Econopolis Sustainability Report

2024

ECONOPOLIS

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2 | Preface

2024 was another year of concrete steps forward. **We deepened our engagements with companies, refined our ESG analyses, and raised the bar on transparency and measurability.**

Our strategy is deliberately built around two clear and measurable objectives: contributing to the fight against climate change and addressing social inequality. These objectives complement our **comprehensive ESG analysis, which is an integral part of every investment decision.** We employ a combination of negative screening (for companies on the Norwegian Pension Fund's exclusion list), normative screening based on international standards (such as the principles of the UN Global Compact and the OECD guidelines), a best-in-universe approach where only companies with strong ESG scores are considered, and we take positions in controversial sectors such as oil and gas or coal, which are excluded.

This approach is paying off. By the end of 2024, 95% of our investments met at least one of our sustainability criteria. We held 39 green bonds and 17 social or sustainable bonds, and our thematic funds, such as Climate and Demographic Dynamics, are strongly aligned with the United Nations Sustainable Development Goals. These are not random outcomes, but the result of conscious choices at every stage of our investment process.

> **The damaging effects of global warming will have a major economic impact—at least, if we don't take action. A positive, solutions-oriented approach will lead us to a climate-neutral future.**
>
> *– Geert Noels in the "Climate Shock", founder of Econopolis*

In this report, we share more than just figures. **We demonstrate how our funds contribute to tangible impact** in areas ranging from investments in renewable energy and sustainable mobility to projects related to healthcare, education, and digital inclusion. Each example underscores our belief that **financial returns and responsibility can go hand in hand.**

We'd like to take this opportunity to thank our customers, partners, and colleagues for their trust and shared ambition. Together, we'll continue to build an economy that works for people, the environment, and future generations.

— The Econopolis team

3 Our products in numbers

17

SFDR Article 8 products. Of the 17 funds in our range.

39

Green bonds across all our funds

95%

of the positions across our Econopolis funds are sustainable investments according to the SFDR.

6

Funds with the “Towards Sustainability” label

17

Sustainable & social bonds across all our funds

89%

of the positions across our Econopolis funds are among the top 50% based on ESG score.

*Data from 31/12/2024

4 | Sustainability track record

2013

Launch of the first Econopolis fund with the application of **the Norwegian pension fund's exclusion list**

2015

The introduction of investment criteria based on **independent ESG ratings** for some funds

2019

Several of our funds received the prestigious **"Towards Sustainability" label** from Febelfin. These funds still retain this label.

Econopolis signed the **UN PRI**

2021

Expanding scope by **introducing ESG criteria based on independent ratings in all our funds.**

2022

All our funds have been granted Article 8 status under the SFDR. This means they **promote environmental and social characteristics** with a minimum proportion of sustainable investments with an environmental objective. This objective aims to **contribute to climate change mitigation.**

2024

An **increase in the mandatory minimum amount of sustainable investments** in our Article 8 products (SFDR)

Publication of our **Engagement & proxy voting policy**

5 | Sustainable investment policy

Our responsible investment policy is based on four distinct strategies. Together, these strategies provide the necessary confidence that investments are being made responsibly. In addition to these strategies, Econopolis also takes clearly defined positions on controversial activities. These strategies and positions are explained in more detail in the;

» Global Investment Policy

Negative selection

Some companies don't belong in a responsible investment portfolio. Therefore, we use **specific negative selection criteria** to filter out these companies. To achieve this, we follow the exclusion list of the global Norwegian pension fund.

Norms-based screening

The themes we use in our investment strategy are based on the book "Econoshock" by our founder, Geert Noels. In practice, this means we assess **companies based on the 10 principles of the UN Global Compact** and whether they comply with them. We also use the World Bank/IFC exclusion list and the OECD Guidelines for Multinational Enterprises.

ESG Integration

We integrate ESG factors into our investment decisions. To complement our own analysis and maintain an objective perspective, we have partnered with **Clarity AI, a leader in independent ESG research.** Clarity AI's research and the resulting ESG risk assessments are designed to help investors identify and understand financially material ESG risks.

Best-in-universe selection

Based on Clarity AI's ESG scoring methodology, we apply a best-in-universe selection strategy. **Only issuers whose ESG scores are in the top 75% of the entire universe are eligible for this strategy.** We also exclude companies involved in serious controversial incidents, as measured by Clarity AI's Controversy Score.

