

Label Award and Withdrawal Procedure

*Internal regulation of the Central Labelling Agency of the Belgian SRI label vzw, adopted by the Board of Directors pursuant to Articles 26, 27 and 31 of its articles of association. Published upon adoption.
v1.0 — adopted by the Board of Directors on 11 September 2026; enters into force on 27 September 2026.*

1. Purpose, status and scope

1.1 This Procedure formalises the governance of the 'Towards Sustainability' label and the decision-making process for the award, extension, renewal and withdrawal of the label. It gives effect, at scheme level, to the requirements for certification schemes in Article 2(r) of Directive 2005/29/EC, as amended by Directive (EU) 2024/825, transposed in Belgium as Article I.8, 53° of the Code of Economic Law, in particular criterion (c) (procedures for non-compliance and for the withdrawal or suspension of the use of the label) and criterion (d) (objective monitoring of compliance by an independent third party).

1.2 This Procedure is adopted by the Board as an internal regulation pursuant to Articles 26, 27 and 31 of the articles of association of the CLA. It binds the bodies of the CLA. It binds applicants and label holders through the application letter and the Rules for Use of the Label, which refer to it. Its status as an internal regulation concerns its legal basis (Articles 27 and 31 of the articles of association), not its confidentiality: the Procedure is published on www.towardssustainability.be.

1.3 This Procedure applies to all applications, extensions and renewals and to all non-compliance measures from its entry into force (section 9). Where other process documents describe the decision-making differently, this Procedure prevails pending their alignment. This Procedure is without prejudice to the obligations of applicants, label holders and distributors under applicable law.

2. Definitions

Board — the Board of Directors (Raad van Bestuur) of the CLA.

Clarifying interpretation — an interpretation of a criterion of the Quality Standard adopted by the ELCO under section 4.4.

Change verification — the verification, limited to the changed elements of a labelled product, carried out under section 4.9.

CLA — the Central Labelling Agency of the Belgian SRI label vzw, also acting as Towards Sustainability Labelling Agency, 0730.567.475 RPR Brussels (Dutch-speaking division), the scheme owner.

Conditional award — an award under section 4.6, subject to conditions derived from the Verifier's findings, under a condition precedent ('ex ante' condition) or a condition subsequent ('ex post' condition).



ELCO — the Eligibility Commission established by the Board pursuant to Article 26 of the articles of association.

Findings — the results of the Verifier's monitoring activities — portfolio composition checks, ongoing exposure monitoring, review of the annual reporting and on-site audits — which are treated under section 5.

Grace period — the transitional mechanism for renewal applications under section 4.7.

Issues identified — the complete set of findings recorded by the Verifier in the underlying report, blocking or non-blocking (section 4.2).

Label holder — the entity to which a license to use the label has been granted.

License — the right, granted by the Board, to use the label for a specific product during the license period.

Objections Commission — the standing commission established by the Board pursuant to Article 26, first paragraph, of the articles of association, described in section 6.2.

PSC — the Partnership Screening Commission, the internal approval body of the Verifier.

QS — the 'Towards Sustainability' Quality Standard for sustainable and socially responsible financial products, as amended and consolidated from time to time.

Recommendations — non-binding suggestions for follow-up that do not condition the award; they may originate from the Verifier (section 4.2) or from the ELCO or the Board (section 4.5(f)).

Structural non-compliance — non-compliance within the meaning of section 5.3.

Temporary non-compliance — non-compliance within the meaning of QS section 5.4 and section 5.2 of this Procedure.

Verification assessment — the Verifier's conclusion on the compliance of a product with the QS in an application, extension, renewal, change verification (section 4.9), fast-track application (section 4.10) or grace-period re-verification (section 4.7) — 'compliant', 'compliant subject to conditions', 'not compliant' or 'unable to conclude' — together with the underlying report.

Verifier — the independent third party appointed by the Board to perform the verification and monitoring under the QS; currently the partnership of Forum Ethibel vzw, ICHEC Brussels Management School and the University of Antwerp, led by Forum Ethibel.

Verifier Agreement — the agreement between the CLA and the Verifier Consortium concerning the verification of compliance with the QS, as amended from time to time.

3. Governance structure and separation of functions

3.1 The CLA (scheme owner)

The CLA owns, publishes and maintains the Quality Standard and the label. It organises the application cycles and grants, extends, renews and withdraws licenses through its Board, within the limits of this Procedure. The CLA does not itself perform compliance assessments.

3.2 The Board of Directors

The Board is composed in accordance with Article 18 of the articles of association: at least half of the directors are independent of the financial sector, the number of financial-sector directors never exceeds the number of independent directors, and the chair is always an independent director. The Board decides in accordance with Article 19 of the articles of association, including the dual-group quorum and majority requirements and the abstention of conflicted directors. Within the scheme, the Board (a) supervises the CLA and the labelling process, (b) decides on changes to the QS on the proposal of the ELCO, and (c) takes the decisions provided for in sections 4.5, 5.5 and 6 of this Procedure, within the limits it sets. The Board receives, each cycle, the clarifying interpretations adopted by the ELCO (section 4.4) and, annually, a report on the Verifier's performance assessed on operational criteria (section 3.4).

3.3 The Eligibility Commission (ELCO)

The ELCO is established by the Board pursuant to Article 26 of the articles of association; its composition, competence and functioning are determined by this Procedure in accordance with Article 27. It consists of experts from the financial sector and independent experts from, among others, academia and civil society. The number of financial-sector experts never exceeds the number of independent experts, and the chair is always an independent expert. Members are appointed and dismissed by the Board for renewable terms of two years.

The tasks of the ELCO are to: (a) take note of the verification assessments and confirm that the process set out in sections 4 and 5 has been followed; (b) adopt clarifying interpretations of QS criteria in accordance with section 4.4; (c) develop and propose technical changes to the QS to the Board; and (d) advise the Board within the meaning of Article 26 of the articles of association, such advice consisting of the elements under (a) and (b). The ELCO does not perform, repeat or replace compliance assessments and cannot amend, overturn or substitute a verification assessment.

3.4 The Verifier

The Verifier is the independent third party appointed by the Board, which evaluates its performance annually on operational criteria — timeliness, quality of documentation and cooperation — that never concern the direction of assessment outcomes. It performs all monitoring of compliance with the QS through the verification layers of QS 5.3: the methodology screening, the portfolio composition checks, the ongoing exposure monitoring, the review of the annual non-compliance reporting, and the triennial on-site audits. Its assessments are prepared by analysts of Forum Ethibel and approved by the PSC, composed of four core members — two from Forum Ethibel and one each from ICHEC Brussels Management School and the University of Antwerp — which may invite ad hoc independent specialists. For specific checks, the Verifier may involve external auditors under its responsibility. The terms of the Verifier's engagement are set out in the Verifier Agreement, which is aligned with this Procedure. The Verifier identifies, in its published compliance documentation, the international standards on which its Internal Verification Framework is based (ISO 9001, ISO 19011, ISO/IEC 17021 and ISAE 3000). The internal

organisation of the verification is described in that compliance documentation, published on the CLA website together with the Verifier's identity; this Procedure governs only the interfaces between the Verifier and the CLA.

3.5 Separation and independence

- **Legal separation.** The CLA and the Verifier are distinct legal entities and undertakings. No person is simultaneously a member of a CLA body (Board or ELCO) and of the Verifier or its PSC.
- **Functional separation.** The Verifier alone assesses compliance with the QS; the CLA does not intervene in the Verifier's internal verification process and receives only the final verification assessments. The CLA bodies alone take the license decisions under this Procedure. Representatives of the Verifier may attend ELCO or Board meetings to present findings, but take no part in the deliberation or the vote (for the ELCO: the adoption of clarifying interpretations, proposals on the modality and deadline of conditional awards, proposals for changes to the QS, and procedural confirmations).
- **Communication routing.** Questions on a specific file — the reasons for a conclusion, the meaning of the issues identified, remediation, condition fulfilment, grace-period milestones — are answered by the Verifier. Questions on the scheme — the meaning of the QS and of clarifying interpretations, process, timing, fees, license administration, listing, use of the label and the internal review route — are answered by the Secretariat. Each party refers questions belonging to the other without expressing a view; recurring questions on the meaning of a QS criterion are treated under section 4.4. The Verifier explains its findings and the issues it has identified; it does not provide pre-application design advice and does not interpret the QS. The CLA does not comment on the substance of individual files.
- **Independence from applicants and label holders.** The Verifier applies documented conflict-of-interest and escalation procedures, and every assessment is subject to four-eyes approval by the PSC.
- **Financial independence.** Applicants and label holders pay fees to the CLA only, as fixed in advance in the Process & Fees document, payable irrespective of the outcome and non-refundable, also where the label is not awarded; the sole payment made directly to the Verifier is the reimbursement, at cost and on the basis of an estimate communicated in advance, of the travel and accommodation expenses of on-site audits, as set out in the Process & Fees document. The Verifier is remunerated by the CLA on an activity basis — per application, product, check and meeting — fixed in advance and independent of the conclusions of its assessments.

4. Award procedure (initial award, extension and renewal)

4.1 Application and admissibility

Applications, extensions and renewals are submitted to the CLA via the User Portal, in accordance with the Process & Fees document and the application package (conformity matrix, supporting documents and signed application letter). The Secretariat records the

application, invoices the fee and transfers the complete package to the Verifier; it performs no completeness or content review. Labels are awarded four times per year and, in the cases of section 4.10, outside the regular cycles; each awarding cycle consists of a three-month application phase and a three-month verification phase, the verification phase being six months in a renewal cycle. The detailed cycle calendar and the license validity periods are set out in the Process & Fees document (sections 'Application and awarding timing' and 'Label license validity'), which prevails for dates. An applicant may withdraw its application under the conditions and with the fee consequences set out in the Process & Fees document.

4.2 Verification

The verification is the Verifier's internal process, conducted in accordance with QS 5.3: verification of completeness of the package, methodological screening and dialogue with the applicant, risk-based portfolio screening and, where scheduled, the on-site audit, concluded by PSC approval. The CLA does not intervene in this internal process and receives only the final, PSC-approved verification assessments once the verification is complete. Each assessment of an application, extension, renewal, change verification (section 4.9), fast-track application (section 4.10) or grace-period re-verification (section 4.7) concludes 'compliant', 'compliant subject to conditions', 'not compliant' or 'unable to conclude' and is transmitted, together with the underlying report, to the Secretariat for the attention of the ELCO. The verification assessment is the statement of one of the four conclusions; the underlying report contains at least: the identification of the product, the applicant and the cycle; the verification steps performed; the outcome per QS criterion; the findings and supporting evidence; the complete list of issues identified, blocking and non-blocking; for a conditional conclusion, the conditions, their non-structural qualification where applicable and, where the Verifier deviates from the default of section 4.6, a recommended deadline; for a negative or inconclusive conclusion, the grounds; any recommendations; and the date of PSC approval. Where the assessment concludes 'compliant subject to conditions', it identifies the outstanding issues, formulates the corresponding conditions with a recommended fulfilment deadline, and states whether the Verifier qualifies them as non-structural (administrative or organisational). The Verifier's monitoring activities — portfolio composition checks, ongoing exposure monitoring, review of the annual reporting and on-site audits — produce findings, which are treated under section 5 and do not take the form of one of the four conclusions. The report may also contain recommendations: non-binding suggestions for follow-up that do not condition the award and are distinct from the issues identified; the applicant or label holder is expected to note and follow them up, and the Verifier reviews that follow-up at the next extension or renewal.

4.3 ELCO treatment of verification assessments

Step 1. The ELCO takes note of each verification assessment.

Step 2. Where the assessment is 'compliant', the file proceeds to the Board (section 4.5).

Step 3. Where the assessment is 'compliant subject to conditions', the ELCO takes note and may propose to the Board the modality (condition precedent or condition subsequent) and

the deadline, within the limits of section 4.6; the file proceeds to the Board (section 4.5). The ELCO cannot alter the substance of the conditions, which follow from the Verifier's findings; where it considers different or additional conditions warranted, Step 6 applies.

Step 4. Where the assessment is 'unable to conclude' because of ambiguity of a QS criterion, the ELCO adopts a clarifying interpretation (section 4.4), and the file follows Step 6. Where the inability results from any other cause — such as insufficient information, unavailability of data or lack of cooperation — the ELCO takes note and the file proceeds to the Board (section 4.5); no award is possible, the notification states, on the basis of the assessment, which elements are missing, and the application may be extended to a next cycle once those elements are available.

Step 5. Where the assessment is 'not compliant', the ELCO takes note and the file proceeds to the Board (section 4.5). Only where the negative conclusion turns on a QS criterion whose interpretation is genuinely open may the ELCO instead adopt a clarifying interpretation, in which case the file follows Step 6.

Step 6. The Secretariat transmits the clarifying interpretation to the Verifier, which re-evaluates the application against the clarified criterion. The re-evaluation is performed exclusively by the Verifier and results in a new verification assessment, of which the ELCO takes note; the file then proceeds to the Board. No more than one re-evaluation round takes place per application per cycle. A clarifying interpretation adopted in that round may concern several criteria and applies to all comparable applications in the cycle (section 4.4(c)), which are re-evaluated in the same round.

Step 7. The final verification assessment, the minutes of the ELCO and any clarifying interpretation are forwarded to the Board.

