



PUBLIC RI REPORT

2021 PILOT

CANDRIAM

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About this report

The PRI Reporting Framework helps to build a common language and industry standard for reporting responsible investment activities. **Public RI Reports** provide accountability and transparency on signatories' responsible investment activities and support dialogue within signatories' organisations, as well as with their clients, beneficiaries and other stakeholders.

This **Public RI Report** is an export of the signatory's responses to the PRI Reporting Framework during the 2021 reporting period. It includes the signatory's responses to mandatory indicators, as well as responses to voluntary indicators that the signatory has agreed to make public.

The information is presented exactly as it was reported. Where an indicator offered a multiple-choice response, all options that were available to select from are included for context. While presenting the information verbatim results in lengthy reports, the approach is informed by signatory feedback that signatories prefer that the PRI does not summarise the information.

Context

In consultation with signatories, between 2018 and 2020 the PRI extensively reviewed the Reporting and Assessment processes and set the ambitious objective of launching in 2021 a completely new investor Reporting Framework, together with a new reporting tool.

We ran the new investor Reporting and Assessment process as a pilot in its first year, and such process included providing additional opportunities for signatories to provide feedback on the Reporting Framework, the online reporting tool and the resulting reports. The feedback from this pilot phase has been, and is continuing to be analysed, in order to identify any improvements that can be included in future reporting cycles.

PRI disclaimer

This document presents information reported directly by signatories in the 2021 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

Table of Contents

Module/Indicator	Page
Senior Leadership Statement (SLS)	4
Organisational Overview (OO)	9
Investment and Stewardship Policy (ISP)	29
Listed Equity (LE)	95
Fixed Income (FI)	124
Sustainability Outcomes (SO)	157

Senior Leadership Statement (SLS)

Senior leadership statement

Our commitment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S1	CORE	N/A	N/A	PUBLIC	Our commitment	GENERAL

- o **Why does your organisation engage in responsible investment?**
- o **What is your organisation’s overall approach to responsible investment?**
- o **What are the main differences between your organisation’s approach to responsible investment in its ESG practice and in other practices, across asset classes?**

At CANDRIAM we believe asset management has a key role to play in building a more sustainable future by channelling capital into projects that will ensure sustainable and inclusive growth.

We have considered responsible investment (RI) a key component of our fiduciary duty to our investors for over 25 years. We believe incorporating materially relevant sustainability factors and criteria into our investment decision-making process improves our ability to (a) effectively manage risk; (b) accurately assess intrinsic value; and (c) generate long-term returns and ensure sustainable outcomes.

Our commitment to RI starts with our name – CANDRIAM, which stands for “Conviction AND Responsibility In Asset Management”. Created by employees, our name embodies the belief in the long-term benefits of a responsible approach: as an active and responsible asset manager, we consider that the systematic integration of ESG dimensions is a necessary part of every investment strategy, across all asset classes.

To deliver on its RI philosophy, CANDRIAM has developed a unique value proposition based on three pillars, with 90% of our AUM incorporating elements of this ESG approach:

1. Systematic integration of materially relevant ESG criteria into our investments. We analyse the sustainable challenges issuers are facing as well as the responses they develop to address them. This leads our investment managers to select issuers that are better positioned to help accelerate the transition to a sustainable future. Our proprietary ESG models focus on how companies’ business activities contribute to solving global challenges whilst looking after all their stakeholders. Furthermore activities deemed unsustainable are excluded company-wide: thermal coal, tobacco, controversial weapons incl. chemical, biological and white phosphorus weapons, and gross violations of international norms.

2. Active stewardship – engagement and proxy voting – to help corporates and governments progress on their sustainability journey and express our disagreement when necessary. Direct dialogue is part of our ESG due diligence process and we have joined more than 50 collaborative initiatives.

3. Impact measurement and transparency. We aim to set clear objectives that measure the contribution of our investment to solving sustainability related challenges whilst delivering on the UN SDGs. We report on the impact of our investments in a transparent way enabling investors to assess their contribution through investing in our funds.

CANDRIAM also has ambitions to bridge the knowledge gap on ESG. Launched in 2017, the Candriam Academy (<https://academy.candriam.com/row/>) – the world’s first free-to-access training platform on RI – has now reached 6,000 members from 30 countries. CANDRIAM also established academic partnerships on ESG with leading institutions: Grantham Research Institute at LSE in the UK, Kedge BS in France, LUMSA in Italy, or UC Louvain and Vlerick Business School in Belgium.

Annual overview

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S2	CORE	N/A	N/A	PUBLIC	Annual overview	GENERAL

- o Discuss your organisation’s progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- o Reflect on your performance with respect to your organisation’s responsible investment objectives and targets during the reporting year. This might involve e.g. outlining your single most important achievement, or describing your general progress, on topics such as the following:
 - o refinement of ESG analysis and incorporation
 - o stewardship activities with investees and/or with policy makers
 - o collaborative engagements
 - o attainment of responsible investment certifications and/or awards

In 2020, CANDRIAM aimed at further strengthening its ESG commitments, notably focusing on the following key areas:

ESG Disclosure

CANDRIAM took the opportunity of EU SFDR to reaffirm its leadership in ESG, disclosing in detail its ESG integration processes and defining new impact measurement indicators. As a result:

- 67 % of our AUM integrate transparent and detailed ESG characteristics within their investment processes or have an ESG objective.
- All our sustainable-marketed funds have two explicit objectives:
 - o Contribute to climate change mitigation in reference to the objectives of the Paris Agreement: product-specific indicators are defined relating to greenhouse gas emissions and how our products can deliver a significant reduction.

o Deliver an overall ESG score higher than their benchmark: based on CANDRIAM's proprietary ESG score, which analyses companies' contribution to addressing global sustainability challenges through their products & services, investment products focus on issuers that deliver a positive impact on addressing these challenges.

- 90% of our AUM follow CANDRIAM's company-wide exclusion policy.

ESG Investments

We launched new thematic equity strategies, including a strategy devoted to developing a more circular economy. This strategy invests in global companies contributing to recycling, replacement of raw material, repurposing of end-of-life products and rationalisation of resource use.

We also launched a private equity Impact strategy, allowing investors to gain exposure, via investment funds and co-investments, to companies whose performance is linked to the achievement of measurable social or environmental objectives.

Lastly, we accelerated the certification of our funds (LuxFlag, French SRI and Towards Sustainability labels).

Active Stewardship

We continued to engage with companies and exercise our voting rights in order to encourage improved corporate ESG disclosure, gain better knowledge as investors and influence corporate practices on ESG issues.

We contacted directly more than 200 companies, voted in over 1,200 AGMs, with a vote against management in at least 63% of these AGMs.

Over 2020, 3,721 companies were reached through collaborative dialogues we took part of, representing a total of 8,900 dialogues on various ESG topics.

ESG Governance

We strengthened governance and oversight of ESG matters within the firm. Part of it included establishing a Group Strategic Sustainability Committee (mainly composed of CANDRIAM senior executives) and a Sustainable Risk Committee to oversee our commitment to the PRI and the application of ESG considerations, not only in the investment process but across our organisation.

Sustainability @CANDRIAM

We apply to ourselves what we expect from the issuers we are investing in, constantly improving our longstanding CSR policies, with the ambition to remain at the forefront of market practices.

The "CANDRIAM Institute for Sustainable Development", created in 2017, uses 10% of net management fees earned on the CANDRIAM Sustainable sicav to promote a sustainable society by supporting initiatives in the following fields:

- ESG Education & Research: via the Candriam Academy and academic partnerships (see above)
- Social Inclusion and Community: various projects empowering underprivileged youth as well as solidarity initiatives addressing extreme poverty or community distress, especially in the wake of Covid
- International carbon reducing and circular projects

All details on CANDRIAM's CSR policies and Institute initiatives: csr.candriam.com

Next steps

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S3	CORE	N/A	N/A	PUBLIC	Next steps	GENERAL

What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

CANDRIAM intends to continue allocating capital to corporate and sovereign issuers supporting a faster transition to a more sustainable economy, through:

- Strengthening our value proposition:
 - Encourage clients to continue their transition towards fully integrating sustainability
 - Enhance ESG impact monitoring
 - Develop ambitious frameworks to integrate ESG thoroughly within alternative and illiquid investments
 - Continuously develop ESG policies
- Increasing the impact and measurement of active stewardship initiatives
- Facilitating access to ESG education and research for investors:
 - Expand the Candriam Academy (content, reach, community management).
 - Fund academic research on ESG through academic partnerships.

Endorsement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1 S4	CORE	N/A	N/A	PUBLIC	Endorsement	GENERAL

The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment.

Name Naïm Abou-Jaoudé

Position CEO

Organisation's name Candriam

© This endorsement is for the Senior Leadership Statement only and is not an endorsement of the information reported by CANDRIAM in the various modules of the Reporting Framework. The Senior Leadership Statement is simply provided as a general overview of CANDRIAM's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such, and is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions.

Organisational Overview (OO)

Organisational information

Categorisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	Signatory category	Multiple, see guidance	PUBLIC	Categorisation	GENERAL

Select the type that best describes your organisation or the services you provide.

(O) Fund management

(1) This is our only (or primary) type

(P) Fund of funds, manager of managers or sub-advised products

(2) This is an additional (secondary) type

(Q) Execution and advisory

(2) This is an additional (secondary) type

Subsidiary information

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries that are also PRI signatories in their own right?

- (A) Yes
- (B) No

Reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 3	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

Indicate the year-end date for your reporting year.

	Month	Day	Year
Reporting year end date:	December	31	2020

Assets under management

All asset classes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 4.1, OO 4.2	N/A	PUBLIC	All asset classes	GENERAL

What were your total assets under management (AUM) at the end of the indicated reporting year? Provide the amount in USD.

(A) AUM of your organisation, including subsidiaries US\$ 151,489,288,839.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only US\$ 20,107,556,299.00

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total assets under management at the end of your indicated reporting year.

Percentage of AUM

(A) Listed equity – internal	10-50%
(B) Listed equity – external	0-10%
(C) Fixed income – internal	50-75%
(D) Fixed income – external	0-10%
(E) Private equity – internal	0.0%
(F) Private equity – external	0.0%
(G) Real estate – internal	0.0%
(H) Real estate – external	0.0%
(I) Infrastructure – internal	0.0%
(J) Infrastructure – external	0.0%
(K) Hedge funds – internal	0-10%
(L) Hedge funds – external	0-10%
(M) Forestry – internal	0.0%
(N) Forestry – external	0.0%
(O) Farmland – internal	0.0%

(P) Farmland – external 0.0%

(Q) Other – internal, please specify: 0.0%

(R) Other – external, please specify: 0.0%

(S) Off-balance sheet – internal 0-10%

(T) Off-balance sheet – external 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds or investments.

	(1) Listed equity	(2) Fixed income	(6) Hedge funds
(A) Segregated mandate(s)	10-50%	50-75%	0-10%
(B) Pooled fund(s) or pooled investment(s)	50-75%	10-50%	>75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 LE	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your listed equity assets.

	(A) Internal allocation	(B) External allocation – segregated	(C) External allocation – pooled
(1) Passive equity	10-50%	0.0%	0.0%

(2) Active – quantitative	0-10%	0.0%	0-10%
(3) Active – fundamental	>75%	>75%	>75%
(4) Investment trusts (REITs and similar publicly quoted vehicles)	0.0%	0.0%	0.0%
(5) Other, please specify:	0.0%	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 FI	CORE	OO 5, OO 5.1	Multiple, see guidance	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your fixed income assets.

	(A) Internal allocation	(B) External allocation – segregated	(C) External allocation – pooled
(1) Passive – SSA	0-10%	0.0%	0.0%
(2) Passive – corporate	0-10%	0.0%	0.0%
(3) Passive – securitised	0.0%	0.0%	0.0%
(4) Active – SSA	10-50%	10-50%	10-50%
(5) Active – corporate	50-75%	>75%	50-75%
(6) Active – securitised	0.0%	0.0%	0.0%
(7) Private debt	0.0%	0.0%	10-50%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 HF	CORE	OO 5, OO 5.1	OO 9 HF, OO 10	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your hedge fund assets.

	(A) Internal allocation	(B) External allocation – segregated	(C) External allocation – pooled
(1) Multi strategy	0-10%	0-10%	>75%
(2) Long/short equity	10-50%	10-50%	0.0%
(3) Long/short credit	50-75%	0-10%	0.0%
(4) Distressed, special situations and event-driven fundamental	10-50%	10-50%	0.0%
(5) Structured credit	0.0%	0.0%	0.0%
(6) Global macro	0.0%	0.0%	0.0%
(7) Commodity trading advisor	0.0%	0.0%	0.0%
(8) Other, please specify:	0.0%	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2 OBS	CORE	OO 5, OO 5.1	N/A	PUBLIC	Asset breakdown	GENERAL

Provide a further breakdown of your off-balance sheet assets.

	(1) Money market	(2) Derivatives	(3) Cash, cash equivalents or overlays
(A) Internal allocation	>75%	0.0%	0.0%

ESG strategies

Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 LE	CORE	OO 5.2 LE	OO 6.1 LE, LE 13	PUBLIC	Listed equity	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity:

(A) Screening alone	0.0%
(B) Thematic alone	0.0%
(C) Integration alone	0.0%
(D) Screening and integration	50-75%
(E) Thematic and integration	0.0%
(F) Screening and thematic	0.0%
(G) All three strategies combined	25-50%
(H) None	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 LE	CORE	OO 6 LE	LE 8	PUBLIC	Listed equity	1

What type of screening is applied to your internally managed active listed equity assets?

Percentage coverage out of your total listed equities where screening strategy is applied

(A) Positive/best-in-class screening only 0.0%

(B) Negative screening only 50-75%

(C) A combination of positive/best-in-class and negative screening 25-50%

Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 FI	CORE	OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation strategy and/or combination of strategies do you apply to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate
(A) Screening alone	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%
(C) Integration alone	0.0%	0-25%
(D) Screening and integration	>75%	50-75%
(E) Thematic and integration	0.0%	0.0%
(F) Screening and thematic	0.0%	0.0%
(G) All three strategies combined	0-25%	25-50%
(H) None	0.0%	0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6.1 FI	CORE	OO 6 FI	N/A	PUBLIC	Fixed income	1

What type of screening is applied to your internally managed active fixed income?

	(1) Fixed income – SSA	(2) Fixed income – corporate
(A) Positive/best-in-class screening only	0.0%	0.0%
(B) Negative screening only	>75%	50-75%
(C) A combination of positive/best-in-class and negative screening	0-25%	25-50%

Externally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 SAM	CORE	OO 5.2 LE, OO 5.2 FI	OO 6.1 SAM	PUBLIC	Externally managed assets	1

Which ESG incorporation strategy and/or combination of strategies apply to your externally managed active listed equity and fixed income?

	(1) Listed equity - external	(2) Fixed income – SSA - external	(3) Fixed income – corporate - external
(A) Screening alone	0.0%	0.0%	0.0%
(B) Thematic alone	0.0%	0.0%	0.0%
(C) Integration alone	>75%	50-75%	50-75%
(D) Screening and integration	0.0%	0.0%	0.0%
(E) Thematic and integration	0.0%	0.0%	0.0%

(F) Screening and thematic	0.0%	0.0%	0.0%
(G) All three strategies combined	0.0%	0.0%	0.0%
(H) None	0-25%	25-50%	25-50%

Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6 HF	CORE	OO 5	HF 10	PUBLIC	Hedge funds	1

Do you conduct negative screening on your hedge fund assets?

- (A) Yes
- (B) No

Externally managed assets

Captive relationships

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	OO 5	Multiple, see guidance	PUBLIC	Captive relationships	GENERAL

Does your organisation have a captive relationship with some or all of its external investment managers?

- (A) Yes
- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7.1	CORE	OO 7	N/A	PUBLIC	Captive relationships	GENERAL

Please provide details on the captive relationship you have with your external investment manager(s).

Some of the external managers are subsidiaries of our parent company and manage specific asset class products that are not offered by Candriam.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7.2	CORE	OO 7	OO 11	PUBLIC	Captive relationships	GENERAL

Per asset class, does this captive relationship apply to 90% or more of your externally managed AUM?

	(1) Yes	(2) No
(A) Listed equity	<input type="radio"/>	<input checked="" type="radio"/>
(B) Fixed income	<input type="radio"/>	<input checked="" type="radio"/>
(F) Hedge funds	<input type="radio"/>	<input checked="" type="radio"/>

Investment consultants

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	OO 5	SAM 1	PUBLIC	Investment consultants	GENERAL

Does your organisation engage investment consultants in the selection, appointment or monitoring of your external investment managers?

(A) Yes

(B) No

Stewardship

Listed equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 LE	CORE	OO 5, OO 5.2 LE	Multiple, see guidance	PUBLIC	Listed equity	2

Does your organisation conduct stewardship activities for your listed equity assets?

	(1) Engagement on listed equity – active	(2) Engagement on listed equity – passive	(3) (Proxy) voting on listed equity – active	(4) (Proxy) voting on listed equity – passive
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Fixed income

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 FI	CORE	OO 5, OO 5.2 FI	Multiple, see guidance	PUBLIC	Fixed income	2

Does your organisation conduct stewardship activities for your fixed income assets?

	(1) Passive – SSA	(2) Passive – corporate	(4) Active – SSA	(5) Active – corporate	(7) Private debt
(A) Through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity for this strategy/asset type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Hedge funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5, OO 5.2 HF	Multiple, see guidance	PUBLIC	Hedge funds	2

Does your organisation conduct stewardship activities for your hedge fund assets?

	(1) Engagement	(2) (Proxy) voting
(A) Through service providers	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Through external managers	<input type="checkbox"/>	<input type="checkbox"/>

(C) Through internal staff	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Collaboratively	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) We did not conduct this stewardship activity	<input type="checkbox"/>	<input type="checkbox"/>

ESG incorporation

Internally managed assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 10	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Internally managed assets	1

For each internally managed asset class, select whether or not you incorporate ESG into your investment decisions.

	(1) ESG incorporated into investment decisions	(2) ESG not incorporated into investment decisions
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity – active – quantitative	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income – SSA	<input checked="" type="radio"/>	<input type="radio"/>
(G) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>
(M) Hedge funds - Multi strategy	<input checked="" type="radio"/>	<input type="radio"/>
(N) Hedge funds - Long/short equity	<input checked="" type="radio"/>	<input type="radio"/>

(O) Hedge funds - Long/short credit	<input checked="" type="radio"/>	<input type="radio"/>
(P) Hedge funds - Distressed, special situations and event driven fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(X) Off-balance sheet	<input checked="" type="radio"/>	<input type="radio"/>

External manager selection

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager selection	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager selection. Your response should refer to the selection of the external managers who managed the relevant asset classes during the reporting year, regardless of when such selection took place.

	(1) ESG incorporated into external manager selection	(2) ESG not incorporated into external manager selection
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

External manager appointment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager appointment	1

For each externally managed asset class, select whether or not you incorporate ESG into external manager appointment. Your response should refer to the appointment of the external managers who managed the relevant asset classes during the reporting year, regardless of when their appointment took place.

	(1) ESG incorporated into external manager appointment	(2) ESG not incorporated into external manager appointment
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

External manager monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	External manager monitoring	1

For each externally managed asset class, select whether or not you incorporated ESG into external manager monitoring during the reporting year.

	(1) ESG incorporated into external manager monitoring	(2) ESG not incorporated into external manager monitoring
(B) Listed equity – active	<input checked="" type="radio"/>	<input type="radio"/>
(D) Fixed income – active	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>

Voluntary reporting

Voluntary modules

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Voluntary modules	GENERAL

The following modules are voluntary to report on in the separate PRI asset class modules as they account for less than 10% of your total AUM and are under USD 10 billion. Please select if you wish to voluntarily report on the module.

	(1) Yes, report on the module	(2) No, opt out of reporting on the module
(I) Hedge funds	<input type="radio"/>	<input checked="" type="radio"/>
(J) External manager selection, appointment and monitoring (SAM) – listed equity	<input type="radio"/>	<input checked="" type="radio"/>
(K) External manager selection, appointment and monitoring (SAM) – fixed income	<input type="radio"/>	<input checked="" type="radio"/>
(O) External manager selection, appointment and monitoring (SAM) – hedge funds	<input type="radio"/>	<input checked="" type="radio"/>

The following modules are mandatory to report on as they account for 10% or more of your total AUM or are over USD 10 billion. The ISP (Investment and Stewardship Policy) module is always applicable for reporting.

	(1) Yes, report on the module
ISP: Investment and Stewardship Policy	<input checked="" type="radio"/>
(A) Listed equity	<input checked="" type="radio"/>

(B) Fixed income – SSA



(C) Fixed income – corporate



ESG/sustainability funds and products

Labelling and marketing

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16	CORE	Multiple, see guidance	Multiple, see guidance	PUBLIC	Labelling and marketing	GENERAL

What percentage of your assets under management in each asset class are ESG/sustainability marketed funds or products, and/or ESG/RI certified or labelled assets? Percentage figures can be rounded to the nearest 5% and should combine internally and externally managed assets.

Percentage

(A) Listed equity – passive

50-75%

(B) Listed equity – active

50-75%

(C) Fixed income – passive

50-75%

(D) Fixed income – active

50-75%

(H) Hedge funds

0-25%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 16.1	CORE	OO 16	ISP 52	PUBLIC	Labelling and marketing	GENERAL

What percentage of your total assets (per asset class) carry a formal ESG/RI certification or label? Percentage figures can be rounded to the nearest 5%.

Coverage of ESG/RI certification or label:

(A) Listed equity 25-50%

(B) Fixed income 0-25%

(F) Hedge funds 0.0%

Climate investments

Asset breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17	CORE	N/A	N/A	PUBLIC	Asset breakdown	GENERAL

What percentage of your assets under management is in targeted low-carbon or climate-resilient investments?