Positions on controversial activities

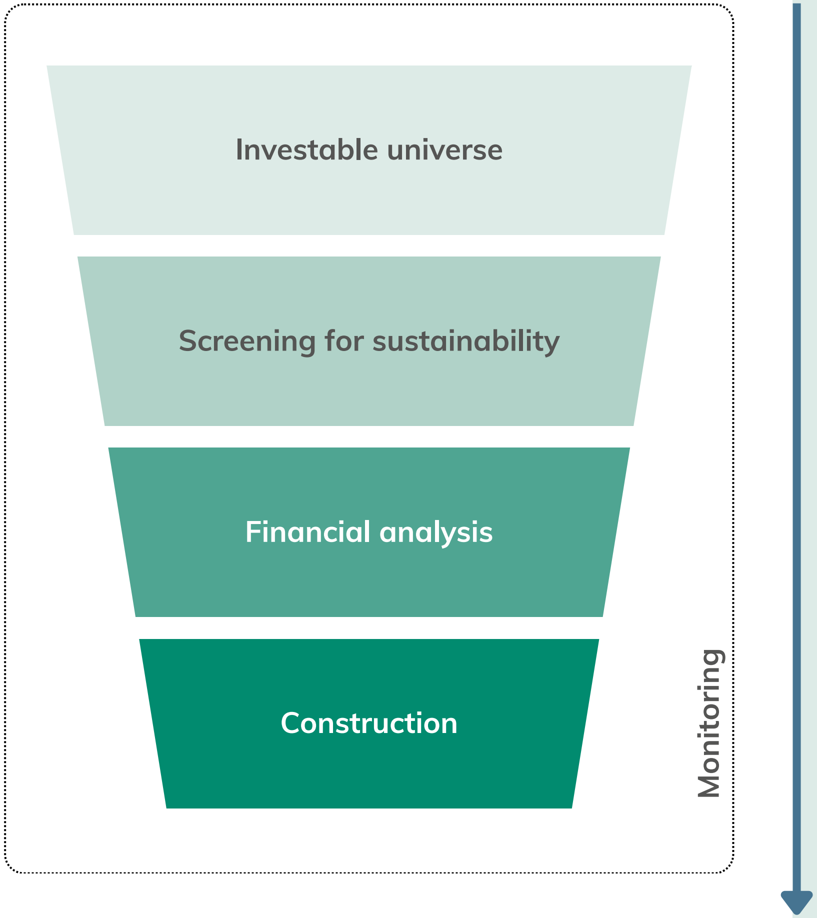
As a responsible investor, we expect companies in our portfolio to act in accordance with our commitment to the UN PRI and in compliance with existing laws and regulations, international humanitarian law, and international treaties, as well as standards for good environmental, social, and governance performance. **We have defined clear positions on a range of controversial activities.**

Integrating sustainability into our portfolio construction

Our investment approach combines financial objectives with sustainable ambitions. This begins with a broad investable universe, which is then **systematically filtered based on sustainability criteria.** In this step, we apply ESG screening, exclude companies with controversial activities, and avoid investments that are not aligned with our sustainability vision.

After the sustainability selection, we conduct a thorough financial analysis, examining factors such as profitability, balance sheet structure, and valuation. Only companies that are robust both in terms of sustainability and financials are considered for inclusion in the portfolio.

Finally, the portfolio is constructed. We apply principles such as diversification, timing, and leveraging momentum. This way, we build **a portfolio that not only pursues financial returns but also actively contributes to a more sustainable world.**



Integrating sustainability through the SFDR

The **Sustainable Finance Disclosure Regulation (SFDR)** is a European regulation introduced in 2019 to promote transparency in the sustainable investment market. Its aim is to provide a consistent framework for reporting on sustainability risks and reduce the environmental and social impact of investments. **The SFDR requires financial market participants to disclose information on how sustainability is integrated into their investment decisions.** Furthermore, funds are categorized according to their commitment to sustainability, resulting in different fund categories.

Article 6 funds	*Article 8 funds*	*Article 9 funds*
Article 6 products are products without explicitly defined sustainability objectives	This concerns products that promote ecological or social characteristics. These funds must report in detail on how these characteristics are promoted.	These types of products aim for sustainable investments. These funds must report on how they achieve sustainable investment goals and the impact they have.
No Econopolis funds are article 6.	**Status 2024:** All Econopolis funds were article 8.	**Ambition for 2025:** make our climate fund article 9.

6 | Measuring impact

As part of our sustainability ambitions, we demonstrate the impact of our investments using both environmental and social indicators. We do this using internationally recognized frameworks, such as the United Nations Sustainable Development Goals (SDGs), combined with specific measurement methods and objectives that align with our strategy.

For **environmental impact,** the focus is on companies' contributions to the **environment-related SDGs, the purchase of so-called use-of-process products** (where the proceeds are specifically used for sustainable projects), and **the company's CO_2 score.** This score helps us monitor the extent to which our investments align with our environmental objective, as established for our Article 8 products under the SFDR.

Social impact is measured through companies' contributions to **socially oriented SDGs and through the composition of boards of directors,** with a particular focus on gender diversity. This is also a key component of the social objective we pursue within our Article 8 products.

This approach allows us to focus on positive impact, promote transparency, and continue to contribute to the transition to a more sustainable and inclusive economy. The remainder of this document outlines our environmental and social impact efforts in 2024.

Targeted financing for sustainable impact

Within the sustainable finance universe, **use-of-process products (UoP)** occupy a prominent place. Unlike generic corporate bonds, where the proceeds are freely deployable, t**he funds from UoP products are explicitly allocated to predefined sustainable projects.** The most prominent categories are green bonds, social bonds, and sustainability bonds, which support environmental, social, or combined sustainable goals, respectively.

These instruments offer investors increased transparency and impact focus. The issuer contractually commits to allocating the proceeds to specific projects—such as investments in renewable energy, energy efficiency, sustainable transport, the circular economy, or social inclusion. A crucial element of UoP products is the comprehensive reporting requirement. This typically includes three core components:

Allocation reporting: the issuer reports how the funds raised have been allocated, including an overview by project category and, where possible, a geographical or thematic breakdown.

Impact reporting: In addition to financial allocation, the environmental or social impact of projects is also monitored and reported. Examples include avoided CO_2 emissions, increased renewable energy capacity (MW), improved energy efficiency, or the number of people who gained access to affordable housing or healthcare.

External validation: To ensure the credibility and integrity of the instrument, a Second Party Opinion (SPO) is often requested upon issuance. This independent assessment evaluates compliance with principles such as the ICMA Green Bond Principles or Social Bond Principles.

Measuring impact through SDGs

Another way to visualize the positive impact of investments is by linking them to the United Nations **Sustainable Development Goals (SDGs)**. These seventeen goals form a global framework for sustainable development in social, environmental, and economic terms. By linking investments to specific SDGs, such as quality education (SDG 4), gender equality (SDG 5), or sustainable infrastructure (SDG 9), it becomes clear which societal challenges an investment helps address. **This increases transparency and allows for impact measurement in a standardized and internationally recognized way.** For investors, it offers a tangible benchmark for combining financial returns with a contribution to a more sustainable world.

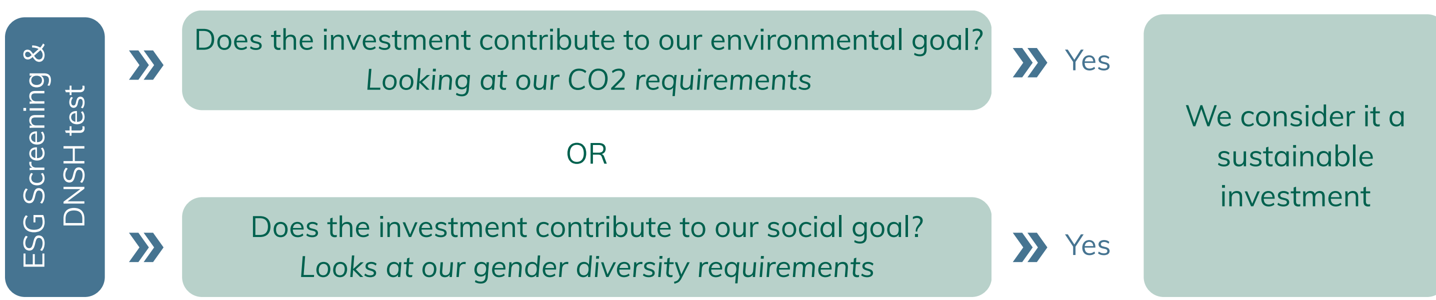
Within our investment strategy, we employ a thematic approach, with some of our funds focusing on a specific set of sustainable development goals. For example, our **Climate fund** focuses on investments that contribute to **climate-related SDGs**, such as SDG 7 (Affordable and Clean Energy), SDG 11 (Sustainable Cities and Communities), and SDG 13 (Climate Action). The goal is to mobilize capital for solutions that accelerate the energy transition and increase resilience to climate change.

Our **Demographic Dynamic fund**, on the other hand, focuses on **social SDGs**, such as SDG 3 (Good Health and Well-Being), SDG 4 (Quality Education), and SDG 5 (Gender Equality). By investing in sectors like healthcare, education, and inclusive technologies, we aim to contribute to a more just and inclusive society.