4.4 Clarifying interpretations

A clarifying interpretation: (a) is formulated at the level of a QS criterion, in general and prospective terms; (b) never directs the outcome of an individual application; (c) applies equally to all comparable applications in the same and subsequent cycles; (d) is adopted by the ELCO by simple majority of the members present, the chair having a casting vote; (e) is recorded, dated and numbered in the Interpretations Register kept by the Secretariat, which continues the Guidance document previously shared with applicants and label holders; (f) is communicated to applicants and label holders and published at the latest through its integration into the next consolidated version of the QS; and (g) is thereby taken into account in the next revision of the QS. A clarifying interpretation may also be requested by the Verifier, in particular where the same interpretation question arises across a significant number of files (section 4.7); the request and its treatment are recorded in the Interpretations Register.

The Board receives, each cycle, an extract of the Interpretations Register with the interpretations adopted. It may give general and prospective guidance on the principles and objectives underlying the QS, which the ELCO takes into account in future interpretations. The Board does not intervene in a pending interpretation question, and adopted interpretations — and the assessments and awards concluded under them — are not

reopened. Where the ELCO considers that a question exceeds the interpretation of a criterion and touches the principles or scope of the QS, it may refer the question to the Board; the referral neither suspends the cycle, the affected files being concluded on the QS as it stands, nor adds a re-evaluation round, and the Board answers under the constraints of this section and through the Register, or by way of a proposal to revise the QS.

The Secretariat monitors, at aggregate criterion level, the consistency of assessment outcomes over time, as an input to clarifying interpretations and to the revision of the QS. This monitoring does not evaluate individual assessments, whose conclusions are not steered.

4.5 Board decision

(a) Where the final verification assessment is 'compliant', the Board awards the license, with effect on the cycle's publication date or on a deferred date (for instance upon the launch of the product or on the effective date of a merger, section 4.9). The Board may refuse the award or postpone the file to a subsequent cycle only on the following grounds: (i) the fee has not been paid (Process & Fees); (ii) fraud or material misrepresentation in the application; (iii) an unresolved breach of the Rules for Use of the Label by the applicant; (iv) a procedural irregularity in the verification, in which case the Board remits the file to the Verifier; or (v) a legal impediment, such as applicable sanctions or an order of a court or supervisory authority. The ground relied on is recorded in the minutes. The Secretariat screens for grounds (i) and (v); indications of ground (ii) are reported by the Verifier in its findings; ground (iii) follows from the CLA's records.

(b) Where the final verification assessment is 'compliant subject to conditions', the Board decides on a conditional award in accordance with section 4.6, setting the modality and the deadline. A conditional award requires the applicant's written acceptance; if the applicant declines it, the application is referred to a subsequent cycle.

(c) Where the final verification assessment is 'not compliant', no license can be awarded; the Board takes note of the assessment and confirms the refusal. The applicant is notified with a summary of the reasons, and the application may, at the applicant's request, be extended to a next cycle. The applicant is invited to re-apply and may contact the Verifier for clarifications on the issues identified in its assessment; those issues serve as the starting point for the re-application.

(d) The Board does not re-assess compliance with the QS and cannot award a license in the absence of a positive final verification assessment. In its decision-making the Board safeguards the integrity and the consistency of the awarding process.

(e) The conflict-of-interest rules of Article 19 of the articles of association and of section 8 of this Procedure apply.

(f) The ELCO may propose, and the Board may include in the notification, recommendations inspired by the spirit of the QS. Such recommendations are labelled as scheme-owner recommendations, distinct from the Verifier's findings; they are non-binding and are never treated as conditions of the award, its extension or its renewal. Where a scheme-owner

recommendation recurs across applications, it is converted into a clarifying interpretation (section 4.4) or a proposal to change the QS, and does not become an informal criterion.

4.6 Conditional awards

A conditional award is available only where the final verification assessment concludes 'compliant subject to conditions'. The conditions: (a) derive exclusively from, and are traceable to, the findings of the verification assessment; (b) are objectively verifiable; (c) are bound to a deadline set in the award decision; and (d) may not add requirements beyond the QS. The conditions are formulated exclusively by the Verifier in its verification assessment. Unless the assessment states otherwise, the fulfilment deadline is the end of the following cycle; the Verifier recommends a specific deadline only where it deviates from that default. The ELCO may propose the modality and the deadline (section 4.3, Step 3); the Board sets both in its award decision, whereby the deadline may not be later than the applicable default or the deadline recommended by the Verifier, unless the Verifier endorses the longer period. Neither the ELCO nor the Board amends the substance of the conditions; where different or additional conditions appear warranted, the clarifying-interpretation route of section 4.3 applies. The applicant's written acceptance of the conditional award is required; if the applicant declines, the application is referred to a subsequent cycle.

(a) Condition precedent ('ex ante' condition). The conditions must be fulfilled before the award takes effect. Upon the Verifier's confirmation that the conditions have been fulfilled within the deadline, the award takes effect under the original Board decision. If the conditions are not fulfilled within the deadline, the award lapses and the application is referred to a subsequent cycle. The product is entered on the public list of labelled products only once the award has taken effect.

(b) Condition subsequent ('ex post' condition). The license takes effect immediately; the conditions must be fulfilled by the deadline. This modality is available only where the Verifier has qualified the outstanding issues as non-structural (administrative or organisational). If the conditions are not fulfilled within the deadline, the license lapses automatically under the original Board decision and the effects of a withdrawal (section 5.5(b)) apply.

Non-structural issues are those that carry a low risk of conflicting with the concept of sustainable investing, of misleading investors or of endangering the credibility of the label – illustratively: the updating of prospectus or precontractual documentation at its next scheduled revision; the publication or alignment of required transparency information; the formalisation of an internal procedure that is already applied in practice; the completion or correction of reporting templates or of immaterial data inconsistencies in the application file; or the confirmation of an organisational responsibility already exercised. Issues affecting the substance of the sustainable investment strategy, the exclusion or do-no-harm requirements, or the composition of the portfolio are never non-structural. The qualification is made exclusively by the Verifier.

The fulfilment of conditions is verified exclusively by the Verifier: the applicant or label holder contacts the Verifier to have fulfilment confirmed, and the Verifier confirms the outcome to the Secretariat. That confirmation is self-executing under the original Board

decision: no further deliberation of the ELCO and no further decision of the Board are required. Conditions, deadlines and outcomes are recorded in the register (section 4.8); the applicant or label holder is notified and may request an internal review of a lapse (section 6). At the end of a grace period, only the condition subsequent is available (section 4.7). In practice, the condition precedent is suited to initial applications; at a renewal, the condition subsequent and, for broader issues, the grace period avoid any interruption in the labelling.

4.7 Grace period for renewals

Where a renewal verification concludes 'not compliant' — for instance for administrative or organisational reasons, or following a revision of the QS — the Board may grant a grace period. A grace period is available for renewal applications only, never for initial applications, and at most once per product per renewal.

A grace period is granted upon a formal written commitment of the label holder, submitted by the deadline set for the cycle, that (a) covers all issues identified in the verification assessment and (b) sets out the intended approach and timeline for resolving them. The Secretariat confirms that these elements are present; where an element is missing, the label holder is invited to complete the commitment within the deadline. No further evaluation of the commitment takes place at this stage: the substance of the approach is assessed by the Verifier at the action-plan milestone. The grant is confirmed by the Secretariat on behalf of the Board; the Secretariat reports each confirmation at the next Board meeting and refers incomplete or doubtful commitments to the Board or the Objections Commission (section 6.2). Without a conforming commitment, no grace period is granted and the withdrawal of the label takes effect on the date set for the cycle.

The grace period runs in principle for one cycle (approximately three months). For a renewal following a revision of the QS, the Board may instead set a published milestone schedule for the cycle: formal commitment, action plan to the Verifier, documentation to the Verifier and full resolution, each with its own deadline.

During the grace period the product keeps the label and remains on the published list of labelled products; the CLA does not communicate externally about individual products in a grace period. The fulfilment of the commitment and of each milestone is verified exclusively by the Verifier. The grace period ends with a re-verification by the Verifier, concluded like any verification assessment (section 4.2).

Where the concluding assessment is 'compliant', the label continues until the next renewal. Where it is 'compliant subject to conditions' — available at this stage only where the Verifier qualifies all outstanding issues as non-structural (section 4.6) — the label continues under a condition subsequent by operation of this Procedure: the condition precedent modality is not available after a grace period, as it would amount to a further grace period. The deadline is set by the Verifier in its assessment and does not exceed 1 month; the label holder's written acceptance is required, failing which the withdrawal takes effect; fulfilment is confirmed in accordance with section 4.6. This conditional continuation is available once: an unfulfilled condition leads to the automatic lapse of the license with the effects of section 5.5(b), without any further conditional continuation. Where the concluding assessment is

‘not compliant’ or ‘unable to conclude’ — including where outstanding issues are not qualified as non-structural — the label is withdrawn automatically at the end of the grace period, or on failure of an intermediate milestone, under the original decision and without further deliberation; no additional grace period can be granted, and the label holder may re-apply for the product in a future cycle.

Before a milestone or the grace deadline expires, the Board — or the Secretariat under its delegation — may extend it once, by at most 1 month, where the Verifier confirms that the outstanding items are non-structural and that completion is imminent. Extensions are prospective only: after expiry, no extension and no reversal of the outcome is possible.

Where the Verifier establishes that the same issue affects a significant number of products in a renewal cycle, in the Verifier’s judgment, it reports this to the CLA. Where the cause is ambiguity of a QS criterion, the ELCO adopts a clarifying interpretation on the Verifier’s request (section 4.4) and the Verifier re-evaluates all affected files against it. Where the cause is a systemic, non-structural impediment outside the label holders’ control, the Board may, on the basis of the Verifier’s report, extend the relevant milestone or deadline for all affected products in the cycle for a defined period; such an extension is general, prospective and published. Neither instrument permits keeping an individual product labelled against the Verifier’s conclusion.

4.8 Notification, license and register

4.8.1 Notification. Decisions are notified to the applicant within 10 working days. The notification refers to the internal review possibility of section 6 and states, depending on the outcome: for an award, the listing of the product and any recommendations to follow up; for a conditional award, the conditions, the modality, the deadline, the way to have fulfilment confirmed by the Verifier (section 4.6) and any recommendations; for a refusal, a summary of the reasons, the issues identified to be resolved, the invitation to re-apply and the possibility to contact the Verifier for clarifications on the issues identified (section 4.5(c)).

4.8.2 License. A positive decision grants a license with effect from the award decision or, for a conditional award under a condition precedent, from the moment the award takes effect. The initial license period runs until the following 30 June and can accordingly last between approximately nine and eighteen months depending on the awarding cycle; thereafter, license periods run from 30 June to 30 June, as set out in the Process & Fees document, which prevails for the calendar. Each annual period is extended upon the light verification of an extension application, limited to (a) the notification of any material changes to the investment policy that may affect compliance with the QS and (b) the KPIs on the annual performance requirements of the QS; no full application package is required, and the license lapses where no extension application is made. Every second year, a full renewal application is required, where applicable against the QS version then in force. All compliant products in a cycle receive the label simultaneously and are entered on the public list of labelled products; where a product has not yet been launched, its listing is deferred until launch and the label holder informs the CLA of the launch date.

4.8.3 Register. The Secretariat keeps an internal register of all decisions taken under this Procedure, including conditions, deadlines and their outcomes (the decision register). The decision register is internal; the public transparency instruments are listed in section 7.1.

4.9 Changes to a labelled product

The label holder notifies the Secretariat of any change to a labelled product in accordance with the Rules for Use of the Label and, for planned changes, at the latest when investors are informed. Administrative changes that cannot affect compliance with the QS — such as a change of name, the addition of share classes, or a change of administrator or depositary — are recorded in the register and the public change log; no verification takes place and the license continues. All other changes — in particular a merger or restructuring, a change of management company, or a change to the prospectus affecting the investment policy, the sustainability methodology, exclusions, benchmark or data providers — are transferred to the Verifier for a change verification limited to the changed elements, treated in the next awarding cycle or, at the label holder's request, by fast track (section 4.10), and concluded in accordance with section 4.2.

Where the labelled product continues to exist, the license continues pending the conclusion, at the latest until the end of the following cycle, provided the change was notified before it took effect; a compliance-relevant change implemented without prior notification is treated under section 5. Where the conclusion is 'compliant', the license continues unchanged; where it is 'compliant subject to conditions', section 4.6 applies under the condition subsequent only; where it is 'not compliant', the label holder may abandon or adjust the change before it takes effect, failing which section 5.5 applies from the effective date; where no conclusion can be reached for reasons attributable to the label holder, the change is treated as 'not compliant'.

Where a labelled product is to be absorbed into another product, the license ends with the absorbed product on the effective date of the merger. The successor product may apply for the label, in a regular cycle or by fast track, with effect from the merger date (section 4.5(a)); the Verifier determines to what extent it relies on the verification of the absorbed product. The license passes to the successor only upon an award on a 'compliant' conclusion or a conditional award under a condition subsequent (section 4.6(b)), and the label may not be used for the successor before that award. To allow continuity, the label holder notifies a planned merger at least 3 months before its effective date. Exposures resulting from a merger are treated under section 5.2.

4.10 Fast-track procedure

Outside the regular cycles, an application may be verified and decided by fast track in the following cases only: (a) a product that replicates a portfolio already verified or labelled; (b) a change verification or a successor application under section 4.9, at the label holder's request. The fast track applies the same verification, report and conclusions as section 4.2; the Verifier determines to what extent it relies on the verification of the reference or absorbed product. The ELCO takes note of the assessment in writing. Where a clarifying interpretation is required, the ELCO may adopt it by written procedure within the fast-track

timing, in which case the target turnaround is extended accordingly; failing that, the file is transferred to the next regular cycle.