25-50%

Other asset breakdowns

Geographical breakdown

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

What is the geographical breakdown of your organisation's assets under management by investment destination (i.e. where the investments are located)?

	(1) Listed equity	(2) Fixed income – SSA	(3) Fixed income – corporate	(5) Fixed income – private debt	(9) Hedge funds
(A) Developed	>75%	>75%	>75%	>75%	>75%
(B) Emerging	0-25%	0-25%	0-25%	0.0%	0.0%
(C) Frontier	0.0%	0.0%	0.0%	0.0%	0.0%
(D) Other	0.0%	0.0%	0.0%	0.0%	0.0%

Management by PRI signatories

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What approximate percentage (+/-5%) of your externally managed assets are managed by PRI signatories?

█ >75%

Fixed income constraints

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 20	CORE	OO 5.2 FI	OO 20.1	PUBLIC	Fixed income constraints	GENERAL

What percentage of your fixed income assets are subject to constraints? The constraints may be regulatory requirements, credit quality restrictions, currency constraints or similar.

Internal and external fixed income assets subject to constraints

(A) Fixed income – SSA 25-50%

(B) Fixed income – corporate 0-25%

(D) Fixed income – private debt 0.0%

Investment and Stewardship Policy (ISP)

Responsible investment policy & governance

Responsible investment policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1	CORE	N/A	ISP 1.1, ISP 1.2	PUBLIC	Responsible investment policy	1

Does your organisation have a formal policy or policies covering your approach to responsible investment? Your approach to responsible investment may be set out in a standalone guideline, covered in multiple standalone guidelines or be part of a broader investment policy. Your policy may cover various responsible investment elements such as stewardship, ESG guidelines, sustainability outcomes, specific climate-related guidelines, RI governance and similar.

- (A) Yes, we do have a policy covering our approach to responsible investment
- (B) No, we do not have a policy covering our approach to responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.1	CORE	ISP 1	Multiple, see guidance	PUBLIC	Responsible investment policy	1

What elements does your responsible investment policy cover? The responsible investment elements may be set out in one or multiple standalone guidelines, or they may be part of a broader investment policy.

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Approach to stewardship
- (F) Approach to sustainability outcomes
- (G) Approach to exclusions
- (H) Asset class-specific guidelines that describe how ESG incorporation is implemented
- (I) Definition of responsible investment and how it relates to our fiduciary duty
- (J) Definition of responsible investment and how it relates to our investment objectives
- (K) Responsible investment governance structure
- (L) Internal reporting and verification related to responsible investment
- (M) External reporting related to responsible investment
- (N) Managing conflicts of interest related to responsible investment
- (O) Other responsible investment aspects not listed here, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 1.2	PLUS	ISP 1	N/A	PUBLIC	Responsible investment policy	1

What mechanisms do you have in place to ensure that your policies are implemented in an aligned and consistent way across the organisation?

Sustainability is rooted in Candriam's operating model and forms a key part of its corporate culture. As part of our conviction and of our fiduciary duty to our clients, Candriam's sustainable development strategy leads it to incorporate the overall sustainability trends that will shape the world of tomorrow into our strategic operational and investment choices.

In line with this commitment to take into account sustainability in all our activities and our strategic development, the governance of sustainability development is overseen by different committees:

- A Strategic Sustainability Committee meets at least two times a year: the Group Strategic Committee (GSC), supported by Candriam's ESG and CSR experts, sets out the strategic orientations for ESG investing (both from a product and a commercial standpoint) and Corporate Sustainability Risk.
- A company-wide Sustainability Risk Committee, reporting on GSC, assesses corporate reputational & financial risks regarding sustainability, including climate risks, and defines a controversial Company and Country Watch List for all Candriam activities. This committee, led by the Chief Investment Officer, the Chief Risk Officer and the Global Head of ESG, is held every two months. Ad hoc committees can be organized when needed.
- The Proxy Voting Committee provides strategic guidance on proxy voting best practices and monitors Candriam's voting policy and implementation by ESG analysts and operational teams in charge. The Committee consists of internal representatives from the Management, Operations, Risk and ESG Research & Stewardship teams. Representatives of the Legal department may attend meetings upon request. The Committee meets regularly during the AGM season.
- The Candriam Institute for Sustainable Development oversees Candriam's philanthropy and community-impact programme, through the support of initiatives in ESG research & education and in the social impact domain.
- The ESG Steering coordinates the implementation of the strategic ESG roadmap, relying on several agile workstreams covering all pillars of our activities (investments, business development, ESG regulation & certification, stewardship & collaborative initiatives, ESG editorial, ESG IT & ops).
- The CSR Steering oversees and coordinates the implementation of the CSR roadmap across staff, clients, the operational value chain, the community and covers corporate governance.

Candriam has built 25 year expertise in ESG analysis thanks to a dedicated ESG Team. The team comprises analysts who specialise in specific sectors, sovereign analysis and active engagement activities. The team has developed its own ESG analysis methodology applied to governments, corporations and supranational agencies/organisations.

The ESG analysts provide an in-depth analysis, based on ESG information, to portfolio managers in order to better assess the risks and opportunities that stem from the business activities and operations of companies as well a detailed assessment of countries based on their capacity to manage .

The ESG selection is delivered on a monthly basis to portfolio managers and risk department. SRI alert are launched by ESG analyst and communicated to all portfolio managers and risk management in case of specific events that potentially have an influence on the issuer ESG score and eligibility for investment. In order to facilitate information exchange between portfolio managers and ESG team needed to inform ESG integration in investment process, the ESG analysts and representative of stewardship team regularly take part in Portfolio Management Committees. On an ad hoc monthly or quarterly basis dedicated meetings are organized to discuss ongoing projects, new ESG guidelines and policies and exchange ideas on ESG themes.

Candriam has implemented a policy regarding the selection of issuers and instruments used within portfolios: the ESG Investment Policy. This policy focuses on ESG rules that fund managers must comply with, in line with the ESG characteristics of the products they manage. The policy is monitored by Risk Management via the Charles River constraint server: an automated IT system that prevents transactions that are not compliant and generated automated risk control reports. Any breaches of policy rules are reported to the Portfolio Risk Compliance Committee. Policy modifications are validated by the Sustainability Risk Committee.

Regular internal audit and compliance missions are conducted on the investment process and on ESG analysis team. Audit reports are delivered to the GSC.

Candriam Academy launched in 2017 is mandatory to follow by all staff is an ESG educational platform that ensures Candriam staff is trained on the major ESG topics.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 2	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	6

Indicate which of your responsible investment policy elements are publicly available and provide links.

- (A) Overall approach to responsible investment. Add link(s):
<https://www.candriam.com/siteassets/medias/publications/brochure/corporate-brochures-and-reports/responsible-investment-policy/responsible-investment-policy.pdf>
- (B) Guidelines on environmental factors. Add link(s):
<https://www.candriam.com/4941db/siteassets/medias/publications/sri-publications---candriam-policies/candriams-climate-policy.pdf>
- (D) Guidelines on governance factors. Add link(s):
<https://www.candriam.com/4941c6/siteassets/medias/publications/sri-publications---candriam-policies/candriams-integration-policy.pdf>
- (E) Approach to stewardship. Add link(s):
https://www.candriam.fr/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf
- (F) Approach to sustainability outcomes. Add link(s):
<https://www.candriam.com/siteassets/medias/publications/brochure/corporate-brochures-and-reports/responsible-investment-policy/responsible-investment-policy.pdf>
- (G) Approach to exclusions. Add link(s):
<https://www.candriam.fr/4938a2/siteassets/medias/publications/sri-publications---candriam-policies/exclusion-policy.pdf>
- (H) Asset class-specific guidelines that describe how ESG incorporation is implemented. Add link(s):
<https://www.candriam.com/4941c6/siteassets/medias/publications/sri-publications---candriam-policies/candriams-integration-policy.pdf>
- (I) Definition of responsible investment and how it relates to our fiduciary duty. Add link(s):
<https://www.candriam.com/4941c6/siteassets/medias/publications/sri-publications---candriam-policies/candriams-integration-policy.pdf>
- (J) Definition of responsible investment and how it relates to our investment objectives. Add link(s):
https://www.candriam.fr/493b40/siteassets/medias/publications/sfdr/sfdr_general_overview_en.pdf
- (K) Responsible investment governance structure. Add link(s):
https://www.candriam.fr/493b40/siteassets/medias/publications/sfdr/sfdr_general_overview_en.pdf
- (L) Internal reporting and verification related to responsible investment. Add link(s):
<https://www.candriam.fr/492d3f/siteassets/medias/publications/sfdr/sustainability-risk-policy.pdf>

(M) External reporting related to responsible investment. Add link(s):

<https://www.candriam.fr/493d56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-article-8-strategies.pdf> ; <https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds.pdf> ; <https://www.candriam.fr/493322/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-innovation--optimum-quality-funds.pdf> ; <https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-thematics.pdf> ; <https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-indexiq-etf-sri-2019.pdf> ; <https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-cleome-strategies.pdf> ; <https://www.candriam.fr/493c9b/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-emerging-markets-sri-funds.pdf>

(N) Managing conflicts of interest related to responsible investment. Add link(s):

<https://www.candriam.be/48cc49/siteassets/medias/policy-for-identifying-preventing-and-managing-conflicts-of-interests.pdf> ; https://www.candriam.fr/4b0e56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-policy/candriam_engagement_policy.pdf

(P) Our responsible investment policy elements are not publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 3	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your policy elements on overall approach to responsible investment and/or guidelines on environmental, social and governance factors?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (D) Guidelines on governance factors

AUM coverage of all policy elements in total:

>75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 4	CORE	ISP 1.1	N/A	PUBLIC	Responsible investment policy	1

Which elements does your exclusion policy include?

- (A) Legally required exclusions (e.g. those required by domestic/international law, bans, treaties or embargoes)
- (B) Exclusions based on our organisation's values or beliefs (e.g. regarding weapons, alcohol, tobacco and/or avoiding other particular sectors, products, services or regions)
- (C) Exclusions based on screening against minimum standards of business practice based on international norms (e.g. OECD guidelines, the UN Human Rights Declaration, Security Council sanctions or the UN Global Compact)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 5	CORE	Multiple, see guidance	N/A	PUBLIC	Responsible investment policy	1

What percentage of your total assets under management are covered by your asset class-specific guidelines that describe how ESG incorporation is implemented?

AUM Coverage:

(A) Listed Equity >75%

(B) Fixed Income >75%

(F) Hedge Funds >75%

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 6	CORE	N/A	ISP 8	PUBLIC	Governance	1

Do your organisation's board, chief-level staff, investment committee and/or head of department have formal oversight and accountability for responsible investment?

- (A) Board and/or trustees
- (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- (C) Investment committee
- (D) Other chief-level staff, please specify:
 - Global Heads of investment asset classes, Global Head of Risk Management, Global Head of Corporate Sustainability
- (E) Head of department, please specify department:
 - all heads of investment units (FI, EQ, HF...)
- (F) None of the above roles have oversight and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 7	CORE	N/A	ISP 8	PUBLIC	Governance	1

In your organisation, which internal or external roles have responsibility for implementing responsible investment?

- (A) Board and/or trustees
- (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))
- (C) Investment committee
- (D) Other chief-level staff [as specified]
- (E) Head of department [as specified]
- (F) Portfolio managers
- (G) Investment analysts
- (H) Dedicated responsible investment staff
- (I) Investor relations
- (J) External managers or service providers
- (K) Other role, please specify:
 - Proxy voting committee and execution
- (L) Other role, please specify:
 - Head of IT and operational processes
- (M) We do not have roles with responsibility for implementing responsible investment.

People and capabilities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8	CORE	ISP 6, ISP 7	ISP 8.1, ISP 8.2	PUBLIC	People and capabilities	General

What formal objectives for responsible investment do the roles in your organisation have?

	(1) Board and/or trustees	(2) Chief-level staff	(3) Investment committee	(4) Other chief-level staff [as specified]
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	(5) Head of department [as specified]	(6) Portfolio managers	(7) Investment analysts	(8) Dedicated responsible investment staff
(A) Objective for ESG incorporation in investment activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Objective for ESG performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(9) Investor relations	(11) Other role	(12) Other role	
(A) Objective for ESG incorporation in investment activities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
(B) Objective for contributing to the development of the organisation's ESG incorporation approach	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Objective for ESG performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Other objective related to responsible investment [as specified]	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other objective related to responsible investment [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) No formal objectives for responsible investment exist for this role	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify for "(E) Other objective related to responsible investment".

RI promotion including events, SRI solutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.1	PLUS	ISP 8	N/A	PUBLIC	People and capabilities	General

Describe the key responsible investment performance indicators (KPIs) or benchmarks that your organisation uses to compare and assess the performance of your professionals in relation to their responsible investment objectives.

The Board of directors involvement in RI is reflected in Candriam's corporate presentations where RI is described as strategic and a "distinguished feature". The annual "management report" to the Board of directors always comment on RI positioning and CSR efforts. For the professionals with RI objectives, the following performances indicators are used:

- Development of ESG integration: AUM ratio ESG integration/ ESG marketed products, number of new ESG products launched, ESG innovative products /solutions launched, comparison with peers, level of coverage of investment universe by ESG analysis, extension of ESG integration approach to less common asset classes, number of RI labelled processes, ESG research projects.
- ESG performances: in-house developed performance attribution model to identify ESG and financial alpha contribution to investment return (incl. development of proprietary ESG benchmark), performances comparison with peers (incl. external rankings), ESG impact indicators (incl. climate ones) compared to benchmark, achievement of defined ESG objectives (e.g % of green bonds, portfolio temperature).
- Stewardship activities: number of dialogues with investee companies related to our ESG conviction topics and % coverage of targeted investee companies defined by our stewardship policy; active participation / lead investor in collaborative initiatives; number of dialogues with result.
- RI promotion: number of events organized, number of participation to external events and press communication, number of internal training on ESG-related topics, participation to local national SIFs and industry associations RI working groups, participation to consultations related to ESG issues.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 8.2	CORE	ISP 8	N/A	PUBLIC	People and capabilities	General

Which responsible investment objectives are linked to variable compensation for roles in your organisation?

RI objectives linked to variable compensation for roles in your organisation:

(1) Board and/or trustees

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(2) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO))

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(3) Investment committee

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(4) Other chief-level staff

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(5) Head of department

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(6) Portfolio managers

(A) Objective on ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(7) Investment analysts

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(8) Dedicated responsible investment staff

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(D) Objective for ESG performance

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(9) Investor relations

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(E) Other objective related to responsible investment (as specified in ISP 8 option E)

(11) Other role

(A) Objective for ESG incorporation in investment activities

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(C) Objective for contributing to the organisation's stewardship activities (e.g. through sharing findings from continuous ESG research or investment decisions)

(12) Other role

(B) Objective for contributing to the development of the organisation's ESG incorporation approach

(G) We have not linked any RI objectives to variable compensation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 9	CORE	N/A	N/A	PUBLIC	People and capabilities	General

How frequently does your organisation assess the responsible investment capabilities and training needs among your investment professionals?

- (A) Quarterly or more frequently
- (B) **Bi-annually**
- (C) Annually
- (D) Less frequently than annually
- (E) On an ad hoc basis
- (F) We do not have a process for assessing the responsible investment capabilities and training needs among our investment professionals

Strategic asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10	CORE	N/A	ISP 10.1	PUBLIC	Strategic asset allocation	1

Does your organisation incorporate ESG factors into your strategic asset allocation?

- (A) We incorporate ESG factors into calculations for expected risks and returns of asset classes
- (B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes
- (C) No, we do not incorporate ESG considerations into our strategic asset allocation
- (D) Not applicable, we do not have a strategic asset allocation process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 10.1	CORE	ISP 10	N/A	PUBLIC	Strategic asset allocation	1

For what proportion of assets do you incorporate ESG factors into your strategic asset allocation process?

(A) We incorporate ESG factors into calculations for expected risks and returns of asset classes (1) for all of our assets

(B) We specifically incorporate physical, transition and regulatory changes related to climate change into calculations for expected risks and returns of asset classes (1) for all of our assets

Stewardship

Stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 11	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship policy	2

What percentage of your assets under management does your stewardship policy cover?

(A) Listed equity >75%

(B) Fixed income >75%

(F) Hedge funds >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12	CORE	ISP 1.1	ISP 12.1	PUBLIC	Stewardship policy	2

Which elements does your organisation's stewardship policy cover? The policy may be a standalone guideline or part of a wider RI policy.

- (A) Key stewardship objectives
- (B) Prioritisation approach of ESG factors and their link to engagement issues and targets
- (C) Prioritisation approach depending on entity (e.g. company or government)
- (D) Specific approach to climate-related risks and opportunities
- (E) Stewardship tool usage across the organisation, including which, if any, tools are out of scope and when and how different tools are used and by whom (e.g. specialist teams, investment teams, service providers, external investment managers or similar)
- (F) Stewardship tool usage for specific internal teams (e.g. specialist teams, investment teams or similar)
- (G) Stewardship tool usage for specific external teams (e.g. service providers, external investment managers or similar)
- (H) Approach to collaboration on stewardship
- (I) Escalation strategies
- (J) Conflicts of interest
- (K) Details on how the stewardship policy is implemented and which elements are mandatory, including how and when the policy can be overruled
- (L) How stewardship efforts and results should be communicated across the organisation to feed into investment decision-making and vice versa

(M) None of the above elements are captured in our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 12.1	PLUS	ISP 12	N/A	PUBLIC	Stewardship policy	2

Describe any additional details related to your stewardship policy elements or your overall stewardship approach.

More details are provided in our Stewardship policy regarding responsibilities associated to stewardship activities, scope and type of engagement, but also indicators used for monitoring engagement activities and their outcomes, the way we report on these to our clients.

For compliance matters, we also detail our approach to communication with issuers, public disclosure of information gathered through engagement, exchanges of information with other investors (incl. Acting in Concert aspects).

Our engagement activities have a systematic nature in specific cases of exclusion such as coal-related exposure or when the subject of the dialogue relates to 3 themes identified as priorities since 2015, namely 1) Energy Transition, 2) Fair Work Conditions, 3) Business Ethics.

The way we prioritize engagement is directly linked to a good knowledge of the ESG challenges faced by industries and issuers, and of their respective materiality. This is the necessary entry points to any of our engagement initiative, individual or collective. Such analysis is regularly performed but may also be prompted by exceptional events such as an acquisition, a change in the issuers' business model or a controversial event. Building upon this first step of identifying ESG material topics, priorities and timeline of engagement can be defined and/or updated also in light of our level of exposure, internal parties' interest, topic, current ESG opinion on the issuer, trendsetter nature of the issuer etc.

Stewardship policy implementation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 13	CORE	ISP 1.1	N/A	PUBLIC	Stewardship policy implementation	2

How is your stewardship policy primarily applied?

- (A) It requires our organisation to take certain actions
- (B) It describes default actions that can be overridden (e.g. by investment teams for certain portfolios)
- (C) It creates permission for taking certain measures that are otherwise exceptional
- (D) We have not developed a uniform approach to applying our stewardship policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 14	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship policy implementation	2

How does your organisation ensure that its stewardship policy is implemented by external service providers? Please provide examples of the measures your organisation takes when selecting external providers, when designing engagement mandates and when monitoring the activities of external service providers.

Provide examples below:

(A) Measures taken when selecting external providers:

We use external providers to generate custom voting report, proposing us recommendations of vote aligned with our voting policies and passing our votes to AGMs. When selecting external providers, we notably check their capacity both in terms of resources and competences to cover our voting scope and analyse AGMs taking into account all the specificities of our voting policy, in full independency (Conflict of interest aspects are also discussed). Analysis samples are requested and discussed ahead of any contract...We also check the relevance and accuracy of communication channels in place to ensure proper execution of our votes. Several of our internal departments are involved in this initial due diligence, including our middle office as well as the legal and compliance departments. As a consequence, more operational aspects such as service continuity aspects or compatibility of IT systems are also discussed.

(B) Measures taken when designing engagement mandates for external providers:

We contract with ISS for providing us with custom voting recommendations. In the related mandate, we ensure we have the final hand on voting and that our provider has relevant resources to provide us with required recommendations in due time and ensure our final vote will pass. Its capacity to include new coming AGMs or to expand the service to tailor-made policies for our institutional clients is also key.

(C) Measures taken to monitor external providers' alignment with our organisation's stewardship policy:

We have daily contact with ISS our proxy advisor to discuss voting items and proposed recommendation. We also organize regular meetings to discussed difficulties they potentially meet, new voting items and related guidelines, potential concerns with application of our voting guidelines. A due diligence is also regularly performed by our risk department. Middle Office monthly voting KPIs' report are also effective source of information to identify any potential concern to be addressed.

Stewardship objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 15	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship objectives	2

For the majority of assets within each asset class, which of the following best describes your primary stewardship objective?

	(1) Listed equity	(2) Fixed income	(6) Hedge funds
(A) Maximise the risk–return profile of individual investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Maximise overall returns across the portfolio	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Maximise overall value to beneficiaries/clients	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(D) Contribute to shaping specific sustainability outcomes (i.e. deliver impact)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Stewardship prioritisation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 16	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship prioritisation	2

What key criteria does your organisation use to prioritise your engagement targets? For asset classes such as real estate, private equity and infrastructure, you may consider this as key criteria to prioritise actions taken on ESG factors for assets, portfolio companies and/or properties in your portfolio. Select up to 3 options per asset class from the list.

	(1) Listed equity	(2) Fixed income	(6) Hedge funds
(A) The size of our holdings in the entity or the size of the asset, portfolio company and/or property	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The materiality of ESG factors on financial and/or operational performance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific ESG factors with systemic influence (e.g. climate or human rights)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The ESG rating of the entity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) The adequacy of public disclosure on ESG factors/performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific ESG factors based on input from clients	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Specific ESG factors based on input from beneficiaries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) Other criteria to prioritise engagement targets, please specify:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(I) We do not prioritise our engagement targets



Stewardship methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 17	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship methods	2

Please rank the methods that are most important for your organisation in achieving its stewardship objectives. Ranking options: 1 = most important, 5 = least important.

