

Brussels, 07 October 2019

In the face of climate change, let us unite in our efforts

Belfius and Candriam launch Belfius Equities CLIMATE,
sub-fund of Belfius Equities, a Sicav under Belgian law
managed by Belfius Investment Partners S.A.

**A thematic sustainable fund¹ specialising
in the fight against climate change**

“We are the first generation to feel the effect of climate change and the last generation who can do something about it.” (Barack Obama, 23 September 2014)

The recent report by the IPCC² is very clear. As is the call of millions of citizens around the world: there is no planet B, and urgent action is needed if we are to keep global warming below 2°C and leave a sustainable world for our children and future generations! Each of us must act at our own level, through our daily habits and consumption patterns, but also, on a global scale, through radical changes in the economy and society and the mobilisation of capital in favour of ecological transition. It is precisely to enable its customers to participate in this essential transition and to contribute, through their investments, towards supporting companies directly involved in the fight against climate change, that Belfius Bank is launching Belfius Equities CLIMATE, a new sub-fund of the Sicav Belfius Equities in Belgium, acting as a distributor and in collaboration with Belfius Investment Partners, manager of the sub-fund, and Candriam, Investment Manager.

Already today, warming, estimated at 0.9°C compared to the pre-industrial level, is having very visible consequences (more intense and frequent heat waves, floods, forest fires, melting ice, loss of biodiversity, lower agricultural yields and so on) and, at the current rate, the temperature increase will reach 1.5°C between 2030 and 2052. The IPCC's conclusions are clear: to limit global warming to 1.5°C and to leave a sustainable world for our children, we have no choice but to make changes on an “unprecedented” scale and in particular drastically and rapidly to reduce our CO₂ emissions (-45% by 2030) and to aim for “carbon neutrality” by 2050 (Source : IPCC Special report « Global warming of 1.5°C »³).

¹ An investment fund combines the capital of a certain number of investors. It is also called a “Collective Investment Undertaking” or “CIU”. The capital is invested in various investment products, such as shares or bonds (called “assets”), based on a defined investment policy.

² International Panel on Climate Change

³ To consult the report: <https://www.ipcc.ch/sr15/>

Give meaning to your money

To enable its clients to support this essential ecological transition through their investments, Belfius Bank is launching the Belfius Equities CLIMATE sub-fund as distributor, in collaboration with Belfius Investment Partners, manager of the sub-fund, and Candriam, Investment Manager.

Belfius Equities CLIMATE is a sub-fund of Belfius Equities, a Sicav established under Belgian law, that acts as a feeder fund* for the sub-fund of the Sicav Candriam SRI Equity Climate Action, established under Luxembourg law (master fund, not registered in Belgium). Its aim is to replicate the investment strategy of the master fund. Through the master fund, Belfius Equities CLIMATE is a sub-fund of the Sicav Belfius Equities, investing exclusively in innovative and leading companies which provide long-term solutions to the major challenges of climate change (energy efficiency, renewable energy, storage, recycling, waste treatment and water management - you will find more information on the sub-fund below on page 3). Belfius Equities CLIMATE is aimed at both private individuals and professional customers.

The capital and/or return is (are) not guaranteed or protected.

With a risk level of 5 on a scale of 1 to 7 in which 1 represents lowest risk and a potentially lower return and 7 represents the highest risk and a potentially higher return. The main risks are the exchange risk, as well as risks associated with emerging countries. More detailed information is available in the prospectus and the document headed "Key information for the investor" or from belfius.be/risquesinvestissements.

Through the master fund, Belfius Equities Climate is a sustainable fund, with the management team making investment choices based on environmental, social and governance (ESG) criteria, using an analysis developed by the management company**.

The selection of equities is based on economic/financial analyses, as well as on ESG considerations, with both indicating the long-term risks and opportunities.

The ESG criteria are analysed through a methodology developed by the management company** and evaluated by it**.

An in-depth analysis of companies bringing solutions to climate change

The eligibility of companies is based on their contribution either to the fight against climate change or to facilitating adjustment to that change. To do this, a specific methodology has been developed by the management company** aimed at identifying companies which, based on their turnover, are the most advanced on issues linked to climate change, such as the production of renewable energy, the insulation of buildings, recycling and water treatment.