Under a standing delegation of the Board, the Chair of the Board or, in the Chair's absence, another independent director designated by the Board confirms the decision on behalf of the Board, bound to the assessment in accordance with sections 4.5 and 4.6; the confirmation is reported at the next Board meeting. Notification, listing, license period and register follow section 4.8. The target turnaround and the fee are set out in the Verifier Agreement and the Process & Fees document.

5. Non-compliance during the license period

5.1 Detection

Possible non-compliance may come to light through any of the verification layers of QS 5.3 or through the channels below; each source feeds into this Procedure as follows: (a) the methodology screening at application, extension or renewal feeds into the award flow of section 4; (b) the portfolio composition checks and the ongoing exposure monitoring feed into the temporary non-compliance regime of section 5.2, including the three-month divestment rule of QS 5.3 c), with escalation to sections 5.3 to 5.5 where the non-compliance is not remedied; (c) the review of the annual reporting of cases of temporary non-compliance and of the corrective measures taken under QS 5.3 d) and the light verification of the annual extension application (section 4.8.2) are desk reviews by the Verifier, and any non-compliance they reveal is treated under sections 5.2 to 5.5; (d) the findings of the triennial on-site audit, which concern the manager's organisation, feed into the formal-notice route of section 5.5(a); and (e) changes to a labelled product notified under section 4.9 and the Rules for Use of the Label are handled under section 4.9, and third-party complaints (section 7.3) are referred to the Verifier for assessment. The outputs of the monitoring layers under (b) to (d) are findings within the meaning of section 2.

5.2 Temporary non-compliance

Temporary, non-structural non-compliance is handled in accordance with QS 5.4: changes at the initiative of the manager benefit from a three-month period to restore compliance; non-compliance of specific assets beyond the manager's control is addressed through documented corrective measures aimed at re-establishing compliance as soon as reasonably possible; and exposures whose compliance with the QS cannot credibly be explained must be divested as soon as possible and in any case within three months (QS 5.3 c)). Temporary non-compliance does not lead to withdrawal of the label. It is recorded by the label holder and reported annually.

5.3 Structural non-compliance

Structural non-compliance exists where: (a) non-compliance is not remedied within the applicable period; (b) breaches are recurring or systemic; (c) the label holder refuses to cooperate with the monitoring, including access to data or to the on-site audit; (d) the application or the reporting contained fraud or material misrepresentation; (e) the label is

seriously misused or the Rules for Use of the Label are seriously breached; or (f) material changes were not reported in accordance with the Rules for Use of the Label.

5.4 Procedure

Step 1. The Verifier draws up a non-compliance assessment stating the findings, the QS criterion concerned and the evidence. The assessment is approved by the PSC and transmitted to the Secretariat and to the label holder.

Step 2. The label holder may respond in writing within 20 working days and may submit a remediation plan. The Verifier evaluates the response and, where applicable, the plan, and confirms, adjusts or withdraws its assessment.

Step 3. The ELCO treats the confirmed assessment in accordance with section 4.3, applied mutatis mutandis.

Step 4. The Board decides in accordance with section 5.5.

5.5 Measures

Depending on the nature, duration and impact of the non-compliance and on the cooperation of the label holder, the Board decides, in the following ascending order unless the seriousness of the case justifies immediate withdrawal:

(a) Formal notice. The label holder implements a remediation plan within a deadline of at most three months, extendable once with the endorsement of the Verifier; in urgent cases the Board sets a shortened deadline of 10 working days. Restored compliance is confirmed by the Verifier. Where compliance is not restored within the deadline, the Board decides on withdrawal.

(b) Withdrawal. The license is withdrawn. New use of the label ceases immediately; the label is removed from websites and other digital materials within 10 working days, from precontractual and printed documents at their next scheduled revision and at the latest within 3 months, and distributors are informed within 5 working days. The product is removed from the public list of labelled products and the change is recorded in the public change log (section 7.1). A new application for the same product is possible only in a subsequent regular cycle and after the cause of the withdrawal has been remedied and re-verified.

These periods define the point from which the CLA treats continued use of the label as a breach of the Rules for Use of the Label. They are without prejudice to the label holder's obligations under applicable law — in particular the prohibition on displaying a quality mark without the necessary authorisation and the requirements on the accuracy of pre-contractual information and marketing communications — which may require earlier removal or correction; assessing and meeting those obligations is the label holder's responsibility.

(c) Immediate withdrawal. In cases of fraud or of a manifest serious breach, the Board may withdraw the license without a prior formal notice, provided that the label holder is heard

within 15 working days and that the Board thereafter confirms, adjusts or revokes the measure. The effects of point (b) apply.