(A) Internal resources (e.g. stewardship team, investment team, ESG team or staff)

1

(B) External investment managers, third-party operators and/or external property managers (if applicable)

4

(C) External paid services or initiatives other than investment managers, third-party operators and/or external property managers (paid beyond a membership fee)

We do not use this method

(D) Informal or unstructured collaborations with peers

3

(E) Formal collaborative engagements (e.g. PRI-coordinated collaborative engagements, Climate Action 100+, the Initiative Climat International (iCI) or similar)

2

Collaborative stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18	CORE	Multiple, see guidance	ISP 18.1	PUBLIC	Collaborative stewardship	2

Which of the following best describes your organisation's default position, or the position of the service providers/external managers acting on your behalf, with regards to collaborative stewardship efforts such as collaborative engagements?

- (A) We recognise that stewardship suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual stewardship efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis
- (E) We generally do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 18.1	PLUS	ISP 18	N/A	PUBLIC	Collaborative stewardship	2

Describe your position on collaborating for stewardship.

Candriam sees great advantages to collaborative stewardship. Every year we have joined new collaborative initiatives while at the same time continuing our participation to on-going initiatives. We find that joining such collaborative initiatives makes sense when: - the interlocutor is a country, a group of countries, an international organization or any authority in which we are not a shareholder; - the history of individual dialogue with the corporate issuer in question is sub-optimal; - an opportunity arises to engage with others on the topic in question with a shared understanding of it, while avoiding issuers' fatigue in answering similar questions; - greater leverage is needed; - economies of scale are required (large number of companies to be contacted on the same topic); - further media coverage is expected to raise public attention on the topic under consideration. By experience, for systemic topics such as climate change or human rights due diligence, we prefer collaborative engagement as it has proven to be more efficient. For collaborative initiatives we join, we can usually choose the issuers on which we wish to be more active. We can actually lead the engagement with the issuer, organising regular group-update calls, providing an engagement evaluation framework for other participating investors, contacting companies in the name of the group and participating in meetings or calls. When supporting actively without taking the lead, we help lead investors in preparations and/or participating in calls/ meetings. For issuers we have proportionally less interest in, we opt for a more passive attitude, being signatories of letters and named as supporting investors participating in any of the calls/meetings organized with the issuers. We find that collaborative engagement work best when lead investors are selected to drive the dialogue and are from the same geographical area as the issuer or stakeholder.

Escalation strategies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 19	PLUS	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

Which of these measures did your organisation, or the service providers/external managers acting on your behalf, use most frequently when escalating initial stewardship approaches that were deemed unsuccessful?

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) We did not use any escalation measures during the reporting year. Please explain why below	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 20	CORE	Multiple, see guidance	N/A	PUBLIC	Escalation strategies	2

If initial stewardship approaches were deemed unsuccessful, which of the following measures are excluded from the potential escalation actions of your organisation or those of the service providers/external managers acting on your behalf?

	(1) Listed equity	(2) Fixed income	(3) Hedge funds
(A) Collaboratively engaging the entity with other investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Filing/co-filing/submitting a shareholder resolution or proposal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Publicly engaging the entity (e.g. open letter)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Voting against the chair of the board of directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Voting against the annual financial report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Divesting or implementing an exit strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) We do not have any restrictions on the escalation measures we can use	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Alignment and effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 21	PLUS	Multiple, see guidance	N/A	PUBLIC	Alignment and effectiveness	2

Describe how you coordinate stewardship across your organisation to ensure that stewardship progress and results feed into investment decision-making and vice versa.

All engagements carried out by the ESG Research & Investment team through individual or collaborative dialogue with issuers are systematically recorded in a tool provided for this purpose, where all the information on dialogue activity is stored: contact, period of contact, topic and associated target of engagement (including the related impact from an SDG perspective), level of achievement, current status of engagement, impact on Candriam process/analysis and issuer eligibility. In line with existing operational procedures, validation steps (dialogue continuation/closure, escalation measures, ...) are also recorded.

The engagement module integrated into our ESG proprietary database is built to enable immediate access to the engagement history (individual & collaborative dialogue, voting) for every issuer covered. Gathering ESG Research information and ESG-related dialogue inputs in one place supports more complete ESG analysis models and works towards improving ESG integration.

On a quarterly basis the stewardship team provides an engagement report to ESG Analysts, Fundamental Analysts and Portfolio Managers. This extensive reports details all the different direct and collaborative engagement that have occurred during the period. The report features all of the fields mentioned above.

The Stewardship team also participates to regular investment committees to ensure that the engagement activities are in line with the evolving portfolios of the different asset classes. For example, while talking to the Small and Mid Cap Equity teams the stewardship team realised that data on human capital was scarce and had to come by. It was decided to launch a campaign to gather information from the 60 companies held in this dedicated strategy.

During dialogues with corporates, the stewardship team makes sure to invite the ESG analyst and the financial analyst to make sure that all can participate in corporate engagements and benefit from the information first hand. We believe that this is an essential part of ESG Integration in the investment processes.

Candriam's Global Strategic Committee as well as its Executive Committee are both regularly informed of engagement activities and their related outcomes. Regular meetings with the Stewardship Workstream and/or the Proxy Voting Committee help to structure this communication to Candriam's decision bodies. Our Sustainability Risks Committee also feeds the ESG team with sound inputs, so that our priorities of engagement can address challenges identified as relevant for Candriam.

In addition to this, the ESG Research & Investment team ensures that communication channels exist internally to provide updates on new collaborative engagement initiatives and on engagement outcomes, when relevant to the investment teams.

Depending on the case, various channels may be used (not mutually self-exclusive):

- Sector-based committee reports, which mention the dialogues that occurred during the sector reviews
- ESG Monitoring Alerts and ESG Alerts
- ESG integration or Asset-specific committees made up of ESG & investment specialists

- Engagement and Proxy annual reviews published on the Candriam intranet, as well as regular case studies or white papers

- Informal dialogue between the ESG Research & Investment team and the portfolio managers.

The idea is to report on existing engagements and to prompt parties in relationships with companies to improve the quality of exchange on ESG topics.

Stewardship examples

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 22	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship examples	2

Describe stewardship activities that you participated in during the reporting year that led to desired changes in the entity you interacted with. Include what ESG factor(s) you engaged on and whether your stewardship activities were primarily focused on managing ESG risks and opportunities or delivering sustainability outcomes.

	(1) Engagement type	(2) Primary goal of stewardship activity
(A) Example 1	a) Internally (or service provider) led	b) Delivering sustainability outcomes
(B) Example 2	b) Collaborative	a) Managing ESG risks/opportunities
(C) Example 3	a) Internally (or service provider) led	c) Both managing ESG risks and delivering outcomes
	(3) The ESG factors you focused on in the stewardship activity	(4) Description of stewardship activity and the desired change(s) you achieved

(A) Example 1

Improved practices in Human
Capital and Governance

Teleperformance is a leader in customer experience management employing over 330,000 employees in 80 countries across the globe. In 2019 the company was blamed for not putting in place sufficient protection measures for its employees in countries at risk for workers' rights such as Colombia, Mexico, India and the Philippines. A new controversy erupted during the Covid-19 epidemic over working conditions in call centres, including in France. **(response continued in row below)**

Claiming that inadequate response to the crisis had put thousands of workers at risk, the UNI Global Union along with four French trade union federations, lodged a complaint with the French OECD Contact Point in April 2020. While, in our view, the first Teleperformance vigilance plan was too light, things have definitely improved. But employees are the core asset of Teleperformance and investors must ensure the group walks the talk. **(response continued in row below)**

We are confident in its ability to rise to this new challenge, but as a responsible investor, our role is both to support the company and to clarify our expectations. After having for some months decided to dialogue only directly with the company, Candriam decided to join forces with 6 other continental investors in June 2020. We continue to pressure Teleperformance to improve governance, reporting and to adopt best practices in the field of labour rights. The company recently announced the creation of a Corporate Social Responsibility Committee attached to the board. We continue our engagement, notably by pointing best practices and supporting their adoption by the company..

(B) Example 2

The purpose of this dialogue with Total was to push the company to adopt a global Climate strategy aligned with Paris Agreement and integrating scope 3 emissions.

In 2020, Candriam co-filed a shareholder resolution at Total's AGM. The resolution was the first Climate shareholder resolution to be filed at a French company. Its approval would have required the company's management report to set out an action plan for the setting of greenhouse gas emission reduction targets, including those generated by customers' use of Total's products (Scope 3). **(response continued in row below)**

The resolution got more than 17% of votes in favour. Since, Candriam and other investors continued to closely monitor and engage Total: we took an active role in the dialogue with Total via the Climate Action 100+ initiative. Lately the company finally accepted to propose a Say-on-Climate management resolution at the AGM. This management resolution will detail the company's transition plans, emission reduction targets including scope 3 emissions at global level, which is a strong improvement compared to 2020 standpoint (Scope 3 emissions targets were Europe focused)..

(C) Example 3

This engagement targets Small & Mid Caps Companies and aims 1) for better disclosure in the social area, more specifically on Human Capital Management, 2) for improvement of practices to mitigate associated risks and raise opportunities.

Our Small Mid Caps and Human Capital campaign engaged 61 companies present in the Equities Europe Small & Mid Caps strategy. The specific engagement program is planned to address the generally poor disclosure of Human Capital data by small and mid cap companies in Europe. The dialogue aims first at finding out better information on Human Resources practices, measure of Human capital Management (HCM) performance and response to Covid19 pandemic. **(response continued in row below)**

The company is a European manufacturer of industrial spare parts and tools. With just over 6,000 employees and a market capitalisation of EUR1,6 Billion it is considered a Mid Cap. Prior to our engagement, disclosure of Human Capital Management was very poor. **(response continued in row below)**

The company didn't directly respond to our request for information but instead offered a conference call with the Group Financial Reporting Director (Board), the Accounting/Strategic Projects Director (Board) and the General Counsel/Head of CSR. During the call the company acknowledged the importance of better disclosure of HCM data for investors to better analyse their investment but also to be able to benchmark against peers in the industry. As a result of our dialogue with these executives, the company agreed to include more Human Capital indicators in their next Corporate Social Responsibility Report due to be published in December 2021..

Engaging policymakers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23	CORE	N/A	Multiple, see guidance	PUBLIC	Engaging policymakers	2

How does your organisation, or the external investment managers or service providers acting on your behalf, engage with policymakers for a more sustainable financial system?

- (A) We engage with policymakers directly
- (B) We provide financial support, are members of and/or are in another way affiliated with third-party organisations, including trade associations and non-profit organisations, that engage with policymakers
- (C) We do not engage with policymakers directly or indirectly

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.1	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

What methods do you, or the external investment managers or service providers acting on your behalf, use to engage with policymakers for a more sustainable financial system?

(A) We participate in "sign-on" letters on ESG policy topics. Describe:

Candriam regularly sign Investor Letters and Statements to help raise the awareness of an issue and to add our name and the assets we manage for our clients behind a just cause and in favour of sustainable investments and development. For example, in 2020 we signed with 183 investors the "Open letter to EU leaders from investors on a sustainable recovery from Covid-19". More examples are available in our 2020 engagement report, available on our website.

(B) We respond to policy consultations on ESG policy topics. Describe:

Candriam is pleased to respond to public and private consultations in order to contribute to the promotion of ESG standards and sustainable development. We pilot and coordinate those responses internally through the ESG workstream Certification & Regulation which gathers ESG experts and representatives of risk, legal and compliance departments. The ESG experts also actively participate to RI working groups in different associations and through this participate to the association's answer to consultations.

(C) We provide technical input on ESG policy change. Describe:

Candriam's ESG experts take part to working groups dedicated to Responsible Investments in industry associations. By this way, they are offered the opportunity to meet representatives of policy setters from European countries and European Commission to present and discuss ESG policy changes and share technical implementation during public or private meetings.

(D) We proactively engage financial regulators on financial regulatory topics regarding ESG integration, stewardship, disclosure or similar. Describe:

Candriam indeed engage with financial regulators directly or as representative in associations we are member of. At beginning of 2020, we co-sign a letter from UNPRI, after 2019 SEC's proposed changes to some rules, and urging the commission to ensure the right of shareholders to raise their voice, the ability to put forward shareholder proposals, the independence of proxy voting advice.

(E) We proactively engage regulators and policymakers on other policy topics. Describe:

As member of industry associations, Candriam participates to other regulation evolution through the active participation of some of its experts and representatives. This is especially the case in Europe where Candriam is well represented in various asset managers associations and so has the opportunity to engage with national or European policymakers.

(F) Other methods used to engage with policymakers. Describe:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 23.2	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers	2

Do you have governance processes in place (e.g. board accountability and oversight, regular monitoring and review of relationships) that ensure your policy activities, including those through third parties, are aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have governance processes in place to ensure that our policy activities are aligned with our position on sustainable finance and our commitment to the 6 Principles of the PRI. Describe your governance processes:

Association memberships are decided and monitored by the GSC. Candriam’s role and representativeness within those associations are decided and regularly reviewed by the GSC. The basic principle is that in industry associations and in associations with a leading role in the promotion of ESG, a Candriam ESG expert is participating as active member in the RI working groups. Additionally, Candriam fosters leading roles in those associations in order to promote best practices in ESG investments in line with Candriam’s positions and participate to the promotion of sustainable standards by policymakers.

In consistency with Candriam’s organisation and ESG governance, ESG policies and strategic orientations adopted by Candriam are under the responsibility of the GSC. At least two times a year, the GSC gathers all ESG experts in order to share and discuss market trends, regulatory evolutions in the field of ESG and decide on new orientations and ESG roadmap. ESG experts have a crucial role in the ESG governance and the working groups in charge of the implementation. Within this ESG governance framework, two dedicated workstreams are in charge of the Candriam’s engagement activities to promote sustainable finance and promote the PRI principles Candriam is committed to: the workstream Certification & Regulations and the workstream Stewardship. The workstream Certification & Regulation is the forum where new policy developments and related consultations, SRI certification and labellisation (incl. PRI) are shared, discussed and monitored. The workstream Stewardship supervises and monitors engagement activities (including support to statements and collaborative initiatives) and decides which are submitted to the GSC/Exco for approval. ESG experts from Corporate Sustainability, ESG Business development and ESG Stewardship are part of those workstreams. They also are Candriam’s ESG expert representatives in the associations for the RI workgroups and within associations with ESG missions.

○ (B) No, we do not have these governance processes in place. Please explain why not:

Engaging policymakers – Policies

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24	CORE	ISP 23	ISP 24.1	PUBLIC	Engaging policymakers – Policies	2

Do you have policies in place that ensure that your political influence as an organisation is aligned with your position on sustainable finance and your commitment to the 6 Principles of the PRI?

● (A) Yes, we have a policy(ies) in place. Describe your policy(ies):

Our commitment to the PRI principles is fully considered by all Candriam's direction bodies and is also promoted in our relations with all our stakeholders including the associations Candriam is member of. The GSC monitors the association membership and decides who represents Candriam within those associations. The principle is that ESG experts actively and regularly participate to RI working groups within industry associations and associations with an ESG purpose. Leading roles are favoured within those associations to have a say on ESG policy/guidances that are promoted by them. In their mission in associations, ESG experts also target the participation in meetings with national policymakers and policy setters at EU level to discuss the technical elements related to ESG issues and their implementation and the feasibility of new ESG standards and regulations.

ESG experts are also in charge of PRI implementation principles within Candriam and foster alignment of decisions within Candriam and externally based on Candriam's own ESG practices: favour stewardship to elevate ESG standards, promote ESG integration and ESG practices in investments...

In the specific case of consultation on policies, ESG experts contribute to the association's answers and statement disclosed. Even if most of the time Candriam also answers individually to the consultations, if the associations answer not sufficiently reflect Candriam's opinion, an individual answer is disclosed.

Candriam's communication strategy focuses on promoting ESG practices and sharing Candriam's expert ESG views, using press, media and industry conferences. The Candriam Institute puts into practice our commitment to ESG development and promotion, by financing independent academic ESG research and promoting ESG education (via the free-for-all Candriam Academy).

- (B) No, we do not a policy(ies) in place. Please explain why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 24.1	CORE	ISP 24	N/A	PUBLIC	Engaging policymakers – Policies	2

Is your policy that ensures alignment between your political influence and your position on sustainable finance publicly disclosed?

- (A) Yes. Add link(s):

<https://csr.candriam.com/>

- (B) No, we do not publicly disclose this policy(ies)

Engaging policymakers – Transparency

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 25	CORE	ISP 23	N/A	PUBLIC	Engaging policymakers – Transparency	2

During the reporting year, did your organisation publicly disclose your policy engagement activities or those conducted on your behalf by external investment managers/service providers?

- (A) We publicly disclosed details of our policy engagement activities. Add link(s):

https://www.candriam.com/499017/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/2020_candriam_stewardship_report.pdf ; <https://w>

(B) We publicly disclosed a list of our third-party memberships in or support for trade associations, think-tanks or similar that conduct policy engagement activities with our support or endorsement. Add link(s):

https://www.candriam.com/499017/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/2020_candriam_stewardship_report.pdf ; <https://csr.candriam.com/>

(C) No, we did not publicly disclose our policy engagements activities during the reporting year. Explain why:

(D) Not applicable, we did not conduct policy engagement activities

Climate change

Public support

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 26	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Paris Agreement?

(A) Yes, we publicly support the Paris Agreement Add link(s) to webpage or other public document/text expressing support for the Paris Agreement:

<https://www.candriam.com/4941db/siteassets/medias/publications/sri-publications---candriam-policies/candriams-climate-policy.pdf> ; <https://www.candriam.fr/4966a1/siteassets/medias/publications/sri-publications---candriam-policies/engagement-report.pdf>

(B) No, we currently do not publicly support the Paris Agreement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 27	CORE	N/A	N/A	PUBLIC	Public support	General

Does your organisation publicly support the Task Force on Climate-Related Financial Disclosures (TCFD)?

(A) Yes, we publicly support the TCFD Add link(s) to webpage or other public document/text expressing support for the TCFD:

<https://www.candriam.com/4941db/siteassets/medias/publications/sri-publications---candriam-policies/candriams-climate-policy.pdf> ; <https://www.candriam.fr/4966a1/siteassets/medias/publications/sri-publications---candriam-policies/engagement-report.pdf>

(B) No, we currently do not publicly support the TCFD

Governance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 28	CORE	N/A	N/A	PUBLIC	Governance	General

How does the board or the equivalent function exercise oversight over climate-related risks and opportunities?

(A) By establishing internal processes through which the board or the equivalent function are informed about climate-related risks and opportunities. Specify:

The Global Strategic Committee (GSC) oversees the company-wide strategies inclusive those related to climate change issues. Board members are informed about the strategic orientations incl. RI orientations and new investment developments decided by the Global Strategic Committee.

At least two times a year, the Strategic Sustainability Committee gathers the Group Strategic Committee and Candriam's ESG and CSR experts to set out the strategic orientations for ESG investing (both from a product and a commercial standpoint) and Corporate Sustainability Risk. This is the opportunity to present the status of Candriam's RI activities incl. climate ones as well as to discuss new development in the field.

A company-wide Sustainability Risk Committee, reporting on GSC, assesses corporate reputational & financial risks regarding sustainability, including climate risks, and defines a controversial Company and Country Watch List for all Candriam activities. This committee, led by the Chief Investment Officer, the Chief Risk Officer, is held every two months. Ad hoc committees can be organized when needed. Global Head of ESG and of all investment processes are part of this committee. The ESG steering Committee gathering high-level managers representative from all Candriam's business activities coordinates the implementation of the strategic ESG roadmap, relying on several agile investments and operational and IT workstreams.

(B) By articulating internal/external roles and responsibilities related to climate. Specify:

(C) By engaging with beneficiaries to understand how their preferences are evolving with regard to climate change. Specify:

With more than 25 years experience in RI and an in-house innovative ESG assessment approach including ESG long term trends of which Climate Change, Candriam has developed ESG solutions for institutional investors and products dedicated to end investors. Candriam's ESG experts regularly are invited to meet beneficiaries during investment committee to present Candriam's ESG approach towards climate issues and discuss ESG strategy in order to increase awareness and adapt ESG and climate approach to their preferences. In the wake of the EU Disclosure regulation, this dialogue has been intensified and conducted in order to discuss the SFDR art 8/ art 9 classification of mandates. In line with Candriam's decision to set climate objectives for its art 8 /art 9 products, the various possibilities to consider climate issues have been especially discussed. Some of our institutional clients are well advanced in their approach to climate change and are signatories of the asset owner net zero alliance which leads us to continuously discuss with them new developments related to data, measurements and investment possibilities to contribute to their objectives.

(D) By incorporating climate change into investment beliefs and policies. Specify:

Climate-related issues are of course a core-aspect of our in-house developed ESG analysis, on the basis of the principles: review of risks and opportunities, targeted issues per industry / sector, life-cycle approach, qualitative and absolute assessment of investment opportunities. In 2018, based on the stranded assets analysis, Candriam decided to implement a company-wide coal policy. The ESG integration process that has been implemented since a long time for our Fundamental Equities and Fixed income corporate strategies is based on our ESG assessment which includes climate issues. Since 2019, in order to further contribute to energy transition, a step further has been taken with new fossil fuels exclusions (unconventional oil& gas, max exposure to conventional oil & gas). A new milestone has been decided end 2020 by setting explicit climate target for 70 % of our AUM: a lower carbon footprint than reference benchmark for SFDR classified art 8 products, a 30 % carbon footprint reduction compared to reference benchmark for SFDR art 9 products and a 2.5 degrees-aligned portfolio temperature for SFDR art 9 Environmental- related products.

