation. The Fund/s mentioned in this document are not subject to the UK sustainability disclosure and labelling regime. Further information on the regime for retail consumer: https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime.