

## THE LABEL

# The Quality Standard for sustainable investing

The Quality Standard stipulates a set of portfolio and process level requirements. A financial product should at least fulfil these requirements to receive the label. They are a mix of exclusion, impact, engagement, transparency and accountability.

Independent supervision by the Central Labelling Agency (CLA) protects the integrity of the Quality Standard and the label.



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## Do not harm

We check whether the manager of the financial product does not use your money to invest in companies or governments that are involved in **activities and practices** that are generally considered as **very harmful**.

### ESG due diligence using the 'double materiality' perspective

Each investment is screened for its potential positive or negative impact on sustainability issues like nature, labour conditions and good governance (ESG). Additionally, the possible impact of sustainability events like climate change, social unrest or legal controversies on the performance of the investments, is analysed.

### We exclude certain sectors

No money for weapons, tobacco, coal, unconventional oil & gas and laggard oil & gas and electricity utilities.

### International norms and standards

Investee companies must not violate high-level normative frameworks like the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the ILO Conventions.



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## impact

the minimal requirement of 'do no harm', the product manager shall  
to invest in projects, companies or governments with a **positive**  
**to society**. This is done by following at least one of these **additional**

## Best-in-class or Best-in-universe

Investing in companies with the highest ESG ratings, overall, per industry, sector or region.

## Sustainability themed investing

Investing in companies or sectors related to a specific sustainability theme, e.g. clean energy, health, sustainable agriculture, diversity.

## Impact investing

Investing in companies or projects dedicated to creating concrete and measurable positive social or environmental impact through their products or services.

## Outperforming a benchmark

Building the investment portfolio in such a way that overall it scores better than a benchmark on one or more ESG indicators, e.g. carbon intensity.

## Overweighting and underweighting of positions

Underweighting investments with lower ESG scores and overweighting investments with higher ESG scores in the portfolio, relative to the product's benchmark.

## Engagement

Engaging in a dialogue with companies and/or exercising voting rights in the companies invested in.

However, following this strategy as the only additional strategy is not sufficient. For investments in the fossil fuel sector, engagement is mandatory.

## Solidarity or charity

Donating part of the return of the portfolio or of the management fees to a charity or a good cause.

However, following this strategy as the only additional strategy is not sufficient.

## Other strategy

Another way to favour more sustainable issuers in the selection process, if recognized by the CLA.



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## Transparency

Furthermore, the product manager needs to be transparent about its investment policies and publish on its website how and which harmful activities are avoided, and



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Impact is pursued. This will help you to determine if the policies product are **in line with your personal convictions**.



Quality Standard



Signatories commit that **all** products they market in Belgium as 'sustainable', have obtained or are in the process of obtaining the Towards Sustainability label. Of course, Signatories can also use other labels in addition to the Towards Sustainability label.

Becoming a Signatory is a **voluntary additional commitment** on the level of the product provider. It is not a requirement for obtaining labels for individual products.

## Text of the Quality Standard

Consult the full text of the new [2023 version of the Quality Standard](#) (QS23). This text consolidates and updates all previous versions and will come into effect in January 2024 for newly labelled portfolios and in June 2024 for currently labelled portfolios.

Consult the full text of [the original 2019 Quality Standard](#) (QS19) including all detailed criteria. Or [the technical document with the 2021 revisions](#) (QS21) to the original text. Currently, all labelled products are aligned with QS21.



## Have a financial product that needs labelling?

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