Our stewardship policy is aligned with this belief that climate change is a key challenge for sustainable development. Since 2015, Energy Transition is one of our 3 conviction topics in the dialogue with companies. In 2020, Energy transition represented 26 % of our direct dialogues with companies. Energy and Utilities are usually targeted for their climate strategy and their approach to just transition. In 2020, a dedicated climate campaign has been conducted towards financial institutions. This campaign targeted transition and climate risks related to their activities. We also consider climate issues when voting at AGM and support climate resolutions.

(E) By monitoring progress on climate-related metrics and targets. Specify:

During regular Investment Committee, ESG analysts present the results of the assessed ESG material factors, including climate ones and the companies final evaluation. Individual portfolio managers are responsible for constructing portfolios taking into account the applied ESG approach (exclusion, Best-in-class, integration, thematic) and for segregated mandates, client-specific objectives, including ESG and climate ones. Since 2015, following our commitment to the Montreal Carbon Pledge, we use Trucost carbon-related data and they are available to portfolio managers. Initially, portfolio carbon footprint were delivered on a monthly basis for more than 40 % of our AUM. Each year the scope of funds/ mandates has been enlarged and by end 2020, 70 % of our AUM were covered. A quarterly report including more advanced data metrics is published for all ESG marketed or ESG labelled funds (31 % of our AUM). A yearly report is also prepared for funds/ mandates that are part of the French Law Art 173. Those reports contain a set of climate indicators: carbon footprint, energy mix alignment with IEA 2 degree scenario, exposure to green share and to fossil fuel reserves, contribution of sectors/issuers to portfolio carbon footprint. Our in-house proprietary ESG assessment including the climate resilience of company's business model that is part of all ESG integration process has led to the strategic decision made by the GSC to position 70 % of our AUM as classified as SFDR art 8 and 9 products with an explicit target related to climate metrics (portfolio carbon footprint, portfolio temperature and/or exposure to green bonds). Those targets are monitored by the Risk Management and a regular review of those is part of the GSC Sustainability Committee that takes place at least twice a year with Candriam's ESG and CSR experts.

(F) By defining the link between fiduciary duty and climate risks and opportunities. Specify:

This link is made explicit in the Candriam's climate change policy: Climate change is one of the most urgent and important challenges that society and investors are facing today. It is also a source of opportunity for investors through the reallocation of capital and innovation that our responses are creating. Candriam's responsibility is to preserve and develop the assets of its investors. Candriam therefore integrates climate change at every level of analysis and investment decision making as well as in the exercise of its role as an active and responsible investor. The investment decisions have a direct or indirect influence on the cost of financing for companies, their ability to develop certain projects rather than others, and their strategic choices. These investment decisions are coupled with an ability to influence companies, through stewardship activities. This capacity to influence also entails a responsibility to exercise it in the interests of our investors, while taking into account the impact of our decisions on society at large. Candriam's consideration of climate change is part of the broader framework of Greenhouse Gas reduction objectives necessary to meet the Paris Agreement targets. The GSC reviews exposure to climate related risks arising from portfolio holdings (Scope 3 emissions), as well as arising from the company's own operations (Scope 1 and 2 emissions). Front office and control business lines seek to minimize and mitigate the exposure to climate related risks. Front Office functions include all investment management activities. The exclusion of the most carbon intensive power generation activity, based on thermal coal, from all managed portfolio is part of this. Control business lines are in charge with Candriam's risk management, legal, procurement, and compliance functions and report to the GSC on Candriam's exposure to climate related risks and make proposal aimed at lowering that risk.

(G) Other measures to exercise oversight, please specify:

(H) The board or the equivalent function does not exercise oversight over climate-related risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 29	CORE	N/A	N/A	PUBLIC	Governance	General

What is the role of management in assessing and managing climate-related risks and opportunities?

(A) Management is responsible for identifying climate-related risks/opportunities and reporting them back to the board or the equivalent function. Specify:

Following the requirements of FR ART 173 and TCFD recommendations, end 2016, a dedicated SRI operational committee has been set up to ensure the management of climate-related development. Since 2020, a new governance related to ESG has been implemented within Candriam putting ESG and climate issues at the center of all levels of decision and management. The dedicated ESG team and the Risk Management team are together in charge of piloting ESG and climate-related risks at entity level. The decisions related to company-wide exclusion policies and divestment/engagement activities that are related are under their final responsibility. They directly report to the GSC.

The CIO and ESG team are responsible for steering the integration of ESG and climate aspects into investment strategies in line with the defined strategic orientation.

The dedicated ESG research team is made of 14 ESG analysts (as of December, 2020) of which 3 environmental experts. Climate-related issues are of course a core-aspect of our in-house developed ESG analysis : review of risks and opportunities, targeted issues per industry / sector, life-cycle approach, qualitative and absolute assessment of investment opportunities. Based on the sector model and assessment of companies, they score companies and can provide a decision on the material climate risks associated. During this process, analysts also consider the potential for engagement to encourage improved management of climate-related risks and opportunities. Indeed, since 2015, Energy Transition is one of our 3 conviction topics in the dialogue with companies. In 2019, Energy transition was also one of our favourite conviction topics within direct dialogues, Energy/Utilities/Financials being the Top 3 target sectors. During regular Investment Committee, ESG analysts present the results of the assessed ESG material factors, including climate ones and the companies final evaluation. In each investment unit in charge of a specific asset class or client type, Global heads are responsible for the final implementation of ESG and climate-related guidelines by portfolio managers. Risk management department is responsible for the second level implementation control and reports directly to the GSC.

(B) Management implements the agreed-upon risk management measures. Specify:

The Sustainability Risk committee decisions are communicated by the ESG team in ad-hoc communications and with the monthly ESG selection which acts the eligibility decisions based on the various ESG criteria and approaches (exclusion related to normative and activities exposures, ESG selection). At the same time, if needed, ESG guidelines are updated in the constraint server in order to prevent portfolio managers to invest in positions that are not compliant to the ESG / Climate guidelines.

The implementation of those guidelines are part of the daily activities of

- ESG analysts teams in charge of the selection of companies in function of the climate change impact. This factor is part of the ESG assessment model for all sectors since 2008. In their role, they are responsible for the follow-up of new trends in the field and development of new tool/models to evaluate and measure climate risks and opportunities. They also are in charge of engagement activities related to climate change issues, coordinated by stewardships dedicated ESG analysts. This team is also in charge of ESG assessment of countries and the in-house developed model integrates an evaluation of natural capital management which includes the climate change challenge and policy.

- Portfolio managers for the portfolios they manage: they have to follow up the exclusion lists and to pilot climate change targets / guidelines based on reports delivered by data management and reporting department and the climate data available in their portfolio management tool. Climate-change issues and targets are discussed during Investment meetings with Heads of Investments processes and representatives of ESG team. Regular reports are produced and communicated to the CIO.

- Risk management teams validate investment process and control implementation of ESG policies and strategies.

Since 2020, the Sustainability Risks Committee reports on a quarterly basis to the Global Strategy Committee which oversees Candriam's strategic orientations of which ESG company-wide exclusion policy, projects related to ESG integration, launch of new products/strategies.

- Proxy voting committee oversees and monitor the implementation of voting guidelines incl. those related to ESG shareholders resolution and the link with investee companies dialogues.

(C) Management monitors and reports on climate-related risks and opportunities. Specify:

The monitoring of climate-related risks and opportunities is under the responsibility of

- The Sustainability risks committee for the climate-related risks based on input from the ESG analysis team. This committee has a view on individual positions/issuers as well as on positions at portfolio /strategies level and on the whole entity-level exposure to climate risks.

- ESG analysis team for the climate related risks and opportunities that are identified during the ESG assessment of issuers (corporates and countries) including engagement activities and results. Monthly ESG universe, regular ESG sector report and ESG company profiles including climate-related factors and evaluations are delivered and communicated to portfolio managers, heads of business units and risk management...

- Heads of investment business unit and portfolio managers are managing portfolios taking into account the climate-related risks and opportunities related to the investee selection resulting from the consideration of ESG factors combined with their financial consideration. Regular investment committees are organised with the participation of ESG analysts. A report summary on ESG and financial portfolios status is produced and delivered to the CIO.

- Data management and reporting officers deliver portfolio reports related to climate change (carbon footprint, 2 degrees scenario, % exposure to coal, energy mix, brown/green shares). Part of those have been outsourced to the environmental service provider Trucost. Information are publicly disclosed for the majority of open funds and are delivered to end clients in the case of segregated mandates. Those reports are presented and discussed during meetings with end investors. Those reports are also regularly presented to open fund's Board.

(D) Management ensures adequate resources, including staff, training and budget, are available to assess, implement and monitor climate-related risks/opportunities and measures. Specify:

A dedicated ESG team is in charge of ESG assessment of issuers, three of them are environmental experts for corporates and one is dedicated to country assessment. In order to assess issuers, ESG analysts use an important set of data from various ESG and environmental specialised data providers and from other sources (academic experts, sector federations, the media, and NGOs). Details of the ESG assessment including factors related to climate risks and opportunities are shared through data systems in portfolio management tools and automated risk controls systems.

Raw climate data are also available through the same tools and are sourced by environmental data providers that are regularly reviewed in order to be able to collect reliable data on the investment scope. Trucost has been appointed in 2015 to deliver climate related data on corporates (CO2 emissions, energy mix, green share) and to deliver climate reports on portfolios. In 2019, WoodMackenzie data base has been included in the data set to inform our assessment of energy and mining companies exposure to fossil fuels. End of 2020, Carbon4Finance has been selected to complement data collection on scope 3 and work on portfolio temperature measurement. For countries, among the various sources of informations used, Beyond Ratings provide information on countries alignment with Paris Agreement.

Risk management department is also part of the process to ensure that data are reliable and to test the robustness of the data calculations. Internal training gathering ESG experts, representatives of investment and risk management teams are organized when new data are made available. In each investment unit, one portfolio manager is an ESG ambassador who follows more particularly ESG issues and can help other portfolio managers on a day-to-day. A dedicated module to climate change has been launched in Candriam Academy in order to educate all Candriam's staff to the climate change issue and data measurements.

(E) Other roles management takes on to assess and manage climate-related risks/opportunities, please specify:

(F) Our management does not have responsibility for assessing and managing climate-related risks and opportunities

Strategy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30	CORE	N/A	Multiple, see guidance	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified within its investment time horizon(s)?

(A) Specific financial risks in different asset classes. Specify:

Our climate approach combines the exclusion of certain business activities, which are incompatible with the fight against global warming, with an in-depth analysis of the climate risk impacts of our investments. Our company-wide exclusion policy covers all investment and asset classes and is primarily targeting thermal coal, the most polluting fossil fuel that is considered as the first stranded asset in the target to a low carbon world. Climate risks and opportunities are embedded in the company's and countries ESG assessment and are systematically considered in the financial profile of companies. Company's in-depth analysis of climate risks and opportunities are conducted by the ESG analyst team and taken into account by the portfolio manager in function of the materiality of the issue in the strategy timeframe and the defined ESG integration approach. The manner those climate risks are identified and assessed is described in the answers to the other selected options.

(B) Specific sectors and/or assets that are at risk of being stranded. Specify:

Candriam's in-house ESG assessment framework used since 2008 allows us to identify companies business activities that are incompatible with the Paris Agreement and led to the following decisions:

- Thermal coal: since 2018, for all investments, companies which are directly or indirectly involved in the thermal coal industry and generate more than 10% of their revenues from coal-based extraction and electricity production. Companies launching new products are excluded with no minimum revenue threshold applied.

- Oil & gas: for all ESG marketed products, we exclude companies generating more than 10% of their turnover from unconventional oil & gas extraction. We exclude also other oil companies with more than 60 % exposure to conventional oil. In the utilities sectors, a maximum level of carbon intensity (g Co2/kWh) is fixed in accordance with IEA 2 degrees scenario.

Additionally, transition risks are fully integrated in our ESG analysis framework: companies of all sizes within all business sectors face climate change risks. The risks incurred differ in nature and intensity depending on the sector, the business activity and the regional mix. A proprietary climate risks analysis is implemented combining a full understanding of sector climate issues with an in-depth analysis of the company business models and climate strategy.

The business activity and regional data are combined to attribute a company transition risk exposure score. Only business activities with a negative impact on climate change are included in the transition risk score calculation. This score determines whether transition exposure risk is categorised as Very high / High / Moderate / Low/ Limited. Corporate climate strategy analysis focuses on the way in which companies' face the transition risks they are facing. This factor is analysed and rated using the Energy & Climate criteria of the Environment pillar within the Stakeholder rating. A qualitative analysis of this pillar is carried out under the TCFD recommendations, assessing governance, strategy, risk management and indicators & objectives associated with the fight against global warming.

The combination of these two factors enables us to rank companies according to their management of transition risks in five categories: Highly insufficient / Insufficient / Average / Good / Excellent. Companies ranked in the Highly insufficient category are excluded from the portfolio, whereas companies ranked Insufficient are considered priority engagement targets.

(C) Assets with exposure to direct physical climate risk. Specify:

Physical risks are uncertain financial impacts resulting from the effects of climate change (changes in average temperatures, precipitation patterns, increased frequency and severity of extreme weather events) on economic actors and assets. These risks are generally categorized as acute (increased intensity, frequency of extreme weather events) or chronic (gradual increase in some physical characteristics such as global temperature increase or sea level rise). At this stage, the physical risks are qualitatively integrated into our climate analysis as well as into our Engagement process. The specific short-term impact of climate change is assessed through continuous monitoring of companies' response to climate change and their exposure to physical risks arising from climate change. This task falls under both the mission of our team of ESG analysts, but also that of each manager and analyst called upon to assess the attractiveness of companies within the framework of portfolio management. The medium and long-term exposure of companies to greenhouse gas reduction measures as well as to the physical risks resulting from climate change is monitored through the analysis of company activities and their alignment with climate change on the one hand, and through the active dialogue led by our ESG specialists with companies on the other. Data providers who have a robust methodology and a database per company and per asset operate today through "scoring" models making the integration of this data problematic due to the lack of transparency. They are gradually moving towards a "value-at-risk" model which is better to assess the materiality of physical risks and to integrate in our analysis (expected in the second part of 2021). The quality of the mapping of meteorological zones has improved a lot by moving from a logic by country to a logic by 25kmx25km zone for the most precise methodologies.

(D) Assets with exposure to indirect physical climate risk. Specify:

(E) **Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

Our proprietary climate risks analysis combines a full understanding of sector climate issues with an in-depth analysis of the business models and climate strategy of each issuer. This analysis is integral part of our ESG assessment framework which takes into account the climate-related risks and opportunities of all investee companies, based on sector specific models. Those models factor the climate-related risks and opportunities at business-model level and at investee's strategies/performance level in function of the (today's and expected) materiality for the sector. Models are forward-looking (5 years time horizon) and help us to identify the companies that are the best positioned in their sector and region. This approach allows the identification of companies that are the best positioned to benefit from various climate scenarios.

(F) **Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

An in-house proprietary green bond rating methodology has been developed in order to select green bond issuances. This framework relies on a combination of externally sourced raw environmental indicators with in-house screening tool and qualitative analyst review including 4 pillars: 1/ Certification check 2/ Green Bonds Principles (external review, nature of projects, proceeds management and audit, reporting) and Business practices verification (good stakeholders practices relevant for the projects) 3/ ESG issuer eligibility 4/ Green Bonds Project analysis: project Green Bonds category type and alignment of Green Bonds objective with company's overall business model and E strategy Green share and CO2 emissions avoidance are data that are also used to identify assets that can contribute to achieve climate goals. Green share analysis is carried out by our partner Carbone4Finance, using European-standard compliant methodology classifications. The analysis measures the share of turnover generated by business activities considered positive for low-carbon transition. The analysis of CO2 emissions avoidance includes prevention, achieved through energy-efficient products and services, and also reductions through more efficient production procedures. This indicator notably analyses the way in which companies' products and services contribute to decarbonisation among other companies, providing a broad overview of the contribution of each issuer towards low-carbon transition. This analysis, carried out by our partner Carbon4Finance using reliable methodology, reaches beyond the data declared by companies, which in the absence of standards, is frequently overestimated. In 2019, with the launch of a Climate Action strategy, a dedicated climate change framework has been developed: environmental factors are taken into account to identify the best positioned companies to provide solutions to climate change challenges through mitigation and adaptation technologies, products and services as well as companies that will be able to leverage from the energy transition.

(G) Other climate-related risks and opportunities identified. Specify:

(H) We have not identified specific climate-related risks and opportunities within our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 30.1	CORE	ISP 30	N/A	PUBLIC	Strategy	General

For each of the identified climate-related risks and opportunities, indicate within which investment time-horizon they were identified.

	(1) 3–5 months	(2) 6 months to 2 years	(3) 2–4 years	(4) 5–10 years
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Assets with exposure to direct physical climate risk [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	(5) 11–20 years	(6) 21–30 years	(7) >30 years	
(A) Specific financial risks in different asset classes [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) Specific sectors and/or assets that are at risk of being stranded [as specified]	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(C) Assets with exposure to direct physical climate risk [as specified]

(E) Specific sectors and/or assets that are likely to benefit under a range of climate scenarios [as specified]

(F) Specific sectors and/or assets that contribute significantly to achieving our climate goals [as specified]

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 31	CORE	N/A	N/A	PUBLIC	Strategy	General

Which climate-related risks and opportunities has your organisation identified beyond its investment time horizon(s)?

(A) Specific financial risks in different asset classes. Specify:

Our assessment of climate transition risks goes much further than on our investment time horizon of 5 to 10 years. One key step of our transition risk model is to identify and assess in each sector and geography what is the most likely low transition pathway, and what are the related political/legal, technological, market and reputational risks associated. We have thus built for each sector a transition risk framework that identify specific activities and geographies that face the most climate risks. To do so, we rely on NDC and other national policies, as well as resources such as the Inevitable Policy Response (IPR) in order to evaluate the likely decarbonisation trajectory and associated risks, where possible by sector. In addition, our 2 degree alignment tool, which is based on Carbon4Finance data, allows to evaluate each issuer’s positioning towards achieving the Paris goals. The level of alignment with the Paris goals is another good indicator of the future climate risks that companies will face, if we follow an IPR logic. Each company is rated from Significant contributor to Incompatible and this information is made available to portfolio management teams through our usual investment tools. For strategies dedicated to environmental thematic like Climate change, Circular Economy or Future Mobility, investments target sustainability objectives linked to temperature assessment.

(B) Specific sectors and/or assets that are at risk of being stranded. Specify:

Besides climate-related exclusion policies that aimed to integrate the short to mid-term climate risks and impacts, our general ESG and specific transition risks assessments are designed to identify which sectors and companies in which geographies will face climate risks on a mid to long-term horizon. In sectors very prone to stranded assets risks such as Utilities and Oil & Gas, our transition risk assessment enables to identify what part of the company’s business and assets are at most risk of being stranded based on activities and geographies. In the oil and gas sector, we combine data based on the type of hydrocarbons/reservoirs on both production and reserves basis (sourced by Wood Mackenzie) , with data on geographic breakdown of activities to assess what share of energy companies’ business is generated from high environmental impact / high cost projects such as Canadian oil sands, Arctic, deepwater (sourced by Factset reve). This assessment is then integrated in our ESG assessment and can guide our engagement by targeting most at risk companies and projects.

(C) Assets with exposure to direct physical climate risk. Specify:

The assessment of direct physical risks is integrated in our ESG assessment, for sectors and companies where it is relevant. For companies operating in high risk activities (conventional power plants, hydroelectric projects, mining) and/or high risk areas (areas prone to hurricanes such as the South East of the US, areas facing water scarcity, mining companies in Queensland where regular flooding occurs) it forms part of the assessment of how companies manage their climate and energy risks and impacts (“climate & energy” criterion in our ESG Stakeholders management assessment model). Physical risks are systematically addressed in our engagement with companies where they are deemed material (recent examples include the impact of droughts in Brazil on hydro activities, the impact of droughts in the Rhine basin on the chemical industry, how companies operating refining assets were protecting their business against the increasing occurrence of hurricanes in the South East of the US).

(D) Assets with exposure to indirect physical climate risk. Specify:

(E) **Specific sectors and/or assets that are likely to benefit under a range of climate scenarios. Specify:**

As part of our ESG analysis, we systematically assess the positive and/or negative contribution to key sustainable challenges (climate change is one out of five) of companies’ specific activities. Relevant frameworks based on scientific resources such as the IEA have been developed in order to identify the impact of each sub activity within each sector. The sustainability business activity score thus allows us to highlight which companies are contributing positively or negatively to climate change. This information is made available to all analysts and portfolio managers, and it is integrated in equity and credit analysts’ fundamental analysis in the business profile section. In addition, we are integrating new sets of data including Paris alignment ratings companies are scored from Significant contribution to Incompatible) and avoided emissions (through the carbon data provider Carbon4Finance). We are also working on developing a taxonomy alignment module combining internal and external analysis. This set of indicators will allow us to identify in a comprehensive way which sectors and specific companies are best positioned to benefit from low carbon scenarios. This information is already used in the portfolio construction of our environmental thematic strategy.

(F) **Specific sectors and/or assets that contribute significantly to achieving our climate goals. Specify:**

As part of our ESG analysis, we systematically assess the positive and/or negative contribution to key sustainable challenges (climate change is one out of five) of companies’ specific activities. Relevant frameworks based on scientific resources such as the IEA have been developed in order to identify the impact of each sub activity within each sector. The sustainability business activity score thus allows us to highlight which companies are contributing positively or negatively to climate change. This information is made available to all analysts and portfolio managers, and it is integrated in equity and credit analysts’ fundamental analysis in the business profile section. In addition, we are integrating new sets of data including Paris alignment ratings companies are scored from Significant contribution to Incompatible) and avoided emissions (through the carbon data provider Carbon4Finance) . We are also working on developing a taxonomy alignment module combining internal and external analysis. This set of indicators will allow us to identify in a comprehensive way which sectors and specific companies are best positioned to benefit from low carbon scenarios. This information is already used in the portfolio construction of our environmental thematic strategy.

(G) Other climate-related risks and opportunities identified, please specify:

(H) We have not identified specific climate-related risks and opportunities beyond our organisation's investment time horizon

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 32	PLUS	N/A	N/A	PUBLIC	Strategy	General

Describe the impact of climate-related risks and opportunities on your organization's investment strategy, products (where relevant) and financial planning.

Climate issues have been part of our ESG consideration since 2008. Indeed, our in-house ESG assessment framework considers Climate change and Resource depletion as the main impacting long term sustainability challenges that have to be assessed when considering the business model resilience of investee companies. With the stakeholders management assessment, those challenges are the main drivers of the final ESG score of companies across all sectors and at the origin of poor ESG score for high impacting sectors. The results of this ESG assessment are used in all fundamental strategies except the hedged funds ones:

- They are embedded in the strategies based on the Best-in-class selection (top 50 %/70%). These strategies cover all asset classes/regions and target a decarbonisation path.

- They inform the ESG integration process of all fundamental equity and corporate bonds strategies.
- All bonds portfolios favour the investment in green bonds for a pocket between 5 and 10%.

Since 2015, Candriam has supported Paris Agreement targets and decided to monitor carbon footprint of its ESG marketed funds that are implementing a strict Best-in-class selection based on our in-house ESG assessment framework and the reduction of exposure to fossil fuels: exclusion of investee companies with more than 10 % exposure to coal and to non conventional oil & gas, exclusion of investee companies exposed to more than 40% to conventional oil or with a carbon intensity not aligned with the AIE 2 D Scenario.

Company-wide exclusion policy covering all investments has been extended end 2018 those companies being considered as source of stranded assets in the short to medium term due to the climate change issue: divestment of investee companies with more than 10% exposure to coal has been implemented to all our active/passive investment products.

Aside from this exclusion, ESG integration approach applied to all our Fixed income and Equities investment process and based on the conclusions of our in-house ESG assessment for corporates that are impacted by the climate resilience of companies business model leads to the following decisions:

- Fundamental Europe Equities strategies : Energy, mining and Utilities sectors are structurally underweighted due to the poor perspectives offered by most of investee companies exposed to fossil fuels.
- Quantitative Equities strategies: a carbon optimisation approach is implemented across all sectors. Low carbon solutions are implemented for institutional clients based on a set of climate-related indicators (company's carbon footprint, contribution to energy transition, CO2 of fossil fuels reserves).
- Fixed income corporate process takes into account climate issue in corporate's credit quality assessment that influence the final credit exposure.

Based on our in-house ESG expertise, dedicated strategies to environmental objectives have been developed and open-funds have been proposed to final investors. For those strategies investment decisions are directly related to a dedicated framework that targets the environmental thematic:

- Climate change: environmental factors are taken into account to identify the best positioned companies to provide solutions to climate change challenges through mitigation and adaptation technologies, products and services as well as companies that will be able to leverage from the energy transition.
- Circular Economy: the framework targets the selection of enablers and transformers actors
 - "Enablers" are companies which provide new technologies, innovative product and service solutions to support other businesses and stakeholders to avoid or minimize resource use and waste generation and thus enabling circular economy transition.
 - "Transformers" are companies in the process of transforming their business operations and value chain into circular ones, with the aim to provide products or services that help consumers reduce their environmental impact.
 - Future Mobility: this framework targets companies that actively contribute to a more responsible way of mobility. Companies eligible for this strategy will help preserve the environment by offering solutions that make mobility more environmentally friendly, more safe and more efficient.

The SFDR gave us the opportunity to explicitly define targets related to climate change for our products classified as art 8 and 9 (67% of our AUM):

- For strategies promoting ESG characteristics (SFDR art8 classification), portfolios are committed to have their carbon footprint below this of the reference benchmark.

- For strategies with an ESG objective (SFDR art9 classification), portfolios target 30 % lower carbon footprint (initially based on scope 1 and 2 emissions, scope 3 being progressively integrated) than the reference benchmark. Fixed income process are also committed to invest 10% of their portfolio in green bonds with a target at 20% by 2025. Environmental thematic product are aligned with a 2.5 degrees portfolio temp

Strategy: Scenario analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33	CORE	N/A	ISP 33.1	PUBLIC	Strategy: Scenario analysis	General

Does your organisation use scenario analysis to assess climate-related investment risks and opportunities? Select the range of scenarios used.

- (A) An orderly transition to a 2°C or lower scenario
- (B) An abrupt transition consistent with the Inevitable Policy Response
- (C) A failure to transition, based on a 4°C or higher scenario
- (D) Other climate scenario, specify:
- (E) We do not use scenario analysis to assess climate-related investment risks and opportunities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 33.1	PLUS	ISP 33	N/A	PUBLIC	Strategy: Scenario analysis	General

Describe how climate scenario analysis is used to test the resilience of your organisation's investment strategy and inform investments in specific asset classes.

- (A) An orderly transition to a 2°C or lower scenario

As part of our ESG analysis, we systematically assess the positive and/or negative contribution to key sustainable challenges (climate change is one out of five) of companies' specific activities. Relevant frameworks based on scientific resources such as the IEA have been developed in order to identify the impact of each sub activity within each sector. The sustainability business activity score thus allows us to highlight which companies are contributing positively or negatively to climate change. This information is made available to all analysts and portfolio managers, and it is integrated in equity and credit analysts' fundamental analysis in the business profile section. In addition, we are integrating new sets of data including Paris alignment ratings companies are scored from Significant contribution to Incompatible) and avoided emissions (through the carbon data provider Carbon4Finance). We are also working on developing a taxonomy alignment module combining internal and external analysis. This set of indicators will allow us to identify in a comprehensive way which sectors and specific companies are best positioned to benefit from low carbon scenarios. This information is already used in the portfolio construction of our environmental thematic strategy.
- (B) An abrupt transition consistent with the Inevitable Policy Response

The IPR scenarios are included in our transition risks frameworks, which forms the basis of how we assess and integrate climate transition risks.

Our assessment of climate transition risks goes much further than our investment time horizon of 5 to 10 years. One key step of our transition risk model is to identify and assess in each sector and geography what is the most likely low transition pathway, and what are the related political/legal, technological, market and reputational risks associated. We have thus built for each sector a transition risk framework that identify specific activities and geographies that face the most climate risks. To do so, we rely on NDC and other national policies, as well as resources such as the Inevitable Policy Response (IPR) in order to evaluate the likely decarbonisation trajectory and associated risks, where possible by sector. In addition, our 2 degree alignment tool, which is based on Carbon4Finance data, allows to evaluate each issuer's positioning towards achieving the Paris goals. The level of alignment with the Paris goals is another good indicator of the future climate risks that companies will face, if we follow an IPR logic. Each company is rated from Significant contributor to Incompatible and this information is made available to portfolio management teams through our usual investment tools. For strategies dedicated to environmental thematic like Climate change, Circular Economy or Future Mobility, investments target sustainability objectives linked to temperature assessment.

(C) **A failure to transition, based on a 4°C or higher scenario**

At this stage, we use such scenario on an ad-hoc basis when physical risks are considered material following our transition risks framework. A more systematic approach will be applied when our approach towards physical risks will be fully completed.

Risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 34	PLUS	ISP 30	N/A	PUBLIC	Risk management	General

Which risk management processes do you have in place to identify and assess climate-related risks?

(A) **Internal carbon pricing. Describe:**

Carbon pricing is part of the financial valuation model developed by our financial analyst to evaluate companies. They also consider the impact of the evolution of EU Emissions Trade Schemes on future results of the company.

(B) **Hot spot analysis. Describe:**

This analysis is part of our transition risks framework used in our ESG assessment of companies (cf answer to question ISP31). Indeed, in this framework, aside from the identification of the most likely transition pathway, we identify specific activities and geographies that face the most climate risks. The result of this analysis is part of the ESG analysis of companies used in ESG selection for ESG marketed products and in integration approaches applied in all fundamental asset classes. This analysis is also an input for the Sustainability Risk Committee which monitors ESG risks at company and product level.

(C) **Sensitivity analysis. Describe:**

Sensitivity analysis is conducted for some scenarios (IEA, IPCC) and used to test our ESG Best-in-class selection and some reference investment strategies.

(D) TCFD reporting requirements on external investment managers where we have externally managed assets. Describe:

(E) **TCFD reporting requirements on companies. Describe:**

The TCFD report is an important reference used by our ESG analysis team in order to evaluate companies and for companies in the scope of our investments, if the companies does not report the components of the TCFD report, an engagement action is initiated to get the information and promote the use of the TCFD framework.

(F) Other risk management processes in place, please describe:

(G) We do not have any risk management processes in place to identify and assess climate-related risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 35	PLUS	Multiple, see guidance	N/A	PUBLIC	Risk management	General

In which investment processes do you track and manage climate-related risks?

(A) In our engagements with investee entities, and/or in engagements conducted on our behalf by service providers and/or external managers. Describe:

Since 2015, Energy transition is part of the 3 conviction topics we put forward in our engagement with companies. As explained under question ISP 12.1, management of climate-related risks falls under our priorities of engagement, both in individual and collaborative initiative. Engagement activities are the natural follow up of risks identified during our ESG assessment step: exposure to stranded assets and other specific climate risks identified by our Sustainability Risk Committee, analysis of companies' strategies and commitment to climate transition challenge including disclosure aligned with TCFD recommendation contribute all to define our priorities of engagement.

In 2020 we actually finalized two direct engagement campaigns: Financial institution & Climate risks, European Utilities & just transition. We continue targeting companies falling short of expectations and being close to fall in our exclusion criteria of our coal policy.

We also continued to actively support both CDP and Climate Action 100 + collaborative initiatives, addressing climate risks at a different level. We have actively supported several climate-related shareholder resolutions for the past 3 years (co-filed BP Climate resolution in 2019, Total in 2020). Sanction vote are applied to energy issuer having showed their heavy reluctance to move towards a low carbon economy.

Candriam also self committed to several statements including the Montreal Carbon Pledge (2015), the Investor Agenda (2018) or the commitment to support a just transition on climate change (2018). All of these imply specific attention given and actions taken towards carbon intensive industries and large GHG emitters, of which conventional oil & gas extraction corporate or electricity utilities.

Candriam also signed specific statements to G20 on climate change, including one calling them to phase out subsidies for fossil fuels (2017).

We have co-signed all Investors call for Climate to G7 & G20 and since 2021 became an official supporter of TCFD guidelines.

(B) In (proxy) voting conducted by us, and/or on our behalf by service providers and/or external managers. Describe:

Specific guidelines have been set up for management and shareholder climate resolutions. In addition, as part of our escalation measures, Candriam is ready to consider 1) exercising voting rights against management to show our disagreement on practices or strategic choices; 2) Supporting or filing a shareholder resolution; 3) Signing or Reading a statement at the AGM to raise both management and shareholder awareness.

Candriam voting policy is aligned with our commitments and explicitly mentions we consider that all listed-companies should publish and implement a comprehensive climate change policy in line with accepted principles such as those of the TCFD. Therefore, we recommend a vote in favour of resolutions demanding public report on hold companies' scenarios and climate strategy. We always consider the relevance, consistence and feasibility of the measure before casting our vote. We also engage in the pre-season of voting on the energy transition topic. In 2020, we supported more than 70 of climate-related resolutions put at vote.

(C) In our external investment manager selection process. Describe:

In line with our company-wide exclusion policy, the due diligence includes a question related to the exclusion policy, in particular for the approach applied to ESG risks policy, coal exposure and related stewardship activities. The process integrates additional requirement related to ESG screening and approach in function of the type of product selected.

(D) In our external investment manager monitoring process. Describe:

The monitoring process implemented controls implementation of the different elements that were required during the due diligence selection process and a test of portfolio composition in relation with the expected criteria applied.

(E) In the asset class benchmark selection process. Describe:

(F) In our financial analysis process. Describe:

The Sustainability Risks committee oversees all risks incl. climate ones at entity level and in case of potential severe risks of stranded assets or financial consequences considers a divestment process (Candriam's company-wide exclusion policy) , Additionally, in all fundamental investment processes, the company's ESG assessment incl. the transition risks assessment provided by the ESG analysis team are systematically considered in the financial profile of companies. This combined profile determines the investment maximum position in portfolio. Sensitivity to carbon pricing and energy mix scenarios are taken into account in the financial metrics used to determine the valuation profile of the company (stock price / yield spread).

- (G) Other investment process(es). Describe:
- (H) We are not tracking and managing climate-related risks in specific investment processes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 36	PLUS	N/A	N/A	PUBLIC	Risk management	General

How are the processes for identifying, assessing and managing climate-related risks incorporated into your organisation's overall risk management?

- (A) **The risk committee or the equivalent function is formally responsible for identifying, assessing and managing climate risks.**
Describe:

Since 2020, the Sustainability Risks Committee is in charge of piloting ESG risks incl. climate ones at entity and product levels. This Committee is headed by the CRO and the CIO and reports directly to the GSC. Global Heads of ESG and all investment processes are part of this Committee. This committee is in charge of the identification of material ESG short/medium/long term risks across all strategies and take the appropriate decisions/guidelines that have to be followed by portfolio managers. The ESG analysis team provides informations on major ESG controversies and risks identified during the ESG assessment of issuers as well as a report on engagement progress related to those. The Committee decides on potential divestment, monitoring and watch list considerations as well as follow-up engagement activities. Depending on the final ESG characteristics of the products, Candriam manages Sustainability Risk mainly via three approaches: ESG Assessment & ESG Investment Selection, including exclusion; engagement with investee companies; follow-up of ESG indicators and Principal Adverse Impact indicators. Climat risks are a main topic of this committee and leads to the decision to consider climate risks in all fundamental investment processes and to at least consider climate metrics for all products classified under SFDR art 8 and 9 which represent 67 % of Candriam's AUM.

- (B) **Climate risks are incorporated into traditional risks (e.g. credit risk, market risk, liquidity risk or operational risk).**
Describe:

As part of our ESG integration approach, climate risks are considered in the issuers profile in function of their materiality and influence the final composition of portfolios. The way this is implemented depends of the type of process: for fundamental process, this influence the valuation and % exposure to the issuer, for quant process, this can take the form of a specific optimising approach including a carbon factor.

- (C) **Climate risks are prioritised based on their relative materiality, as defined by our organisation's materiality analysis.**
Describe:

A materiality analysis is conducted and the Sustainability Risks Committee is in charge of the final decision related to the exclusion /divestment to apply as well as of the general guidelines given to the portfolio managers to consider ESG and climate risks.

- (D) Executive remuneration is linked to climate-related KPIs. Describe:
- (E) **Management remuneration is linked to climate-related KPIs.** Describe:

Candriam considered responsible investment (RI) a key component of its fiduciary duty to our investors for over 25 years. This is why integration of ESG has continuously been fostered in our investment processes. The EU SFDR has been an opportunity to disclose in detail our ESG integration processes and defining new impact measurement indicators – of which at least one climate-related indicator for 67 % of our AUM, - that are integral part of the evaluation process of investment teams. Given this, investment teams are covered by Candriam’s remuneration policy that is based on the following stated principles “As a responsible asset manager, Candriam recognises the importance of promoting sound and effective risk management including sustainability risks in the management of funds and other investment portfolios. To prevent excessive risk-taking, Candriam has designed policies to promote responsible staff behaviour which duly considers sustainability impacts.

Candriam’s structure of remuneration is linked to risk adjusted performance. In this respect, Candriam aims to provide an appropriate remuneration environment and to ensure that employees are not incentivised to take inappropriate and/or excessive risks including sustainability risks which are inconsistent with the risk profile of Candriam and, where appropriate, the managed funds and discretionary portfolio management mandates. Moreover, when taken into account by the fund or mandate, Candriam ensures that staff duly consider sustainable impacts.”

(F) Climate risks are included in the enterprise risk management system. Describe:

Like for all ESG data, climate data are available in portfolio management tool. To ensure that climate risks are well taken into account by portfolio managers, the day-to-day compliance of portfolios with ESG internal rules incl. climate ones are monitored by a constraint server that prevents transactions not compliant and generates automated risk control reports that are shared by risk department with heads of investment units and portfolio managers. This automated control covers individual positions notably related to the company-wide exclusion companies for coal exposure as well as other climate-related exclusions. Climate-related targets at portfolio level are also monitored by the risk management system.

(G) Other methods for incorporating climate risks into overall risk management, please describe:

(H) Processes for identifying, assessing and managing climate-related risks are not integrated into our overall risk management

Metrics and targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37	PLUS	N/A	ISP 37.1	PUBLIC	Metrics and targets	General

Have you set any organisation-wide targets on climate change?

- (A) Reducing carbon intensity of portfolios
- (B) Reducing exposure to assets with significant climate transition risks
- (C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes
- (D) Aligning entire group-wide portfolio with net zero
- (E) Other target, please specify:
- (F) No, we have not set any climate-related targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 37.1	PLUS	ISP 37	N/A	PUBLIC	Metrics and targets	General

Provide more details about your climate change target(s).

	(1) Absolute- or intensity-based	(2) The timeframe over which the target applies: Years [Enter a value between 1 and 100]
(A) Reducing carbon intensity of portfolios	(2) Intensity-based	5
(B) Reducing exposure to assets with significant climate transition risks	(2) Intensity-based	5
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	(1) Absolute-Based	5
	(3) Baseline year [between 1900–2020]	(4) Baseline amount
(A) Reducing carbon intensity of portfolios	2020	31% AUM
(B) Reducing exposure to assets with significant climate transition risks	2020	31% AUM
(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes	2020	10% AUM
	(5) Target date dd/mm/yyyy	(6) Target value/amount
(A) Reducing carbon intensity of portfolios		-30%
(B) Reducing exposure to assets with significant climate transition risks	31/12/2025	

(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes

31/12/2025

(7) Interim targets or KPIs used to assess progress against the target

(8) Other details

(A) Reducing carbon intensity of portfolios

metric carbon intensity (TCO₂/mio € invested)- initially scopes 1 & 2, progressively scope 3 integration

(B) Reducing exposure to assets with significant climate transition risks

our recently developed transition risks framework is deployed in our ESG analysis for all sectors with high climate impact

(C) Investing in low-carbon, energy-efficient climate adaptation opportunities in different asset classes

10% in 2021, 25% by 2025

% green bonds in portfolio

Metrics and targets: Transition risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38	PLUS	N/A	ISP 38.1	PUBLIC	Metrics and targets: Transition risk	General

What climate-related metric(s) has your organisation identified for transition risk monitoring and management?

- (A) Total carbon emissions
- (B) Carbon footprint
- (C) Carbon intensity
- (D) Weighted average carbon intensity
- (E) Implied temperature warming
- (F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)
- (G) Avoided emissions metrics (real assets)
- (H) Other metrics, please specify:
 - CO₂ from reserves

(I) No, we have not identified any climate-related metrics for transition risk monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 38.1	PLUS	ISP 38	N/A	PUBLIC	Metrics and targets: Transition risk	General

Provide details about the metric(s) you have identified for transition risk monitoring and management.

	(1) Coverage of AUM	(2) Purpose
(A) Total carbon emissions	(2) for the majority of our assets	ESG assessment of companies and risks associated, part of ESG selection, corporate impact
(B) Carbon footprint	(2) for the majority of our assets	inform investment decision and monitoring, reporting, FR art 173, target SFDR art 8 and 9 products, Montreal Carbon pledge
(C) Carbon intensity	(2) for the majority of our assets	ESG assessment of companies and risks associated, reporting
(D) Weighted average carbon intensity	(2) for the majority of our assets	inform investment decision and monitoring, Reporting
(E) Implied temperature warming	(3) for a minority of our assets	assessment of alignment with temperature scenario and related risks
(F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)	(3) for a minority of our assets	assessment of portfolio contribution to climate change mitigation and adaptation, monitoring target, reporting
(G) Avoided emissions metrics (real assets)	(3) for a minority of our assets	assessment of activities contributing to climate change mitigation, improve evaluation of portfolio carbon impact
(H) Other metrics [as specified]	(2) for the majority of our assets	ESG assessment of companies and risks associated, inform investment decision and monitoring, exclusion of exposure to thermal coal, reporting

	(3) Metric unit	(4) Methodology
(A) Total carbon emissions	Tons CO2 eq	
(B) Carbon footprint	Tons CO2 eq in mio € invested	UNEPFI
(C) Carbon intensity	Tons CO2 eq in mio € revenues	GHG Protocol
(D) Weighted average carbon intensity	Tons CO2 eq in mio € revenues	TCFD
(E) Implied temperature warming	Celsius degrees	Carbon 4 Finance
(F) Percentage of assets aligned with the EU Taxonomy (or similar taxonomy)	% of total portfolio	EU Regulation
(G) Avoided emissions metrics (real assets)	Tons CO2 eq in mio € revenues	Carbon 4 Finance
(H) Other metrics [as specified]	tCO2eq in fossil fuels reserves (extractive activities)	GHG Protocol

Metrics and targets: Physical risk

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 39	PLUS	N/A	ISP 39.1	PUBLIC	Metrics and targets: Physical risk	General

What climate-related metric(s) has your organisation identified for physical risk monitoring and management?

- (A) Weather-related operational losses for real assets or the insurance business unit
- (B) Proportion of our property, infrastructure or other alternative asset portfolios in an area subject to flooding, heat stress or water stress
- (C) Other metrics, please specify:
- (D) Other metrics, please specify:
- (E) We have not identified any metrics for physical risk monitoring

Sustainability outcomes

Set policies on sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 40	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Where is your approach to sustainability outcomes set out? Your policy/guideline may be a standalone document or part of a wider responsible investment policy.

- (A) Our approach to sustainability outcomes is set out in our responsible investment policy
- (B) Our approach to sustainability outcomes is set out in our exclusion policy
- (C) Our approach to sustainability outcomes is set out in our stewardship policy
- (D) Our approach to sustainability outcomes is set out in asset class-specific investment guidelines
- (E) Our approach to sustainability outcomes is set out in separate guidelines on specific outcomes (e.g. the SDGs, climate or human rights)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 41	CORE	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

Which global or regionally recognised frameworks do your policies and guidelines on sustainability outcomes refer to?

- (A) The SDG goals and targets
- (B) The Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights
- (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- (E) Other frameworks, please specify:
- (F) Other frameworks, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 42	PLUS	ISP 1.1	N/A	PUBLIC	Set policies on sustainability outcomes	1, 2

What are the main reasons that your organisation has established policies or guidelines on sustainability outcomes? Select a maximum of three options.

- (A) Because we understand which potential financial risks and opportunities are likely to exist in (and during the transition to) an SDG-aligned world
- (B) Because we see it as a way to identify opportunities, such as through changes to business models, across supply chains and through new and expanded products and services
- (C) Because we want to prepare for and respond to legal and regulatory developments, including those that may lead to stranded assets
- (D) Because we want to protect our reputation and licence-to-operate (i.e. the trust of beneficiaries, clients and other stakeholders), particularly in the event of negative sustainability outcomes from investments
- (E) Because we want to meet institutional commitments on global goals (including those based on client or beneficiaries' preferences), and communicate on progress towards meeting those objectives
- (F) Because we consider materiality over longer time horizons to include transition risks, tail risks, financial system risks and similar
- (G) Because we want to minimise negative sustainability outcomes and increase positive sustainability outcomes of investments

Identify sustainability outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 43	CORE	N/A	Multiple, see guidance	PUBLIC	Identify sustainability outcomes	1

Has your organisation identified the intended and unintended sustainability outcomes from any of its activities?

- (A) No, we have not identified the sustainability outcomes from our activities
- (B) Yes, we have identified one or more sustainability outcomes from some or all of our activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44	CORE	ISP 43	ISP 44.1	PUBLIC	Identify sustainability outcomes	1

What frameworks/tools did your organisation use to identify the sustainability outcomes from its activities? Indicate the tools or frameworks you have used to identify and map some or all of your sustainability outcomes.

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) The OECD Guidelines for Multinational Enterprises, including guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other taxonomies (e.g. similar to the EU Taxonomy), please specify:
- (G) Other framework/tool, please specify:
 - internal ESG Models: Business activities & Stakeholders
- (H) Other framework/tool, please specify:
- (I) Other framework/tool, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 44.1	CORE	ISP 44	N/A	PUBLIC	Identify sustainability outcomes	1

At what level(s) did your organisation identify the sustainability outcomes from its activities?

- (A) At the asset level
- (B) At the economic activity level
- (C) At the company level
- (D) At the sector level
- (E) At the country/region level
- (F) At the global level
- (G) Other level(s), please specify:
- (H) We do not track at what level(s) our sustainability outcomes were identified

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 45	CORE	ISP 43	SO 1	PUBLIC	Identify sustainability outcomes	1

How has your organisation determined your most important sustainability outcome objectives?

- (A) Identifying sustainability outcomes that are closely linked to our core investment activities
- (B) Consulting with key clients and/or beneficiaries to align with their priorities
- (C) Assessing the potential severity (e.g. probability and amplitude) of specific negative outcomes over different timeframes
- (D) Focusing on the potential for systemic impacts (e.g. due to high level of interconnectedness with other global challenges)
- (E) Evaluating the potential for certain outcome objectives to act as a catalyst/enabler to achieve a broad range of goals (e.g. gender or education)
- (F) Analysing the input from different stakeholders (e.g. affected communities, civil society or similar)
- (G) Understanding the geographical relevance of specific sustainability outcome objectives
- (H) Other method, please specify:
- (I) We have not yet determined our most important sustainability outcome objectives

Transparency & Confidence-Building Measures

Information disclosed – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 46	CORE	OO 16	N/A	PUBLIC	Information disclosed – ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets, what information about your ESG approach do you (or the external investment managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- (D) A description of our investment process and how ESG is considered
- (E) ESG objectives of individual funds
- (F) Information about the ESG benchmark(s) that we use to measure fund performance

- (G) Our stewardship approach
- (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- (J) A list of our main investments and holdings
- (K) ESG case study/example from existing fund(s)
- (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

Information disclosed – Passive ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 47	CORE	Multiple, see guidance	N/A	PUBLIC	Information disclosed – Passive ESG assets	6

For the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets that are passive listed equity and/or passive fixed income, how do you communicate changes in their ESG benchmark selection and construction?

- (A) We disclose details that would allow external parties to replicate or test the ESG index or benchmark
- (B) We disclose the main sources of ESG data, broad ESG assumptions and how this is used to develop ESG passive portfolios
- (C) We disclose a full list of all changes to methodologies
- (D) We disclose any changes that we deem significant to the methodology
- (E) We do not communicate changes to methodologies for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets that use ESG indices/benchmarks

Client reporting – ESG assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 48	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – ESG assets	6

What ESG information is included in your client reporting for the majority of your ESG/sustainability marketed funds or products, and/or your ESG/RI certified or labelled assets?

- (A) Qualitative analysis, descriptive examples or case studies
- (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- (C) Progress on our sustainability outcome objectives
- (D) Stewardship results
- (E) Information on ESG incidents, where applicable
- (F) Analysis of ESG contribution to portfolio financial performance
- (G) We do not include ESG information in client reporting for the majority of our ESG/sustainability marketed funds or products, and/or our ESG/RI certified or labelled assets

Information disclosed – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 49	CORE	N/A	N/A	PUBLIC	Information disclosed – All assets	6

For the majority of your total assets under management, what information about your ESG approach do you (or the external managers/service providers acting on your behalf) include in material shared with clients, beneficiaries and/or the public? The material may be marketing material, information targeted towards existing or prospective clients or information for beneficiaries.

- (A) A commitment to responsible investment (e.g. that we are a PRI signatory)
- (B) Industry-specific and asset class-specific standards that we align with (e.g. TCFD, or GRESB for property and infrastructure)
- (C) Our responsible investment policy (at minimum a summary of our high-level approach)
- (D) A description of our investment process and how ESG is considered
- (E) ESG objectives of individual funds
- (F) Information about the ESG benchmark(s) that we use to measure fund performance
- (G) Our stewardship approach
- (H) A description of the ESG criteria applied (e.g. sectors, products, activities, ratings and similar)
- (I) The thresholds for the ESG criteria applied in our investment decisions or universe construction
- (J) A list of our main investments and holdings
- (K) ESG case study/example from existing fund(s)
- (L) We do not include our approach to ESG in material shared with clients/beneficiaries/the public for the majority of our assets under management

Client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 50	CORE	Multiple, see guidance	N/A	PUBLIC	Client reporting – All assets	6

What ESG information is included in your client reporting for the majority of your assets under management?

- (A) Qualitative ESG analysis, descriptive examples or case studies
- (B) Quantitative analysis or key performance indicators (KPIs) related to ESG performance
- (C) Progress on our sustainability outcome objectives
- (D) Stewardship results
- (E) Information on ESG incidents where applicable
- (F) Analysis of ESG contribution to portfolio financial performance

(G) We do not include ESG information in client reporting for the majority of our assets under management

Frequency of client reporting – All assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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ISP 51	CORE	Multiple, see guidance	N/A	PUBLIC	Frequency of client reporting – All assets	6
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For the majority of each asset class, how frequently do you report ESG-related information to your clients?

(A) Listed equity (1) Quarterly

(B) Fixed income (1) Quarterly

(F) Hedge funds (3) Annually

Confidence-building measures

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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ISP 52	CORE	OO 16.1	Multiple, see guidance	PUBLIC	Confidence-building measures	6
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What verification has your organisation had regarding the information you have provided in your PRI Transparency Report this year?

- (A) We received third-party independent assurance of selected processes and/or data related to our responsible investment processes, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls/governance or processes to be able to conduct an external assurance next year
- (C) The internal audit function team performed an independent audit of selected processes/and or data related to our responsible investment processes reported in this PRI report
- (D) Our board, CEO, other C-level equivalent and/or investment committee has signed off on our PRI report
- (E) Some or all of our funds have been audited as part of the certification process against a sustainable investment/RI label
- (F) We conducted an external ESG audit of our ESG/sustainability marketed funds or products (excluding ESG/RI certified or labelled assets)
- (G) We conducted an external ESG audit of our holdings to check that our funds comply with our RI policy (e.g. exclusion list or investee companies in portfolio above certain ESG rating)
- (H) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (I) Responses related to our RI practices documented in this report have been internally reviewed before submission to the PRI

(J) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 53	CORE	ISP 52, OO 14	N/A	PUBLIC	Confidence-building measures	6

Which responsible investment processes and/or data did your organisation have third-party external assurance on?

(A) Investment and stewardship policy

(3) Processes and related data assured

(C) Listed equity

(3) Processes and related data assured

(D) Fixed income

(3) Processes and related data assured

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 54	CORE	ISP 52	ISP 54.1	PUBLIC	Confidence-building measures	6

What standard did your third-party external assurance provider use?

(A) PAS 7341:2020

(B) ISAE 3000 and national standards based on this

(C) Dutch Standard 3810N (Assurance engagements regarding sustainability reports)

(D) RevR6 (Assurance of Sustainability)

(E) IDW AsS 821 (Assurance Standard for the Audit or Review of Reports on Sustainability Issues)

(F) Accountability AA1000 Assurance Standard (AA1000AS)

(G) IFC performance standards

(H) SSAE 18 and SOC 1

(I) **Other national auditing/assurance standard with guidance on sustainability, please specify:**

audit of process and data for SRI labelled processes/products (Belgium and France) which cover also our ESG integration approach applied to all Equity and Fixed income AUM.

(J) Invest Europe Handbook of Professional Standards

(K) ISAE 3402

(L) AAF 01/06

(M) AAF 01/06 Stewardship Supplement

(N) ISO 26000 Social Responsibility

(O) ASAE 3410 Assurance Engagements on Greenhouse Gas Statements

(P) PCAF

- (Q) NGERS audit framework (National Greenhouse and Energy Reporting)
- (R) Auditor's proprietary assurance framework for assuring RI-related information
- (S) Other greenhouse gas emissions assurance standard, please specify:
- (T) None of the above

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 55	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Provide details of the third-party external assurance. Include details such as the level of assurance attained, who conducted it, limitations, the expertise of the assurer in the subject matter and/or usage of multiple standards.

The external assurance is conducted by auditors recognized by the SRI label in France and Belgium. In France, AFNOR conducts the audit each year in December. In Belgium, the audit is conducted yearly by a consortium of auditors that are expert in ESG. The scope of the audit covers: the ESG policy in place and all related documentations, the data sources used for ESG criteria applied and for ESG reportings (ex. Impact indicators like Portfolio carbon footprint), the internal resources and the process from ESG analysis and selection to portfolio construction and internal controls. Stewardship activities are part of the audit process. Reports to clients, disclosure on internet and internal/external education program on ESG are also part of the audit as well as commercial activities. The auditors ask a global report on all those elements, a presentation of those is foreseen with representatives of all level of the company and interview with staff members are conducted for the different activities. The auditor also test internal process (investment committee reports, flow of informations, risk controls,...) and portfolio compliance to the described pproach and mandatory ESG criteria (incl. integration of ESG criteria in process and stewardship activities).
 This type of audit covers all our SRI strategies and by this way also all our ESG integration process and ESG exclusion policy applied for Equity and Fixed income assets.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 56	CORE	OO 14, ISP 52	N/A	PUBLIC	Confidence-building measures	6

What responsible investment processes and/or data were audited by internal auditors/outsourced internal auditors?

- | | |
|---------------------------------------|--|
| (A) Investment and stewardship policy | (3) Processes and related data assured |
| (C) Listed equity | (3) Processes and related data assured |
| (D) Fixed income | (3) Processes and related data assured |

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 57	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Provide details about the internal audit process regarding the information provided in your PRI Transparency Report.

Internal Audit team compiles a three-year internal audit plan based on an independent evaluation of the risks to which the company is exposed. Given the importance of ESG factors in all Candriam processes, there are systematically reviewed during audits. The most recent concerned the review of fundamental equity processes (Q4 2020-Q1 2021) and therefore in particular the elements of control in relation to ESG factors. Internal audit has the total independence to determine the scope. Audit reviews are based on interviews, review of documents, verifying data and testing. They are performed in accordance with the audit methodology defined by international internal auditing standards. Audit conclusions are reported to the CEO and to the Audit Committee.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 58	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Who has reviewed/verified the entirety of or selected data from your PRI report?

- (A) Board and/or trustees (2) most of the report

- (B) Chief-level staff (e.g. Chief Executive Officer (CEO), Chief Investment Officer (CIO) or Chief Operating Officer (COO)) (2) most of the report

- (C) Investment committee (2) most of the report

- (D) Other chief-level staff, please specify:
 - Global Heads of investment asset classes, Global Head of risk management, Global Head of Corporate Sustainability. (2) most of the report

- (E) Head of department, please specify:
 - all heads of investment units (FI, EQ, HF...). (1) the entire report

- (F) Compliance/risk management team (2) most of the report

- (G) Legal team (3) parts of the report

(H) RI/ ESG team

(1) the entire report

(I) Investment teams

(1) the entire report

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 59	CORE	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Which of the following ESG/RI certifications or labels do you hold?

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) EU Ecolabel
- (H) EU Green Bond Standard
- (I) **Febelfin label (Belgium)**
- (J) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (K) Greenfin label (France)
- (L) ICMA Green Bond Principles
- (M) **Le label ISR (French government SRI label)**
- (N) Luxflag Climate Finance
- (O) Luxflag Environment
- (P) **Luxflag ESG**
- (Q) Luxflag Green Bond
- (R) Luxflag Microfinance
- (S) National stewardship code (e.g. UK or Japan), please specify:
- (T) Nordic Swan Ecolabel
- (U) **Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic), please specify:**
 - 75 % of our AUM covered by the Eurosif Transparency code.
- (V) People's Bank of China green bond guidelines
- (W) RIAA (Australia)
- (X) **Towards Sustainability label (Belgium)**
- (Y) Other, please specify:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 60	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Provide details of the audit of your ESG/sustainability marketed funds or products.

French SRI Label (October 2020 and December 2020) Audit conducted by a certified auditor (Afnor) * ESG approach and ESG research/analysis * Stewardship activities * Internal tools and data sources * Portfolio construction * Transparency: marketing & sales, ESG reporting * ESG performance Coverage: a representative selection of ESG (Fixed income corporate, Fundamental and Quant strategies) and non ESG (Fundamental European Equities, World Thematic Equities) commercialized funds. In 2020, 16 funds were granted this label. Towards Sustainability Label (August- October 2020) Audit conducted by a dedicated consortium of ESG auditors selected by the Central Labelling Agency Control of label standards and criteria * Check ESG approach applied is aligned with the required ESG criteria (ESG approach, exclusion criteria) * Conformity of legal documentation * Random check of ESG data used In-depth audit of Portfolio composition * In-depth control of portfolio composition to ESG applied criteria, * ESG profiles of selected issuers (random) * Report to the label agency Coverage: as signatory to the Towards Sustainability Standards, Candriam is committed to get the label for all ESG funds marketed in Belgium.

The SRI fund range covers all regions (Europe, World, North America, Asia, Emerging) and asset classes (Equity fundamental & quant, Fixed Income corporates, aggregate and sovereign, Multi-strategy). World Equity ESG thematic funds like Climate Action, Circular Economy. Additionally, European Fundamental Equity and World thematic Equity (like Demography, Oncology strategies) not marketed as ESG have also been labelled.

ESG ETF products (Equity, Fixed Income sovereign/corporate) are also labelled. In total, all funds (35) that applied to the label have been granted this label..

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 61	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Provide details of the ESG audit carried out as part of your risk management, engagement identification or investment decision-making.

Compliance team conducts controls on ESG process, data and commercial documentation. The last controls performed were related to the following

- Control on carbon footprint data (early 2020): the purpose of this report was
 - to monitor the set up of calculation and validation of the footprint of portfolios
 - to check if CANDRIAM can ensure consistency between the investment policy, the methodology announced to investors and the process applied in practice
- Assessment of the SRI management systems covering
 1. the organisation of SRI measures and the means employed;
 2. the sufficiently operational nature of the investment and risk management procedures that regulate the SRI system;
 3. the SRI methodology established: data, ESG criteria, factoring in climate risk, rating of issuers, selection of securities, exclusion of securities, engagement policy, whether or not external suppliers are used;
 4. whether the ex ante and ex post information provided to investors is satisfactory.

This control has been conducted only on the basis of information provided to investors.

- Conformity of marketing documents including ESG elements (2019-2020 and on-going monitoring)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
ISP 62	PLUS	ISP 52	N/A	PUBLIC	Confidence-building measures	6

Describe your organisation's approach to ensuring that your responsible investment processes are implemented as per your policies and guidelines. In your description please include the frequency of ensuring that your processes follow stated policies and include the choice of ESG fund audit, internal audit function and/or third-party external assurance.

ESG is part of our strategic orientations defined by Global Strategic Committee and a dedicated ESG governance is in place. Policies and guidelines are discussed during a dedicated off-site event gathering all heads of unit with an ESG expertise and the GSC in order to assess and define the ESG roadmap during annual business plans presented to Executive Committee. The implementation is supervised on a quarterly basis by the ESG steering committee. Dedicated working groups are in charge of ESG investments, ESG Business Development, ESG regulation & certification, Stewardship & collaborative initiatives, ESG editorial, ESG it & ops. The Sustainability Risk Committee (CIO, CRO, Global head of ESG analysis) is responsible for the management of ESG risks across all investment process/products and reports directly to the GSC Sustainability Committee.

The investment decisions are discussed during ad-hoc investment committees organised on a monthly basis within the business unit in charge with input from ESG analysts and stewardship teams. The day-to-day compliance of portfolios with ESG internal rules are monitored by a constraint server that prevents transactions not compliant and generates automated risk control reports that are shared by risk department with heads of investment units and portfolio managers. Any breaches of policy rules are reported to the Portfolio Risk Compliance Committee. Policy modifications are validated by the Sustainability Risk Committee.

Regular audit missions are conducted on the investment process and on ESG analysis. Third party assurance is mainly related to ESG labelling process for which in-depth yearly external audit is conducted. This kind of audit covers ESG as well as non ESGI marketed funds. Additionally, all ESG marketed funds are audited by the fund auditor for their compliance to the ESG approach described in the fund legal documentation. This control leads to a dedicated report on a yearly basis.

Listed Equity (LE)

Pre-investment phase

Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 10	LE 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors across listed equities?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion

(E) No, we do not have a formal process to identify material ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1.1	CORE	LE 1	N/A	PUBLIC	Materiality analysis	1

How does your current investment process incorporate material ESG factors?

(1) Passive equity

(2) Active - Quantitative

(3) Active - Fundamental

(A) The investment process incorporates material governance factors

(B) The investment process incorporates material environmental and social factors

(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon

(D) The investment process incorporates the effect of material ESG factors on revenues and business operations

Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

Do you continuously monitor a list of identified long-term ESG trends related to your listed equity assets?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) We monitor long-term ESG trends for all assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) We monitor long-term ESG trends for the majority of assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) We monitor long-term ESG trends for a minority of assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) We do not continuously monitor long-term ESG trends in our investment process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ESG incorporation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 10	LE 3.1	PUBLIC	ESG incorporation	1

How does your financial modelling and equity valuation process incorporate material ESG risks?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) We incorporate governance-related risks into financial modelling and equity valuations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) We incorporate environmental and social risks into financial modelling and equity valuations

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations

(D) ESG risk is incorporated into financial modelling and equity valuations at the discretion of individual investment decision-makers, and we do not track this process

(E) We do not incorporate ESG risks into our financial modelling and equity valuations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3.1	CORE	LE 3	N/A	PUBLIC	ESG incorporation	1

In what proportion of cases do you incorporate the following material ESG risks into your financial modelling and equity valuation process?

(1) Passive Equity

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

(2) Active - Quantitative

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

(3) Active - Fundamental

(A) We incorporate governance-related risks into financial modelling and equity valuations (1) in all cases

(B) We incorporate environmental and social risks into financial modelling and equity valuations (1) in all cases

(C) We incorporate environmental and social risks related to companies' supply chains into financial modelling and equity valuations (1) in all cases

Assessing ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 10	LE 4.1	PUBLIC	Assessing ESG performance	1

What information do you incorporate when you assess the ESG performance of companies in your financial modelling and equity valuation process?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) We incorporate information on current performance across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate information on historical performance across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability

(E) We do not incorporate ESG factors when assessing the ESG performance of companies in our financial modelling or equity valuation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4.1	CORE	LE 4	N/A	PUBLIC	Assessing ESG performance	1

In what proportion of cases do you incorporate the following information when assessing the ESG performance of companies in your financial modelling and equity valuation process?

(1) Passive equity

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases

(2) Active – quantitative

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases

(3) Active – fundamental

(A) We incorporate information on current performance across a range of ESG metrics (1) in all cases

(B) We incorporate information on historical performance across a range of ESG metrics (1) in all cases

(C) We incorporate information enabling performance comparison within a selected peer group across a range of ESG metrics (1) in all cases

(D) We incorporate information on ESG metrics that may impact or influence future corporate revenues and/or profitability (1) in all cases

ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Outline one best practice or innovative example where ESG factors have been incorporated into your equity selection and research process.

- Our proprietary ESG assessment of companies applied since 2008 and the manner this is combined in our different equity process in order to complete financial investment decision.
 - Candriam’s ESG analysis for companies consists in evaluating their ability to manage the sustainable development issues specific to their sector. These are addressed from two distinguishable but interlinked angles namely Business Activities and Stakeholders Analysis.
 - This so-called Best-in-Class analysis is followed by a norms-based check designed to exclude companies for which there is definite proof of systematic breaches of the ten principles of the UN Global Compact that covers Human & Labour rights, respect for the environment and anti-corruption. The last step consists in excluding companies involved in controversial activities.
1. Business Activities Analysis

This analysis evaluates the company's exposure to global sustainability trends liable to influence the economic environment in which companies operate and determine the future challenges in the market as well as the long-term growth opportunities. Candriam has identified five global sustainability trends: Climate Change, Resource Depletion, Demographic Evolution, Interconnectivity, Health. The company's exposure to those trends takes into account the product/services offered, the geographical production zones and markets, the customer segment groups.