Impact through SFDR sustainable investments

Our sustainable investment strategy is explicitly built around **measurable environmental and social objectives.** An investment is considered sustainable if, after our initial extensive ESG screening, it contributes to at least one of these objectives. Furthermore, it must not detract from other environmental and social objectives (Do No Significant Harm – DNSH test).

Our environmental objective assesses whether a company ranks among **the top 50% in its sector in terms of CO_2 emissions**, which we measure using a CO_2 score from our ESG data provider. On a social level, we focus on **gender diversity**: companies must have a higher representation of women on their boards than the average for their investment region. These clear criteria allow us to determine whether an investment is sustainable. This approach ensures that our portfolio not only pursues financial returns but also makes a meaningful contribution to both the climate challenge and social equality.



7 | Walking the talk

Capital with a purpose: our impact-oriented bonds

At the end of 2024, our portfolio contained a total of 39 green bonds and 17 sustainable and social bonds. These **"use of proceeds" bonds** are explicitly labeled for projects with a positive environmental or social impact, such as renewable energy, sustainable mobility, or access to healthcare. **Within our Econopolis funds, these bonds represent a significant share,** as shown in the table below. According to MSCI research [1], bonds with a label (green, social, or sustainability labels) represent only 2.6% of the global bond market (as of the first half of 2024). For corporate bonds, this figure was slightly higher, with 6.2% of this market having a label. For government bonds, this was only 1.1%.

Funds	EM Government Bonds	Euro Bond Opportunities	Patrimonial Sustainable	Smart Convictions	Global bond market
% Use Of Proceeds*	31,5%	25,46%	16,37%	5,7%	2,6%

On the following pages, we present some concrete examples of green and social bonds from our bond and mixed funds, along with their contributions to specific Sustainable Development Goals (SDGs). The world map shows some issuers from which we hold use-of-proceeds bonds in our funds.

*Data from 31/12/2024

[1] MSCI (2024). Labeled Bonds Market Overview – H1 2024


GIMV
Immobel
Confinimmo
Leroy Seafood Group
Orsted
Iberdrola
Mexico
Entel
Serbia

Green bond

VGP is a Belgian **real estate company** focused on the development, construction, and leasing of logistics and semi-industrial real estate. The company primarily develops business parks in strategic locations close to major cities and transport hubs in Europe.

✓ Renewable energy projects

The proceeds from the bonds will go towards onshore and offshore renewable energy projects such as solar and wind, as well as hydrogen and geothermal projects.

✓ Certification of buildings

The proceeds were largely used for real estate developments with BREEAM “Very Good”, DGNB “Silver” and LEED “Silver” certifications, spread across Germany, Spain and the Czech Republic, among others.

✓ Contribution to the SDGs

Green bond

Iberdrola is a Spanish energy company and one of the largest utilities in the world. The company generates electricity primarily from **renewable sources such as wind and solar power**, and is active in both power transmission and distribution.

✓ Offshore wind projects

The proceeds from the bond we invested in were fully invested in offshore wind energy in the UK and Germany.

✓ Environmental impact

The projects funded by the green bond proceeds generated 821 GWh in one year and avoided almost 192,000 tonnes of CO2.

✓ Contribution to the SDGs

Social bond

The International Finance Corporation (IFC) is part of the World Bank Group and the largest **global development institution** focused on the private sector in emerging markets. IFC invests in companies and financial institutions in more than 100 countries to **combat poverty and promote shared prosperity through private investment.**

Social impact

IFC's social bonds are bonds whose proceeds are used to finance social impact projects in developing countries. These projects focus on themes such as **access to healthcare, education, housing** and financing, women's empowerment and **gender equality**, and support for SMEs and micro-enterprises.

Contribution to the SDGs

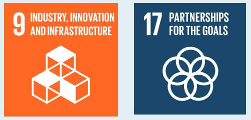
Social bond

Entel (Empresa Nacional de Telecomunicaciones S.A.) is a leading **telecommunications operator** in Chile and Peru. The company offers mobile and fixed telecom services, including internet, data, television, and digital solutions.

Digital inclusion

The proceeds from these social bonds will be used to improve **access to basic infrastructure**, particularly in rural areas and small towns with low population densities. This will be achieved through investments in fiber optic networks, 4G and 5G coverage, and the operation of network sites in remote regions. Entel also focuses on low-income urban neighborhoods without wired internet access by offering fixed wireless broadband services.

Contribution to the SDGs



With capital against climate change

The Econopolis Climate Fund has around 40 holdings that reduce or capture greenhouse gas emissions, grouped around six strategic clusters:

Renewable energy: using energy sources that can replace fossil fuels;

The circular economy: minimizing waste and maximizing resource efficiency to reduce environmental impact;

Food and land use, agriculture: promote sustainable agricultural practices and land management to protect biodiversity and reduce emissions;

Sustainable transport: reducing the CO_2 footprint through low-emission mobility solutions;

Sustainable buildings: improving energy efficiency and sustainability in the building sector to reduce emissions;

CO_2 capture: capturing and storing carbon dioxide to limit the effects of climate change.

✓ **Thematic equity fund**

Investing globally in companies that actively develop solutions in the fight against global warming

✓ **Diversified, both geographically and thematically**

Impact through investments in six strategic climate clusters

✓ **Towards Sustainability Label**

Demographic change as a driver for positive social impact

Our Demographic Dynamics Fund focuses primarily on companies that respond to **significant demographic changes** and thus contribute to structural social progress. The selected companies operate within themes that directly impact people's daily lives, such as medical care, sports and exercise, sustainable nutrition, and medical innovations. In this way, we support **a healthier, more conscious society.**

Themes such as urbanization, recreation, changing consumer behavior, and automation also play a significant role. These developments create opportunities for companies that offer inclusive solutions for growing urban populations or respond to the needs of a new generation of consumers in emerging markets.

✓ **Thematic equity fund**

The selected companies are active in sectors that benefit from demographic trends, such as medical innovation, sports & well-being, sustainable food, recreation, and automation.

✓ **Diversified, both geographically and thematically**

Impact through investments in three strategic clusters: **healthier, happier & longer lives**

Investing with meaning: the SDGs as a compass

Overall, the Econopolis Climate Fund is **89% aligned with the various SDGs.*** Investments in this fund achieved the greatest impact on SDGs 2, 5, 9, 12, 13, and 14.

The Econopolis Demographic Dynamics Fund is **92% aligned with the various SDGs*.** The greatest impact was achieved on SDGs 1, 3, 5, 7, 8, 9, 11, 12, 13, and 14.

When an investment is considered **"SDG-aligned,"** it means the company in question makes a **demonstrably positive contribution to one or more of the SDGs**. Our ESG data provider uses a dual approach: they consider the impact of the company's products and services (e.g., revenue from renewable energy or medical technology), and their operational performance (e.g., gender diversity, CO_2 emissions, or working conditions) compared to their peers.

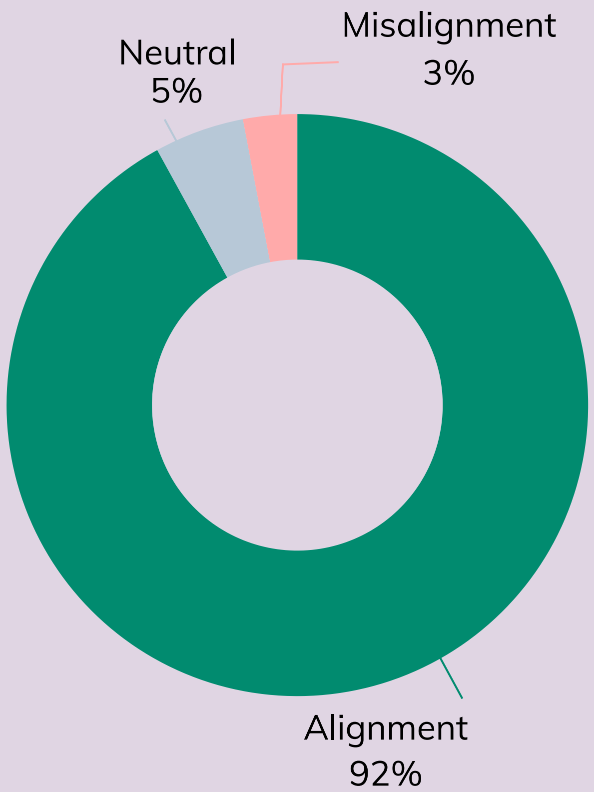
To be classified as "aligned," a company must either:

- make a substantial positive contribution through its turnover;
- be among the top 20% in its sector on at least three relevant operational sustainability indicators.

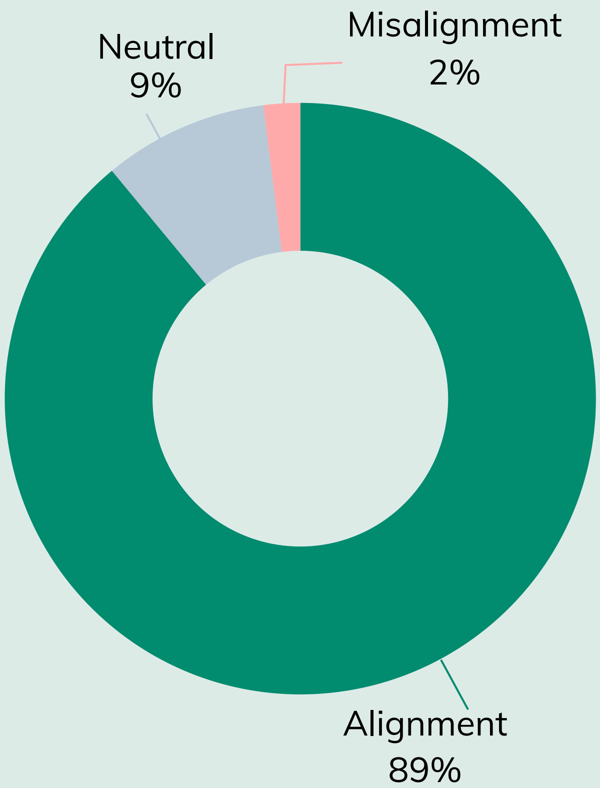
In addition, the company must also pass the "Do No Significant Harm" (DNSH) test: it may not cause serious harm to other SDG goals in any way, for example through serious environmental pollution, corruption or human rights violations.

*Data from 31/12/2024

Total SDG alignment Econopolis Demographic Dynamics Fund

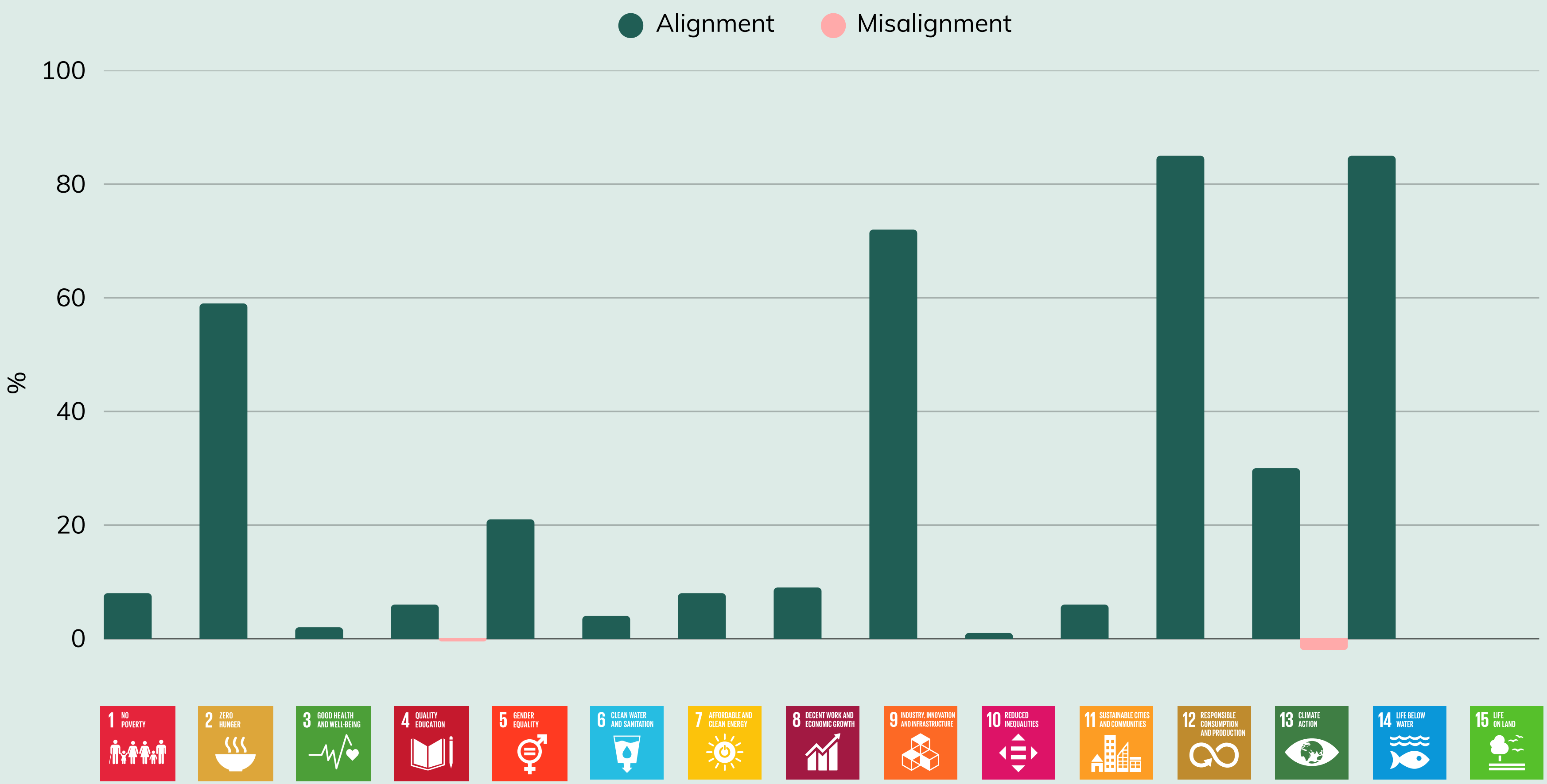


Total SDG alignment Econopolis Climate Fund



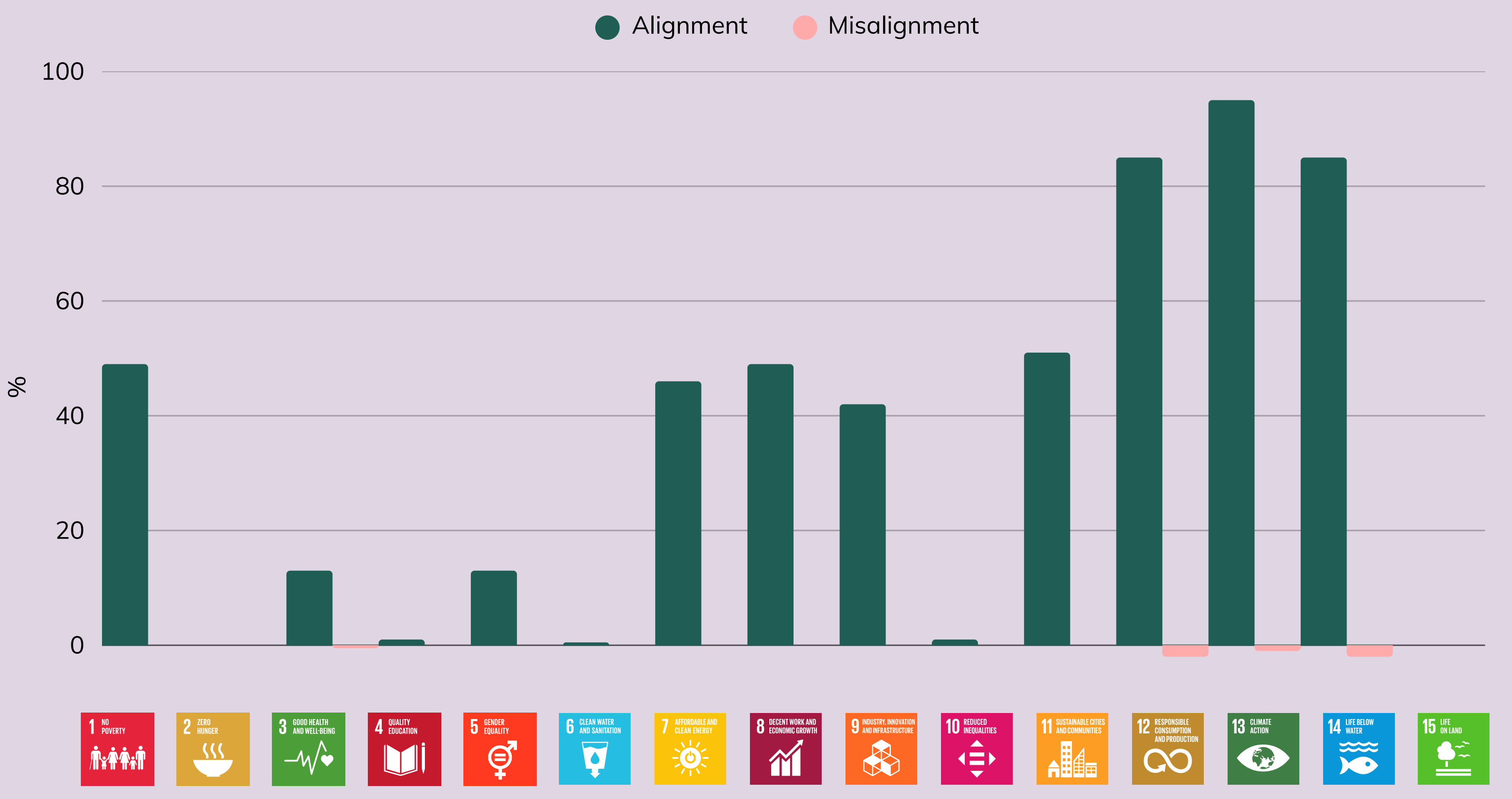
*Data from 31/12/2024

SDG alignment of the Econopolis Climate Fund by goal



*Data from 31/12/2024

SDG alignment of the Econopolis Demographic Dynamics Fund by goal



*Data from 31/12/2024

Impact through SFDR sustainable investments

Based on the tables on the following page, we can clearly demonstrate that our funds not only articulate their sustainable ambitions but also effectively deliver. **Each fund is assessed based on the percentage of investments that meet our sustainability criteria, which focus on two pillars:** strong CO_2 performance or above-average gender diversity on the board of directors. Furthermore, an investment is only eligible if it complies with the rest of our responsible investment policy, as explained in section 5 of this report.

The figures show that most funds score well above their minimum requirement. For example, **funds like Demographic Dynamics (98.9%), Belgian Champions (96.4%), Exponential Technologies (95.2%), and Sustainable Equities (95.4%) achieve exceptionally high scores,** meaning they are almost entirely comprised of SFDR sustainable investments.

The minimum threshold for bond funds is deliberately lower, because government bonds cannot legally count as a sustainable investment under the SFDR, unless they are use-of-process products.

*Data from 31/12/2024

SFDR sustainable investments of our bond and mixed funds

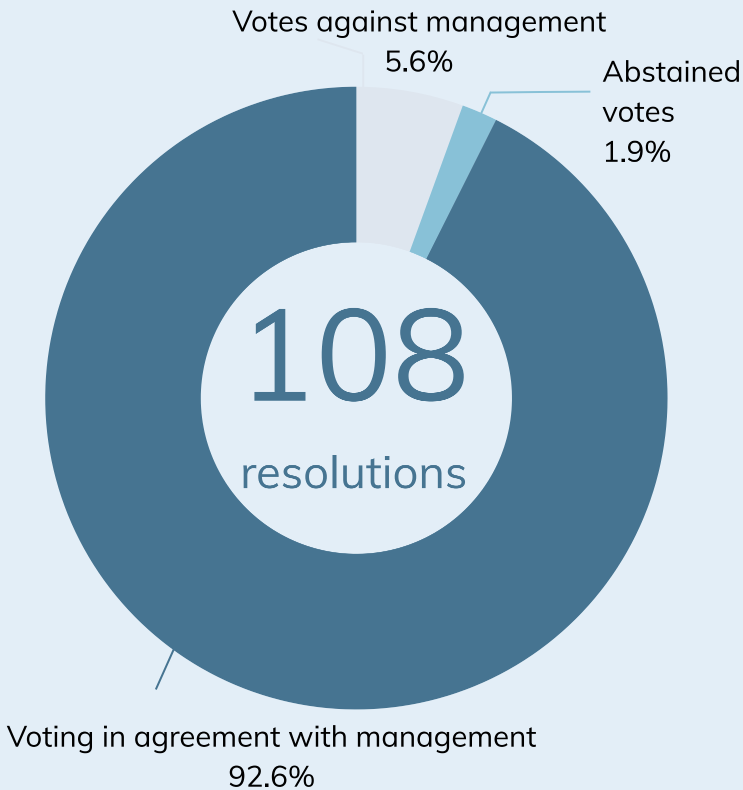
Funds	EM Government Bonds	Euro Bond Opportunities	Patrimonial Sustainable	Smart Convictions
% sustainable investments*	44%	67,7%	65,7%	69,8%
Minimum required percentage of sustainable investments	20%	60%	60%	60%

SFDR sustainable investments of our equity funds

Funds	Sustainable Equities	EM Equities	Belgian Champions	Exponential Technolgies	Climate Fund	Dempographic Dynamics
% sustainable investments*	95,4%	87,8%	96,4%	95,2%	87%	98,9%
Minimum required percentage of sustainable investments	75%	60%	75%	75%	75%	75%

*Date for 12/31/2024

8 | Engagement



In 2024, we voted at 10 annual general meetings, representing 108 resolutions. Econopolis exercised the voting rights associated with shares in six institutional portfolios. We voted against management 5.6% of the time. As stated in our engagement policy, **we vote against management when the company's decisions or governance practices conflict with our sustainable investment philosophy and ESG principles.**

» Engagement Policy

The companies we voted for in 2024 were spread across various sectors and regions. **We voted for companies in high-impact sectors, defined as industries with significant environmental, social, and policy risks.** These sectors are closely monitored for their potential impact on climate change, human rights, and sustainability. These include, among others, textile production, agriculture and fishing, mineral extraction, and other high-emission industries.

» Engagement Report

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