The exclusion of companies presenting a risk of controversy

In addition to their contribution to the fight against climate change, these companies are also screened to ensure that they do not present an elevated risk of controversy. This test selects companies that comply with the principles of the United Nations Global Compact (UNGC) in the areas of human rights, labour, the environment and the fight against corruption.

The test is accompanied by an analysis of the exposure of companies to weapons and repressive regimes.



The strategy excludes companies that:

- have a link with controversial weapons (anti-personnel landmines, cluster bombs, depleted uranium and chemical and biological weapons, as well as white phosphorus weapons or nuclear arms),
- are highly exposed to conventional weapons and/or,
- are exposed to a certain extent to controversial businesses (tobacco, thermal coal, weapons, etc.),
- collaborate with countries considered as having oppressive regimes

A combination of strong internal expertise and the best external databases

When doing their selection work, our analysts draw on their knowledge of sectors helping in the fight against climate change. They also use some of the most respected external data sources available on the market. This combination enables the analysis to focus on aspects associated with the actual businesses conducted by the companies, while benefiting from a broad range of quantitative data derived from these external providers.

This process of analysis and selection is accompanied by active participation as a shareholder (such as entering into dialogue with the companies, voting at general meetings, etc.) aimed at guiding companies in the development of their sustainable solutions.

Examples of companies selected for their positive contribution

-Tomra is a Norwegian company that focuses on systems for the collection and sorting of waste, such as plastic bottles, for recycling. This is a business that contributes directly to reducing the need for raw materials, such as plastic, the production of which generates a significant amount of CO₂ and hence contributes to climate change.

-Kingspan is an Irish company that specialises in thermal insulating coatings for buildings. As a result of these high-performance coatings, buildings need less heating, which in turn enables them to make significant reductions to their emissions of CO₂.

-Vestas is one of the world leaders in the production, installation and maintenance of wind turbines. Vestas products make it possible to produce electricity while emitting 10 to 40 times less CO₂ than burning fossil fuels. 66,000 turbines produced by the company have already been installed all over the world.

For more information about the methodology (transparency code):

<https://www.candriam.be/en/professional/market-insights/sri-publications/#sri>

**A feeder fund is a fund that invests virtually all of its assets in another fund, called a master fund.*

*** The management company of the master fund: Candriam.*



Belfius Equities CLIMATE

Sub-fund of the Sicav Belfius Equities under Belgian law,
managed by Belfius Investment Partners S.A.

Product category



You will find more information at belfius.be/categoriesdeproduits

Characteristics

- ISIN Code: BE6314674712 (Cap) and ISIN Code: BE6314675727 (Dis)
- Product term: indefinite
- Minimum subscription amount: € 25
- New asset value (NAV): published each bank working day in L'Echo and De Tijd, on the BeAMA web site (beama.be/fr/vni) and at belfius.be/fonds

Fees

- Subscription fees: 2.50%, 1% until 3 November 2019.
- General fees: 1.86%, of which 1.50% management fees
- Redemption fees: none
- Conversion fees: none
- Custodian fees: the securities deposit is exempt from custodian fees at Belfius Bank. Custodian fees may be charged at other financial institutions.

Main traded assets

A minimum 85% in units of the master fund*, the sub-fund Candriam SRI Equity Climate Action⁴ which itself invests mainly in the transferable securities of companies aiming to become future leaders in actions associated with climate change.

Investment strategy

The sub-fund aims, as a feeder fund*, to replicate the investment strategy of the master fund, which is as follows:

- Over the recommended investment period, the master fund aims to achieve capital growth by investing in the main traded assets.
- Within the limits imposed by the fund's investment objective and policy, the management team makes investment choices based on environmental, social and governance (ESG) criteria using an analysis developed by the Management Company.
- Securities selection is based on economic/financial analyses, as well as ESG considerations; both indicating long-term risks and opportunities.
- The ESG criteria are analysed using a methodology developed by the Management Company, which does not, however, apply the "best-in-class" approach, described in the "Investment objectives" section of the prospectus.
- This normative SRI review selects companies which meet the principles of the United Nations Global Compact (UNGC) in the fields of human rights, labour, the environment and anti-corruption.
- This review is accompanied by an analysis of corporate exposures to weapons and repressive regimes.
- The master fund may use derivatives for both investment and hedging purposes (to protect against future unfavourable financial events).
- The sub-fund may use derivatives for hedging purposes (to protect itself against future

⁴ This fund is not registered in Belgium.



unfavourable financial events).