Based on the conclusions of the sector business activities analysis, all company's exposure to the global sustainability trends specific to its sector are evaluated and scored.

2. Stakeholders Analysis

Material risks and opportunities arising from interactions with stakeholders are evaluated. Based on qualitative sector data and, where possible, historic quantitative data, the relevance of each stakeholder relation (Clients, Human Capital, Investors, Environment, Suppliers and Society) and the different themes (32 themes such as e.g. "diversity and discrimination", 'training and career management' in relation with employees, "public authority relations", site safety in relation with 'society' ...) is determined according to the frequency of interactions, their financial impact and future prospects.

For ex. in the Energy sector the most important relations are with the Environment and Society. In the Software sector, relations with its Human Capital and Clients are predominant. In the category relations with its Human Capital, Healthy Living and Wellbeing is most important for the Energy sector while Climate Change and Remuneration are most important for the Software sector.

For each theme, the company strategies and policies implemented as well as its performances relative to its competitors are evaluated. The combination of this evaluation and the weightings for each stakeholder's relation obtained from sector stakeholder's analysis gives the overall stakeholder's score for each company.

The company's final ESG score is a combination of those two assessments.

Incorporation of ESG assessment in Equity investment process

1. Active Fundamental Strategies

Five financial criteria with equal weight are part of the company's valuation process:

1. Quality of management
2. Business Growth
3. Competitive Advantage
4. Value Creation
5. Financial Leverage

ESG factors related to stakeholders management are integrated in the Quality of management criteria. Those related to the sustainability level of its business model are part of the Business Growth one. Based on this assessment, companies are "green", "orange" or "red" flagged. If the company stakeholder's score belongs to the 3rd tertile of its universe, the 'Quality of Management score' cannot be 'green'.

Only "green" or "orange"-flagged companies can be potentially part of the portfolio. Positions against benchmark are function of colour flag and valuation assessment (DCF).

For ESG marketed strategies, this integration process is applied after the top 50 'Best-in-Class' screening and apply a stricter controversial activities screening. Portfolios are committed to at least a reduction of their carbon footprint of 30 % against benchmark.

For ESG thematic strategies like Climate Action or Circular Economy, a dedicated ESG screening framework is applied ensuring companies in portfolio are exposed for more than 50 % of their revenues to the thematic. Portfolios are aligned with 2.5 degrees and target a 2 degrees by 2025.

2. Active/Passive Quantitative Strategies

Companies ESG score and carbon intensity are incorporated in their optimization process, defining the final company's portfolio weighting. This enables the portfolio managers to define a specific absolute or relative target that can be set and respected (ex. Low carbon).

3. Passive Strategies

Our SRI ETF strategies replicate our ESG proprietary universe which aim to select the best corporate issuers.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 10	LE 6.1	PUBLIC	ESG incorporation in portfolio construction	1

How do ESG factors influence your portfolio construction?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(E) Other expressions of conviction (please specify below)

(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6.1	CORE	LE 6	N/A	PUBLIC	ESG incorporation in portfolio construction	1

In what proportion of cases did ESG factors influence your portfolio construction?

(1) Passive equity

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

(2) Active – quantitative

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

(3) Active – fundamental

(A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases

(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases

(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process (1) in all cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 7	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active listed equity.

Provide examples below:

(A) Example 1:

Incorporation of Business Activities score – Long-term Sustainability: Companies are exposed to major long-term ESG trends that can strongly influence the environment in which they operate and that may shape their future market challenges and long-term growth. We have identified five key sustainability trends of which Climate change which is considered to be a major and substantial challenge in sustainable development. Accordingly, it is assessed in all sector models and is a major source of risk for high-impact sectors such as energy, transport and materials. In the course of this assessment, the impact of various activities is estimated and factors in greenhouse gas emissions from the source to final consumption (i.e. **(response continued in row below)**)

Scopes 1, 2 and 3). Based on this estimate, the impacts for each activity are ranked on a scale from 0 to 100. The measurement of the impact itself is based on the company's exposure, according to revenue earned by the activity, except for the energy and utilities sectors, where it is based on fossil fuel reserves and installed capacity, respectively. The result of this assessment is that company exposed to fossil fuels have a lower Business Activities score. **(response continued in row below)**

In Fundamental Equity strategies, this Business activities score is taken into account in the assessment of the company growth potential, which in turn impacts the final weighting in the portfolio. This explains the reason why Energy, Mining & Utilities sectors are strongly underweighted in those strategies.

In the Sustainable Equity Emerging Markets strategy, the energy sector accounts for 1% of portfolio, while it represents +/-5% of the MSCI Emerging Markets [®], its reference benchmark.

By combining the exclusion of the companies exposed to thermal coal and a carbon intensity reduction constraint, passive quant funds have an energy mix with a large tilt on renewables/low emitting sources of energy production. In this strategy, the risk minimization process searches to invest in companies with better practices instead of lowering the weight of the sector. In our worldwide strategy, the portion of renewables in the Energy production mix is 27.71% compared to 17.27% in the MSCI World reference benchmark and the portion of coal based production is 10.71% compared to 25.12% in the benchmark..

Stakeholder Analysis:

We analyse each company's ability to incorporate the interests of six types of stakeholders – Investors, Human Capital, Clients, Suppliers, Society, and the Environment – in its long-term strategy. We determine the relevance of each category based on qualitative and quantitative data. We look at the degree of attention paid to shareholders; the frequency of certain events such as accidents and fines; the tangible or intangible financial impact of ESG issues; and the outlook and prospects for a company to improve or deteriorate in these measures. Based on the relevance, we determine weights for each category.

For example, in the Energy sector, we place a strong weight on the environment; in Software, we place more emphasis on Human Capital and Clients. **(response continued in row below)**

(B) Example 2:

Within the broad categories, we also weigh by impact. For Energy, within the category of 'relations with employees', we stress Healthy Living & Wellbeing; for Software, within the category of 'relations for employees', we emphasize change management and remuneration.

In Fundamental Equities strategies, the ESG Stakeholder analysis is taken into account in the Quality of Management assessment, which in turn impacts the final weighting in the portfolio. If the company 'stakeholder' score belongs to the 3rd tertile of its universe, the 'Quality of Management' assessment cannot be positive; that leads to lower weightings.

As example, in the European Luxury sector, an announced merger led to a governance issue that put at risk the future management of the new company. As a result, the Quality of management criteria has been downgraded and the company flagged Orange on this criteria. Following this, the maximum position has been reviewed in October 2018 from 3 % (all green for the 5 criteria) at the merger announcement to 1.5 % (4 green and 1 orange) when the merger has been finalized.
(response continued in row below)

Due to continuous problems in the management potentially putting at risk the synergies of the merger, the position has been sold. The new positive evolution in the governance of the company (new CEO nomination) opened the door to a new investment in the company in the course of 2020 for the European active strategies. To be noted, the engagement and voting process that has been conducted during this period: at the 2019 AGM, Candriam co-filed a shareholder resolution to elect to the board three independent non-executive directors to avoid the blockage of the structure of the merged company. Candriam supported the election of two independent directors to bring more serenity to the board and increase the independence level of the board.

Another example is the exclusion of some IT US companies from our Sustainable strategies, due to weak data protection policies and for one also related to a poor Business Activities score. Those companies represent +/- 6 % in an Equity World benchmark and +/- 8 % in North American one..

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 8	CORE	OO 6.1 LE	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have an independent committee that oversees the screening implementation process, but only for our ESG/sustainability labelled funds that are subject to negative exclusionary screening
- (B) We have an independent committee that oversees the screening implementation process for all of our listed equity assets that are subject to negative exclusionary screening
- (C) We have an independent committee that verifies that we have correctly implemented pre-trade checks in our internal systems to ensure no execution is possible without their pre-clearance
- (D) Other, please specify:
 An ESG Risk Committee composed of risk and investment management representatives oversees ESG exclusion lists based on ESG analysis and engagement activities outcomes.
- (E) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do your regular reviews incorporate ESG risks?

	(1) Passive equity	(2) Active – quantitative	(3) Active – fundamental
(A) Our regular reviews include quantitative information on material ESG risks specific to individual listed equities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(C) Our regular reviews only highlight fund holdings where ESG ratings have changed

(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency

(E) We do not conduct reviews

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
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LE 10	CORE	OO 10	N/A	PUBLIC	ESG risk management	1
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Do you regularly identify and incorporate ESG incidents into the investment process for your listed equity assets?

(1) Passive equity

(2) Active – quantitative

(3) Active – fundamental

(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions

(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions

(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions

(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents

(E) Other

(F) We currently do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making

o o o

Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your equity valuation or fund construction and describe how that affected the returns of those assets.

Provide examples below:

(A) Example from your active listed equity:

For active quantitative strategies, a company in the US Automobiles sector has the best ESG score and this leads to an overweight position in our Sustainable North America strategy.
 The ESG analysis integrated the company’s positive impact on Climate Change brought by the low exposure to carbon intensive products through its pure Electric Vehicle leadership, compared with its industry peers. Its entire revenues are coming from sustainability-related products and services. At last, looking at the overall environmental impact of vehicles powertrain technologies, Battery-Electric-Vehicles are estimated to have a better overall environmental impact of their life-cycle, than Internal-Combustion-Engines vehicles.
(response continued in row below)

Manufacturers of Battery-Electric-vehicles are expected to benefit from global efforts to reduce the adverse environmental impact of passenger vehicles. A first interesting point is that electricity generation tends to become cleaner and cleaner, i.e. that the emissions of atmospheric pollutants during electricity generation is following a decreasing trend.
(response continued in row below)

Another interesting point is that such emissions occur generally away from urban centres where the population is concentrated. Finally, this company is set to benefit moderately from the development of transportation infrastructures worldwide as 100% of its sales revenues is derived directly or indirectly from passenger vehicles products and services, while the availability of new roads generally supports the demand for road-vehicles.

As a pure manufacturer of Battery-Electric Passenger Vehicles, and supplier of Battery-Electric vehicles systems to other car-manufacturers, the company is likely to benefit from the implementation of increasingly stringent CO2 mitigation policies throughout the World. Being a 100% Battery-Electric vehicles manufacturer, the company sells its credits to those among its competitors that do not sell enough Battery-Electric vehicles.

As such, the overweight position delivers a positive contribution of 5.26% in our 2020 relative performance..

(B) Example from your passive listed equity:

The exclusion of companies that don't respect UN global compact principles decreases the risk of losses due to litigation, scandals, and decrease of reputation. A concrete example is the exclusion of Bayer after the acquisition of Monsanto (Pharmaceuticals). The ESG analysis took into account the impact on Environment, reputation (neocotinoids), Human rights (Monsanto's liabilities and concentration of competitive landscape) and financial aspect (future regulations on pesticides) of the deal before the exclusion.

The deal deteriorated the ESG profile, incorporating genetically modified crops to the list and bringing financial threats due to future regulations on pesticides resulting in an increasing number of countries having posed partial or full bans of glyphosate-based products. **(response continued in row below)**

The neonicotinoid concern has been risen by the Glyphosate controversy that Bayer faced. The first lost lawsuit regarding the potential danger for the environment but also the mankind in 2018, established Monsanto's culprit and the responsibility of its Round Up product in a cancer apparition. For now, Bayer has payed more than USD 10bn to settle ¾ of the opened lawsuits. The environmental concern is also due to the allegation of Bayer dicamba-based products destroying crops. **(response continued in row below)**

The February 2020 lawsuit costed Bayer USD ¼ billion of compensatory damages intended for a Missouri farmer and has been followed by similar lawsuits by now.

For these and other reasons, Bayer is not eligible to our ESG Universe by failing the Norms-Based screening and specifically the Human Rights and Environment standards. The exclusion of Bayer contributed to an excess performance of 0.89% the last 5 years. In 2020, the ESG approach applied to passive equities strategies contributed to a positive effect in all regions (2.2% in USA, 1.12% In Europe and 1.55% in EMU)..

Passive equity

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 10	N/A	PUBLIC	Passive equity	1

What percentage of your total passive listed equity assets utilise an ESG index or benchmark?

25-50%

Reporting/Disclosure

Sharing ESG information with stakeholders

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 13	CORE	OO 6 LE	N/A	PUBLIC	Sharing ESG information with stakeholders	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

	(1) for all of our listed equity assets subject to ESG screens	(2) for the majority of our listed equity assets subject to ESG screens	(3) for a minority of our listed equity assets subject to ESG screens	(4) for none of our assets subject to ESG screens
(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) We publish any changes in ESG screens and share them on a publicly accessible platform such as a website or through fund documentation	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 14	CORE	OO 10	N/A	PUBLIC	Sharing ESG information with stakeholders	6

What ESG information is covered in your regular reporting to stakeholders such as clients or beneficiaries?

(1) Passive equity

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
(B) Our regular stakeholder reporting includes quantitative ESG engagement data	1) In all of our regular stakeholder reporting
(C) Our regular stakeholder reporting includes quantitative ESG incorporation data	1) In all of our regular stakeholder reporting

(2) Active – quantitative

(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
(B) Our regular stakeholder reporting includes quantitative ESG engagement data	1) In all of our regular stakeholder reporting
(C) Our regular stakeholder reporting includes quantitative ESG incorporation data	1) In all of our regular stakeholder reporting
(3) Active – fundamental	
(A) Our regular stakeholder reporting includes qualitative examples of engagement and/or ESG incorporation	1) In all of our regular stakeholder reporting
(B) Our regular stakeholder reporting includes quantitative ESG engagement data	1) In all of our regular stakeholder reporting
(C) Our regular stakeholder reporting includes quantitative ESG incorporation data	1) In all of our regular stakeholder reporting

Stewardship

Voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15	CORE	OO 9 LE	LE 15.1, LE 16	PUBLIC	Voting policy	2

Does your organisation have a publicly available (proxy) voting policy? (The policy may be a standalone policy, part of a stewardship policy or incorporated into a wider RI policy.)

(A) Yes, we have a publicly available (proxy) voting policy **Add link(s):**

https://www.candriam.com/4af6b1/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy-voting-policy_2020.pdf

(B) Yes, we have a (proxy) voting policy, but it is not publicly available

(C) No, we do not have a (proxy) voting policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 15.1	CORE	OO 9 LE, LE 15	N/A	PUBLIC	Voting policy	2

What percentage of your listed equity assets does your (proxy) voting policy cover?

(A) Actively managed listed equity covered by our voting policy (11) 91–99%

(B) Passively managed listed equity covered by our voting policy (12) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 16	CORE	LE 15	N/A	PUBLIC	Voting policy	2

Does your organisation's policy on (proxy) voting cover specific ESG factors?

(A) Our policy includes voting guidelines on specific governance factors Describe:

Yes, Candriam's Voting Policy includes voting guidelines on specific governance factors such as shareholder rights, board accountability, remuneration of directors, committee members and senior managers, audit and financial reports, conflict of interest etc. All these factors are detailed in our Voting Policy available online.

(B) Our policy includes voting guidelines on specific environmental factors Describe:

Yes, Candriam's Voting Policy includes voting guidelines on specific environmental factors when assessing the performance of the CEO, to check that directors have forgone their bonus in case of a environmental disaster. Our assessment of short term and long term incentives also take into account environmental performance. We also expect all listed companies should publish a comprehensive climate change policy in line with accepted principles.

(C) Our policy includes voting guidelines on specific social factors Describe:

Yes, Candriam's Voting Policy includes voting guidelines on specific social factors. We take into account social factors when assessing the CEO's performance, when evaluating short term and long term incentives. We also assess disclosure related to Human Capital and social risks and opportunities.

(D) Our policy is high-level and does not cover specific ESG factors Describe:

Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 17	CORE	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

When you use external service providers to give voting recommendations, how do you ensure that those recommendations are consistent with your organisation's (proxy) voting policy?

(A) We review service providers' controversial and high-profile voting recommendations before voting is executed (1) in all cases

(B) Before voting is executed, we review service providers' voting recommendations where the application of our voting policy is unclear (1) in all cases

Security lending policy

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18	CORE	OO 9 LE	LE 18.1, LE 18.2	PUBLIC	Security lending policy	2

Does your organisation have a public policy that states how voting is addressed in your securities lending programme? (The policy may be a standalone guideline or part of a wider RI or stewardship policy.)

(A) We have a public policy to address voting in our securities lending programme. Add link(s):

https://www.candriam.com/4af6b1/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy-voting-policy_2020.pdf

- (B) We have a policy to address voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our service provider(s)
- (D) We do not have a policy to address voting in our securities lending programme
- (E) Not applicable, we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.1	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) We always recall all holdings in a company for voting on ballot items deemed important (e.g. in line with specific criteria)
- (C) We always recall some securities so that we can vote on their ballot items (e.g. in line with specific criteria)
- (D) We maintain some holdings so that we can vote at any time
- (E) We recall some securities on an ad hoc basis so that we can vote on their ballot items
- (F) We empower our securities lending agent to decide when to recall securities for voting purposes
- (G) Other, please specify:
- (H) We do not recall our securities for voting purposes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 18.2	CORE	LE 18	N/A	PUBLIC	Security lending policy	2

What exclusions do you apply to your organisation's securities lending programme?

- (A) We do not lend out shares of companies that we are engaging with either individually or as a lead or support investor in collaborative engagements
- (B) We do not lend out shares of companies if we own more than a certain percentage of them
- (C) We do not lend out shares of companies in jurisdictions that do not ban naked short selling
- (D) We never lend out all our shares of a company to ensure that we always keep voting rights in-house
- (E) Other, please specify:

In case of sensitive AGMs identified on the basis of controversial voting item, support or co-filing of shareholder resolutions, engagement escalation needs. On a standard basis, we vote a minima for 20% of positions, 100% when AGM identified as sensitive or when position is held by SRI and other labeled fund.

- (F) We do not exclude any particular companies from our securities lending programme

Shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 19	CORE	OO 9 LE	N/A	PUBLIC	Shareholder resolutions	2

Which of the following best describes your decision-making approach regarding shareholder resolutions, or that of your service provider(s) if decision-making is delegated to them?

- (A) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors or on our stewardship priorities
- (B) In the majority of cases, we support resolutions that, if passed, are expected to advance progress on the underlying ESG factors but only if the investee company has not already committed publicly to the action requested in the proposal
- (C) In the majority of cases, we only support shareholder resolutions as an escalation tactic when other avenues for engagement with the investee company have not achieved sufficient progress
- (D) In the majority of cases, we support the recommendations of investee company management by default
- (E) In the majority of cases, we do not vote on shareholder resolutions

Pre-declaration of votes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 20	CORE	OO 9 LE	N/A	PUBLIC	Pre-declaration of votes	2

How did your organisation or your service provider(s) pre-declare votes prior to AGMs/EGMs?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system
- (B) We pre-declared our voting intentions publicly (e.g. through our own website) Link to public disclosure:
- (C) We pre-declared our voting intentions publicly through the PRI's vote declaration system, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain
- (D) We pre-declared our voting intentions publicly, including the rationale for our (proxy) voting decisions where we planned to vote against management proposals or abstain Link to public disclosure:
- (E) Prior to the AGM/EGM, we privately communicated our voting decision to investee companies in cases where we planned to vote against management proposals or abstain
- (F) We did not privately or publicly communicate our voting intentions
- (G) We did not cast any (proxy) votes during the reporting year

Voting disclosure post AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21	CORE	OO 9 LE	LE 21.1	PUBLIC	Voting disclosure post AGM/EGM	2

Do you publicly report your (proxy) voting decisions, or those made on your behalf by your service provider(s), in a central source?

(A) Yes, for >95% of (proxy) votes Link:

<https://vds.issgovernance.com/vds/#/NDA0Nw==/>

(B) Yes, for the majority of (proxy) votes Link:

(C) Yes, for a minority of (proxy) votes 1) Add link and 2) Explain why you only publicly disclose a minority of (proxy) voting decisions:

(D) No, we do not publicly report our (proxy) voting decisions Explain why you do not publicly report your (proxy) voting decisions:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 21.1	CORE	LE 21	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

In the majority of cases, how soon after an investee's AGM/EGM do you publish your voting decisions?

(A) Within one month of the AGM/EGM

(B) Within three months of the AGM/EGM

(C) Within six months of the AGM/EGM

(D) Within one year of the AGM/EGM

(E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22	CORE	OO 9 LE	LE 22.1	PUBLIC	Voting disclosure post AGM/EGM	2

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions?

- (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company
- (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly
- (C) In cases where we voted against management recommendations or abstained, we did not communicate the rationale
- (D) We did not vote against management or abstain

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 22.1	CORE	LE 22	N/A	PUBLIC	Voting disclosure post AGM/EGM	2

Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.

- (A) In cases where we voted against management recommendations or abstained, the rationale was provided privately to the company (1) 1-10%

- (B) In cases where we voted against management recommendations or abstained, the rationale was disclosed publicly (5) >95%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23	CORE	OO 9 LE	LE 23.1	PUBLIC	Voting disclosure post AGM/EGM	2, 5

Did your organisation and/or the service provider(s) acting on your behalf communicate the rationale for your voting decisions when voting against a shareholder resolution proposed/filed by a PRI signatory?

- (A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly
- (B) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was not disclosed publicly
- (C) We did not vote against any shareholder resolution proposed/filed by a PRI signatory

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 23.1	CORE	LE 23	N/A	PUBLIC	Voting disclosure post AGM/EGM	2, 5

Indicate the proportion of votes where you and/or the service provider(s) acting on your behalf communicated the rationale for your voting decisions.