5.6 Proportionality and reasons

Every measure is reasoned and proportionate to the nature, duration and impact of the breach, is recorded in the minutes and is notified to the label holder with a reference to the internal review possibility of section 6.

5.7 Voluntary surrender

A label holder may surrender a license by written notice to the Secretariat. The Board acknowledges the surrender; the effects of section 5.5(b) apply from the date stated in the acknowledgment.

6. Internal review

6.1 An applicant or label holder may request an internal review of: a refusal or postponement based on section 4.5(a); a confirmed refusal following a 'not compliant' assessment, within the limits of section 6.3; the lapse of a conditional award (section 4.6); the automatic withdrawal at the end of a grace period (section 4.7); or a withdrawal, including an immediate withdrawal. The request is made in writing within 10 working days (two weeks) of notification and states, with reasons, why the decision rests on a misunderstanding on the part of the CLA or the Verifier.

6.2 The review is carried out by the Objections Commission, a standing commission established by the Board pursuant to Article 26, first paragraph, of the articles of association, composed of the Chair of the Board, the Chair of the ELCO and the Managing Director. Since the Chair of the Board and the Chair of the ELCO are always independent, a majority of the Objections Commission is independent of the financial sector. A member with a personal conflict of interest in a file is replaced by an independent director designated by the Board. The Objections Commission hears the requester and, where useful, the Verifier, and may consult the ELCO. The Secretariat refers incomplete or doubtful grace-period commitments to it or to the Board (section 4.7).

6.3 The review is limited to the correct application of this Procedure and to manifest error. No information may be added to the file that was not provided to the Verifier within the deadlines of the verification; the review is conducted on the file as it stood. The Objections Commission does not re-assess compliance with the QS. If it finds the verification procedurally flawed, it remits the file to the Verifier for re-evaluation; if it finds the decision-making flawed, it remits the file to the Board. Where a re-evaluation follows from the internal review, the Objections Commission confirms the resulting outcome on behalf of the Board, in the same bound manner as section 4.5, without a new treatment by the ELCO; the ELCO and the Board are informed at their next meetings.

6.4 The Objections Commission decides within 30 working days. Filing a request does not pause the contested decision: its effects, including removal deadlines, continue to apply

while the review is pending, unless the Objections Commission decides to freeze them. The outcome is recorded in the minutes and notified to the requester. The internal review is the final internal step and is without prejudice to recourse to the courts.

7. Transparency, publication and records

7.1 The CLA publishes on its website: the QS; this Procedure; the identity of the Verifier and the standards it applies; the Rules for Use of the Label; the Process & Fees document; the list of labelled products; a public log of changes to that list, stating the date of the change, the product(s) concerned and the general reason (for instance: withdrawal at the manager's request; withdrawal by the CLA for structural non-compliance; change of name; product inactive, liquidated or merged, with the license transferred or ended; label not renewed); and the Interpretations Register in the form described in section 4.4, presented in question-and-answer form. Of the registers kept under this Procedure, the product list, the change log and the Interpretations Register are public; the decision register (section 4.8.3) and the conflict-of-interest register (section 8.2) are internal.

7.2 The Secretariat retains the verification assessments, the ELCO minutes, the Board decisions and the outcomes of internal reviews for at least 5 years after the end of the license — or after the refusal — to which they relate.

7.3 Written complaints from third parties concerning a labelled product are referred to the Verifier for investigation. The outcome is handled in accordance with section 5. The complainant is informed that the complaint has been treated and closed.

8. Conflicts of interest

8.1 For the Board, Article 19 of the articles of association applies. In addition, a director with a professional link to an applicant or label holder in a given cycle abstains from the deliberation and the vote on that file.

8.2 ELCO members declare, at the start of each cycle, any interest in the applications on the agenda and abstain from the treatment of those files. Standing declarations are renewed annually. The register of declarations is kept by the Secretariat.

8.3 The Verifier applies its own documented conflict-of-interest and escalation procedures and reports to the Secretariat any conflict affecting a file.

9. Entry into force, transition and review

9.1 This Procedure is adopted on 11 September 2026 and enters into force on 27 September 2026; it applies to all decisions taken from that date, including applications pending in the current cycle.

9.2 The validity of licenses awarded before the entry into force is unaffected. All labelled products are in any event re-verified under this Procedure at their next extension or renewal.

9.3 This Procedure prevails over conflicting wording in earlier process documents pending their alignment (QS chapter 5, Process & Fees, Rules for Use of the Label and the application letter).

9.4 Grace periods running at the entry into force continue on their published milestone schedule; section 4.7 applies to their conclusion.

9.5 The Board reviews this Procedure at least every 3 years and upon each revision of the QS or relevant regulatory change.