*A feeder fund is a fund investing almost all of its assets in another fund, known as the master fund.

The returns offered by the sub-fund will be similar to those offered by the master fund before deducting fees specific to the sub-fund. The investment policy has been taken from the Key Investor Information Document. The capital and/or return is (are) not guaranteed or protected.

Principal risks

SRRI: 5. The level of risk indicated reflects the volatility of the sub-fund's history, where 1 represents the lowest risk and a potentially lower return and 7 represents the highest risk and a potentially higher return. This figure may change over time (both down and up) and the lower figure does not mean 'risk-free'. Volatility, reflected in this level of risk, indicates the extent to which the value of the sub-fund may fluctuate upwards or downwards. Further information is available in the prospectus and the Key Investor Information Document or at belfius.be/risquesinvestissements.

- **Exchange risk:** the exchange risk derives from the Fund's direct investments and its interventions in forward financial instruments, resulting in exposure to a currency other than the Fund's valuation currency. Variations in the exchange rate of this currency against the Fund's valuation currency may have a negative impact on the value of securities in the portfolio.
- **Risks associated with emerging countries:** emerging countries may present political, legal and fiscal uncertainties or other events which may have a negative impact on the sub-fund's assets. The assets traded in these countries have potentially faster market movements than in the major international markets and quotation spreads which can increase substantially under certain market circumstances. These assets may be less liquid, i.e. it may not be possible to sell them quickly at reasonable prices. Changes in emerging market currencies can be sudden and substantial.
- The list of risks shown above is not exhaustive. More detailed information about relevant risks linked to the fund and any sub-funds are available in the prospectus, in the document entitled "Key information for the investor" or from belfius.be/risques-investissements.
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Taxation

On the basis of the tax legislation currently in force, which may be subject to change, the tax regime for private investors subject to Belgian personal income tax is for the income allocated as follows:

ISIN: BE6314674712 (Cap)

- Withholding tax: any capital gain is not subject to withholding tax, if the underlying sub-fund does not hold more than 10% in debts. If more than 10% is invested in debts, the withholding tax will be deducted from the portion of the capital gain corresponding to the underlying portion invested in debts.
- Financial Transaction Tax (FTT): 1.32% (maximum € 4,000) when redeeming or converting capitalisation shares into shares of the same or another sub-fund.

ISIN: BE6314675727 (Dis)

- Withholding tax: any capital gain is not subject to withholding tax if the underlying sub-fund does not hold more than 10% in debts. If more than 10% is invested in debts, the withholding tax will be deducted from the portion of the capital gain corresponding to the underlying portion invested in debts.
- Withholding tax: 30% of the flat-rate withholding tax on dividends
- Financial Transaction Tax (FTT): none



For more information on withholding tax and the Financial Transaction Tax (FTT), please contact your financial advisor. Investors who are not subject to Belgian personal income tax should be aware of the tax regime applicable to them.

Documents

Before taking an investment decision, please read the Key Investor Information Document, the prospectus and the product sheet, available free of fee in French and Dutch at Belfius Bank branches and at belfius.be.

- Key Investor Information Document
- Prospectus
- Product Sheet

Our complaints management service complaints@belfius.be, the mediator (negotiation@belfius.be) and the ombudsman (ombudsfm.be - North Gate II, Box 2, 8 Boulevard du Roi Albert II, 1000 Brussels) are available to help you.

The initiatives taken by Belfius as distributor and Candriam as Investment Manager are part of a doubly “green” approach

Because even companies active in the fight against climate change inevitably also produce CO₂, Belfius and Candriam apply a doubly “green” approach: the carbon footprint of the strategy is neutral while it invests in solutions which contribute to energy transition.

Candriam and Belfius aim to neutralise the fund's emissions by financing ecological projects. Within this context, Candriam and Belfius have chosen to work with South Pole (<https://www.southpole.com>), globally recognized provider of sustainability solutions and an award-winning emission reduction project developer, offering a wide range of high-quality carbon offset projects around the world.

Three projects selected by South Pole and meeting stringent Gold Standard criteria will be supported: the construction of five solar thermal power plants in India, a country where coal still plays too important a role, the capture of methane emissions from a landfill site in China, to transform them into clean electricity and the reforestation of tropical land in Panama. The Gold Standard is one of the most rigorous certification standard globally for carbon offset projects.

Filip De Nil, Head of Private Banking & Investments, Belfius): *“Green is the new way of investing. Through the launch of Belfius Equities CLIMATE, Belfius aims to give its customers the opportunity also to have a positive impact on society through their investments, by supporting innovative companies which play a leading role in the fight against climate change.”*

Vincent Hamelink, Investment Director, Candriam: *“Sustainable investment has been at the heart of our business for many years and we are proud today in Belgium and with Belfius to launch the Belfius Equities CLIMATE fund. Managing the risks associated with climate change will become essential in coming years and this fund is designed to address such a challenge. CANDRIAM is well positioned given its history in ESG. The close cooperation and complementarity of our fundamental and ESG analysis teams enables us to offer an integrated and rigorous analytical approach and to build a concentrated portfolio based on sound convictions.”*



Bethan Halls, South Pole: *“With this innovative climate neutral fund, Candriam and Belfius are making tangible steps in shifting capital and demonstrating the crucial actions financial institutions can take in driving the decarbonisation of our economy. At South Pole we help drive this action, reducing carbon impact and climate risk, supporting clients in their climate leadership journey. We are so pleased to support this high-impact, climate neutral fund with our emission reduction projects.”*

A wide range of sustainable and/or thematic funds

Belfius offers its clients wishing to give meaning to their investments a wide range of sustainable and/or themed sub-funds, likely to meet their expectations, within the context of creating a diversified portfolio and taking into account their specific profile.

Belfius Equities CLIMATE can of course be purchased both in branch offices and online via Belfius Direct Net, Belfius Mobile or Belfius Tablet. Last year at Belfius, one in three investment funds was purchased via digital channels, a proportion which has risen to 40% since the end of 2018, half of which via smartphone or tablet.

For more information:
[Belfius.be/climat](https://www.belfius.be/climat)

About Belfius Bank and Insurance

Belfius Bank and Insurance is a well-established local bank-insurer, which carries out its commercial activities in Belgium in three main fields: retail and commercial banking, financial services to the public and corporate sector and insurance. With 150 years of experience in the public sector and 50 years in the retail client segment, Belfius Bank and Insurance is wholly owned by the Belgian State, via the Société Fédérale de Participations et d'Investissement (SFPI).

www.belfius.com

About CANDRIAM

CANDRIAM is a multi-specialist European asset manager, pioneer and recognised leader in responsible investment. CANDRIAM manages approximately €125 billion in assets⁵ and relies on a team of more than 500 professionals. The company has management centres in Luxembourg, Brussels, Paris and London and its account managers cover more than 20 countries on 4 continents. CANDRIAM offers innovative and diversified investment solutions in several key areas: bonds, equities, absolute return strategies and asset allocation. CANDRIAM is part of the New York Life group. New York Life Investments⁶ ranks among the world's leading asset managers⁷

www.candriam.be

About South Pole

With more than 300 specialists working in 18 offices across the world, South Pole is a leading provider of sustainable financing solutions and services. The company has been working for more than 10 years with numerous public and private organisations with the aim of speeding up the transition to a “climate-smart” society. South Pole has already implemented funding designed to benefit the climate,

⁵ As at 30 June 2019. Assets under management include assets which do not fall within the definition of “assets under regulatory management” as defined by the US Securities and Exchange Commission in the ADV Part 1A declaration.

⁶ New York Life Investments is an operational name used by New York Life Investment Management Holdings LLC and its subsidiary, New York Life Investment Management LLC. New York Life Investment Management LLC is a wholly-owned and indirect subsidiary of New York Life Insurance.

⁷ Source: New York Life Investments was ranked the 34th largest asset manager worldwide by Pensions & Investments on 5 June 2019. The ranking is based on the global total of institutional assets under management at the end of 2018. The assets of New York Life Investments include the assets of affiliated investment advisors.



helping bring over 700 projects to fruition in areas such as reducing emissions, green energy, energy efficiency and the sustainable use of land. In doing so, it takes practical action “for a better future tomorrow”. South Pole specialises in the financing of projects and technology, providing data and advice relating to the risks and opportunities involved in achieving sustainability. It also works in the development of environmental products, such as carbon credits and renewable energy. For more information, follow [@southpoleglobal](#)
southpole.com

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