(A) In cases where we voted against a shareholder resolution proposed/filed by a PRI signatory, the rationale was disclosed publicly (5) >95%

Alignment & effectiveness

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 24	PLUS	OO 9 LE	N/A	PUBLIC	Alignment & effectiveness	2

How are you contributing to the integrity of the end-to-end voting chain and confirmation process?

First we do engage with investee companies on specific governance items we consider as not aligned with the governance principles supported by our voting policy. We also make public our voting rationales which contribute to the integrity and the transparency of our voting. Then through daily and systematic checks of our voting chains and related transfers of information between parties (incl. custodians, sub-custodians) we do monitor closely our voting processes. This includes chasing custodian or proxy adviser to ensure our final voting decision will effectively pass.

Regular meetings are held with ISS, our proxy advisor, to ensure good comprehension and implementation of our voting guidelines and discuss new type of resolution requiring further guidelines.

This daily monitoring is performed by both our Middle Office team as well as our ESG team, and involve alerts set up at different levels of the voting chain. A due diligence addressing, among other items, information security risks and business continuity risks, as well as accuracy and transparency of the information, is also performed regularly by Candriam's Risk Department.

Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 25	PLUS	OO 9 LE	N/A	PUBLIC	Example	2

Provide examples of the most significant (proxy) voting activities that your organisation and/or the service provider acting on your behalf carried out during the reporting year.

Provide examples below:

(A) Example 1:

ENEL -
 Context: 20% of production capacity is still based on coal. Without its strong commitment to carbon neutrality by 2050, Enel would be excluded from our investments on the basis of the Candriam coal policy. Active dialogue with the company via CA100+ .
 Approach: cofiling of a Resolution (with Assogestioni), at 2020 AGM, for Appointment of independent directors, including new director with a strong expertise in renewables.
 Objective: to ensure that the board has the necessary expertise (particularly in renewable energies) to meet coming challenges and to implement and apply its energy transition strategy. The submitted resolution therefore proposes the appointment of three independent directors to the Board, one of whom has proven expertise in the renewable energy market.
 Results: resolution supported by a majority of votes and adopted.

Engie -

Context: in the framework of a dialogue with the company via CA100+, and while we commend Engie for progress made during past years (2° certification by SBTi), target set up to increase the share of renewable energy), 2018 IPCC report had highlighted the necessity to raise the bar: as such, setting a pathway to net zero emissions by 2050 in order to keep warming at 1.5°C above pre-industrial levels is a goal that gained traction in both political institutions, such as the EU, as well as the private sector.

(B) Example 2:

Approach: written questions at the AGM, focusing on net zero emissions commitment by 2050.

Objective: encourage Engie to provide a net zero emissions commitment.

Results: answers brought to our question were rather disappointing and led to an increased pressure on the company in the months to come. Following this increase, and also once the new CEO got named, new strategy better aligned with Paris Agreement got announced at beginning 2021 (details in May, ahead of 2021 AGM).

Plastic Omnium - Context: at its 2020 AGM, Plastic Omnium management asked shareholders' approval for a transaction with a related party. Approach: vote AGAINST this resolution. Objective: the company didn't provide any information regarding the changes operated by the amendment of the management services agreement. It was therefore impossible to ascertain that the continuation of this agreement was in shareholders' interests. A vote against was warranted, highlighting the need of improved transparency on this topic. Results: this resolution was rejected by a majority of votes.

(C) Example 3:

Fixed Income (FI)

Pre-investment phase

Materiality analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 10	FI 1.1	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify material ESG factors for its fixed income assets?

	(1) SSA	(2) Corporate
(A) Yes, we have a formal process to identify material ESG factors for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(B) Yes, we have a formal process to identify material ESG factors for the majority of our assets	<input type="radio"/>	<input type="radio"/>
(C) Yes, we have a formal process to identify material ESG factors for a minority of our assets	<input type="radio"/>	<input type="radio"/>
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their own discretion	<input type="radio"/>	<input type="radio"/>
(E) No, we do not have a formal process to identify material ESG factors	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1.1	CORE	FI 1	N/A	PUBLIC	Materiality analysis	1

How does your current investment process incorporate material ESG factors?

	(1) SSA	(2) Corporate
(A) The investment process incorporates material governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The investment process incorporates material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The investment process incorporates material ESG factors beyond our organisation's typical investment time horizon	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The investment process incorporates the effect of material ESG factors on revenues and business operations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 10	FI 2.1	PUBLIC	ESG risk management	1

How are material ESG factors incorporated into your portfolio risk management process?

	(1) SSA	(2) Corporate
(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors

(D) Other method of incorporating ESG factors into risk management process, please specify below:

(E) We do not have a process to incorporate ESG factors into our portfolio risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2.1	CORE	FI 2	N/A	PUBLIC	ESG risk management	1

For what proportion of your fixed income assets are material ESG factors incorporated into your portfolio risk management process?

(1) SSA

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto

(1) for all of our assets

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits

(1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors

(1) for all of our assets

(2) Corporate

(A) Investment committee members, or the equivalent function/group, have a qualitative ESG veto

(1) for all of our assets

(B) Companies, sectors, countries and currency are monitored for changes in ESG exposure and for breaches of risk limits (1) for all of our assets

(C) Overall exposure to specific ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on individual issuers' sensitivity to these factors (1) for all of our assets

ESG incorporation in asset valuation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 10	FI 3.1	PUBLIC	ESG incorporation in asset valuation	1

How do you incorporate the evolution of ESG factors into your fixed income asset valuation process?

	(1) SSA	(2) Corporate
(A) We incorporate it into the forecast of cash flow, revenues and profitability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We do not incorporate the evolution of ESG factors into our fixed income asset valuation process	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3.1	CORE	FI 3	N/A	PUBLIC	ESG incorporation in asset valuation	1

In what proportion of cases do you incorporate the evolution of ESG factors into your fixed income asset valuation process?

(1) SSA

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

(2) Corporate

(A) We incorporate it into the forecast of cash flow, revenues and profitability (1) in all cases

(B) We anticipate how the evolution of ESG factors may change the ESG profile of the debt issuer (1) in all cases

Performance monitoring

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	PLUS	OO 5.2 FI, OO 10	N/A	PUBLIC	Performance monitoring	1

Provide an example of an ESG factor that your organisation incorporated into your fixed income valuation or portfolio construction and describe how that affected the returns of those assets.

Example:

Our sustainability score for a country focusses on the four capital scores – Human, Social, Natural, and Economic. To recognize the most significant challenge that faces humankind, the Natural Capital score is a multiplier for the other three, in accordance with the concept of “environmental efficiency”: countries are evaluated on the efficiency with which they create well-being in the form of Human, Social and Economic capitals, while taking into account the damage done to the natural environment in the process of creating this well-being.

(A) Example from your active management strategies:

As a part of this framework, the scores then lead to a ranking that is used to define the ESG selection applied to the SRI strategies and to inform the investment decision of the other strategies. One of the countries excluded is Venezuela, where the ESG score is weak. Indeed, absence of adequate environmental regulation and high levels of greenhouse gas emissions contributes to low environmental score. Below average coverage of basic needs and education results in a weak human capital score, while concerns over rule of law and corruption has led to very low social capital scores. As a result of the exclusion (no exposure in terms of duration, or weighting), the strategy has benefitted in terms of relative performance, since the country has been a source of significant volatility, following a default in November 2017. In November and December 2017 alone, Venezuela contributed to approximately -50 bps in performance and a further -22 bps over the course of 2018. **(response continued in row below)**

Since our sustainable Emerging Markets strategy did not have exposure to the issuer even though it is part of the index, the strategy generated positive relative performance in this context.

As part of our ESG approach on sovereigns, the ESG analysis does not just lead to exclusion, but can also lead to over and underweights of issuers across all our Fixed income sovereign and aggregate strategies. One such example is the underweights that have been applied towards Italy. Within the EU sovereign space, we are partial to peripheral government bonds where we find valuations attractive. Within this segment, Spain, Portugal, Italy and Ireland are the obvious candidates for investment. Our rigorous ESG analysis revealed that while there was no reason to exclude Italy from the investment universe, the country exhibits a relatively weak ESG score, below the average score of developed market countries. Upon closer examination, it is the social and economic capital that are sources of weakness. The business environment, and more specifically labour relations are an issue for the country. **(response continued in row below)**

Furthermore, research and development is also an area where the country lags, in terms of competitiveness and economic transition. We also observe some deterioration in the government effectiveness and corruption and security portions of the social capital. Based on the ESG score and the size of a country's economy (total GDP) maximum weights are determined for the total eligible country universe for the SRI strategies.

Furthermore the ESG score is also a building block for assessing the credit quality of a country as we are convinced it helps to identify risk that cannot be captured by traditional financial analysis. Indeed in our sovereign multi stage analysis ESG integration plays a key role in assessing the credit quality of a sovereign. Furthermore when assessing a country's valuation, we subsequently look at liquidity and compare the country internal credit rating against its market valuation. This gives us an indication of the relative and absolute value of the different countries in our universe on different curve segments.

The relatively weak score on Italy resulted in an systematic underweight to the country in our SRI strategies and to periodic underweight in the traditional ones. In 2018, this was particularly effective. Italy witnessed political instability over the period as populist backed government entered into conflict with the European commission over their budget and this led to increased volatility on the sovereign yields. As the country underperformed, our underweight position enabled us to deliver outperformance within the sustainable strategies and periodic outperformance within our traditional strategies..

(B) Example from your passive management strategies:

In order to take account of the sustainability risk and to reflect profound social changes, our passive strategies aim to exclude companies which have significantly and repeatedly violated one of the principles of the United Nations Global Compact covering human rights, international labour standards, the environment, and anti-corruption; and/or are significantly exposed to certain controversial activities. If we take the example of our strategy that tracks the Euro Corporate Investment grade benchmark (Iboxx Euro Corporate Overall Index), a consequence of the controversial activities filter is that certain holdings from the index are excluded.

A good example is a French company with a leading global and European market positions in aerospace, defense and security systems, and digital security. **(response continued in row below)**

Even if the company has a strong credit profile, given the significant portion of its revenues (70% revenues) exposed to Defense and Security and the fact that the company is in violation of certain human rights the company is excluded from our passive strategy. Over the second half of 2019 and during the recent covid crisis, the holding suffered considerably (in part due to the vulnerability of the sector). Indeed Travel/transportation and Aerospace suffered for obvious reasons during the lock down, while the crisis is likely to lead to significant increases in government borrowing to fund spending programs intended to alleviate pressures on companies and individuals and stimulate economies. **(response continued in row below)**

The company lost considerable ground over September 2019 and March 2020, and even the rebound that took place following the Central bank intervention in Europe, the bonds did not recover to previous highs. Its exclusion contributed to the performance of the portfolios following this strategy..

ESG incorporation in portfolio construction

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 10	FI 5.1	PUBLIC	ESG incorporation in portfolio construction	1

How do ESG factors influence your portfolio construction?

	(1) SSA	(2) Corporate
(A) The selection of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The holding period of individual assets within our portfolio is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Other expressions of conviction, please specify below:	<input type="checkbox"/>	<input type="checkbox"/>
(F) The portfolio construction or benchmark selection does not explicitly include the incorporation of ESG factors	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5.1	CORE	FI 5	N/A	PUBLIC	ESG incorporation in portfolio construction	1

In what proportion of cases do ESG factors influence your portfolio construction?

(1) SSA

-
- (A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases
-
- (B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases
-
- (C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases
-
- (D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process (2) in the majority of cases
-

(2) Corporate

-
- (A) The selection of individual assets within our portfolio is influenced by ESG factors (1) in all cases
-
- (B) The holding period of individual assets within our portfolio is influenced by ESG factors (1) in all cases
-
- (C) The portfolio weighting of individual assets within our portfolio or benchmark is influenced by ESG factors (1) in all cases
-
- (D) The allocation of assets across multi-asset portfolios is influenced by ESG factors through the strategic asset allocation process (1) in all cases
-

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	PLUS	OO 10	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Please provide two examples of how ESG factors have influenced weightings and tilts in either passive or active fixed income.

Please provide examples below:

(A) Example 1:

At Candriam, the cornerstone of our Fixed income investment philosophy is a high conviction approach based on rigorous bottom-up research in order to gain a deep and detailed understanding of the creditworthiness of every issuer in our investable universe. We believe that a complete assessment of the risks pertaining to issuers, and particularly down-side risk, cannot be obtained without consideration of ESG factors. In line with this long-standing investment philosophy, our fundamental credit analysis has integrated ESG criteria over the past 20 years while establishing our credit recommendations for every issuer in the investable universe. Our corporate sustainable approach entails the exclusion of a material portion of the investable universe for our sustainable strategies. We conduct our ESG assessment of companies by their ability to create value by integrating sustainability into their business activities and the interest of stakeholders within their operating and financial managerial processes. We select a universe of the best positioned companies per sector based on material sustainability metrics.

Our credit analysis is based on a study of both the business profile analysis and financial profile analysis. During the business analysis step of our credit research process, we explicitly integrate ESG factors in order to evaluate the profile of a specific issuer.. An entity's ability to fulfil its financial obligations includes both the willingness as well as the ability to reimburse its debt. The ESG integration is geared towards better evaluating risks presented by each issuer and the aim is to identify strengths and weaknesses from an ESG perspective so as to unearth opportunities and identify threats. **(response continued in row below)**

The ultimate result is an assessment of the business profile of each issuer integrating ESG factors. The environmental, social and governance factors are evaluated based on their relevance and materiality to a company's credit worthiness. We aim to combine qualitative and quantitative assessments on each of the factors in order to gain a greater insight into the issuers future prospects. We use a sector-based approach to identify the aspects representing high-impact risks to enhance risk-adjusted performance. We do not limit our analysis to examining historic data as we use a forward looking approach, meaning that we will determine how these material factors may evolve in the future.

A good example of our ESG integration is our position in Volkswagen, the largest global automobile manufacturer. Following the widely publicized Dieselgate scandal in 2015 (which had cost more than Euro 30 bn in general and legal expenses and settlements) the company was in breach of our norms based screen until 2020. However, the massive BEV strategy developed by the company is a "once in a life time opportunity to reset the business model and repair the negative impact of the dieselgate scandal.

As the transportation sector is responsible for 24% of direct CO2 emissions, a very strong focus is put on environment in the business profile analysis. We appreciated the measures taken by the company on this segment. Indeed, the company has one of the highest share of sales that will be aligned by 2025 with the EU taxonomy. **(response continued in row below)**

Furthermore, 50% of their five-year plan for Capex and R&D is for electric vehicles. When looking at Cost/compliance, the electric version of its high volume models and the general electric vehicle acceleration should help the company reach its CO2 target by 2021. Finally, analysis of the carbon impact of the battery production showed figures of only 95 kilograms of CO2 emissions per kilowatt hour, surpassing industry average. All these positive elements were very encouraging, and in combination with an improvement in Governance, our ESG outlook on Volkswagen improved materially. The issuer also was given the green light to be included in our Sustainable strategies. On the credit profile, the positive ESG outlook contributed to an upgrade of the credit recommendation by one notch from CR3 to CR2. Following this, we increased our allocation towards the issuers over 2021 to over 2.2%, which now represents a strong overweight vs the benchmark across our investment grade strategies. As a result, we have been able to participate in the rally that the issuer has witnessed over the past few months..

(B) Example 2:

A strong ESG score can also be a source of opportunity within the Fixed income universe. In this example, a good business model score contributed to a strong rating for the business profiles of the issuer. This global automotive part suppliers is domiciled in France.

Our rigorous study showed that the company had a very strong ESG profile. Looking at product mix, 70% of its sales are driven by seating and interior segments, which are subject to limited challenges from ongoing transition to clean technology vehicles.

The company has also developed a lightweight high pressure hydrogen storage tank for fuel cell EV.. its solution could particularly benefit heavy and long-range vehicles in terms of autonomy and charging time, When carrying out the stakeholder analysis, we focused on Human Capital..
(response continued in row below)

We haven't observed any major layoffs. However, it is worth mentioning that risk of workflow disruption cannot be ignored but in 2019, strikes were much more efficiently managed than month-long strike experienced by other sector competitors. In terms of Governance the company has an independent majority of BOD. Additionally, unlike 74% of its French market peers, the company has split the roles of CEO and chairman and has named a fully independent chairman, which is an important practice to maintain independence of decision making of the board under our governance framework. Related party transactions between the company and its main shareholder are somehow unavoidable and appear less worrisome in this specific case. The company, however, does not have a fully independent audit committee.

All these elements resulted in a strong ESG profile for the company, yielding a satisfactory Business profile score. As a result, the overall grade was strong and the issuer was given a "core" rating. This allowed high yield strategies to invest in this issuer extensively. **(response continued in row below)**

While the bond did suffer over the course of March 2020, as a result of the sharp decline in the automobile sector, the rebound was equally strong and continued throughout 2020 and into 2021, delivering good performance to our high yield strategies. It is a good example of how an issuer even in a relatively cyclical sector, which tends to suffer in weak macro environments, can still deliver strong performance. As a result of this, we subscribed to the new issuance (primary market) in July 2020. We added an allocation that amounted to more than 1% vs. benchmark across our global high yield strategies. The bond was well supported through the year and by year-end it was near 106 (from 100), which was a strong rally in a relatively short period of time..

ESG incorporation in assessment of issuers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 7	CORE	OO 10	N/A	PUBLIC	ESG incorporation in assessment of issuers	1

When assessing issuers'/borrowers' credit quality, how does your organisation incorporate material ESG risks in the majority of cases?

	(1) SSA	(2) Corporate
(A) In the majority of cases, we incorporate material governance-related risks	<input type="radio"/>	<input type="radio"/>
(B) In addition to incorporating governance-related risks, in the majority of cases we also incorporate material environmental and social risks	<input checked="" type="radio"/>	<input checked="" type="radio"/>
(C) We do not incorporate material ESG risks for the majority of our credit quality assessments of issuers/borrowers	<input type="radio"/>	<input type="radio"/>

ESG performance

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 10	N/A	PUBLIC	ESG performance	1

In the majority of cases, how do you assess the relative ESG performance of a borrower within a peer group as part of your investment process?

	(1) SSA	(2) Corporate
(A) We use the relative ESG performance of a borrower to adjust the internal credit assessments of borrowers by modifying forecasted financials and future cash flow estimates	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We use the relative ESG performance of a borrower to make relative sizing decisions in portfolio construction	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We use the relative ESG performance of a borrower to screen for outliers when comparing credit spreads to ESG relative performance within a similar peer group	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We consider the ESG performance of a borrower only on a standalone basis and do not compare it within peer groups of other benchmarks	<input type="checkbox"/>	<input type="checkbox"/>
(E) We do not have an internal ESG performance assessment methodology	<input type="checkbox"/>	<input type="checkbox"/>

ESG risk management

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9	CORE	OO 10	FI 9.1	PUBLIC	ESG risk management	1

For your corporate fixed income, does your organisation have a framework that differentiates ESG risks by issuer country and sector?

- (A) Yes, it differentiates ESG risks by country/region (for example, local governance and labour practices)
- (B) Yes, it differentiates ESG risks by sector
- (C) No, we do not have a framework that differentiates ESG risks by issuer country/region and sector

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 9.1	CORE	FI 9	N/A	PUBLIC	ESG risk management	1

For what proportion of your corporate fixed income assets do you apply your framework for differentiating ESG risks by issuer country/sector?

	(1) for all of our corporate fixed income assets	(2) for the majority of our corporate fixed income assets	(3) for a minority of our corporate fixed income assets
(A) We differentiate ESG risks by country/region (for example, local governance and labour practices)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) We differentiate ESG risks by sector	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Post-investment phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do your regular reviews incorporate ESG risks?

	(1) SSA	(2) Corporate
(A) Our regular reviews include quantitative information on material ESG risks specific to individual fixed income assets	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Our regular reviews include aggregated quantitative information on material ESG risks at a fund level	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Our regular reviews only highlight fund holdings where ESG ratings have changed	<input type="checkbox"/>	<input type="checkbox"/>

(D) We do not conduct regular reviews. Risk reviews of ESG factors are conducted at the discretion of the individual fund manager and vary in frequency

(E) We do not conduct reviews that incorporate ESG risks

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 10	N/A	PUBLIC	ESG risk management	1

Do you regularly identify and incorporate ESG incidents into the investment process for your fixed income assets?

(1) SSA

(2) Corporate

(A) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into all of our investment decisions

(B) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into the majority of our investment decisions

(C) Yes, we have a formal process in place for regularly identifying and incorporating ESG incidents into a minority of our investment decisions

(D) Yes, we have an ad hoc process in place for identifying and incorporating ESG incidents

(E) We do not have a process in place for regularly identifying and incorporating ESG incidents into our investment decision-making

Time horizons

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 14	CORE	OO 10	N/A	PUBLIC	Time horizons	1

In the majority of cases, how does your investment process account for differing time horizons of holdings and how they may affect ESG factors?

	(1) SSA	(2) Corporate
(A) We take into account current risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We take into account medium-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We take into account long-term risks	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not take into account differing time horizons of holdings and how they may affect ESG factors	<input type="checkbox"/>	<input type="checkbox"/>

Long-term ESG trend analysis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 15	CORE	OO 10	N/A	PUBLIC	Long-term ESG trend analysis	1

Do you continuously monitor a list of identified long-term ESG trends related to your fixed income assets?

	(1) SSA	(2) Corporate
(A) We monitor long-term ESG trends for all of our assets	<input checked="" type="radio"/>	<input checked="" type="radio"/>

(B) We monitor long-term ESG trends for the majority of our assets	○	○
(C) We monitor long-term ESG trends for a minority of our assets	○	○
(D) We do not continuously monitor long-term ESG trends in our investment process	○	○

Passive

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 16	CORE	OO 5.2 FI, OO 10	N/A	PUBLIC	Passive	1

What percentage of your total passive fixed income assets utilise an ESG index or benchmark?

25-50%

Examples of leading practice

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 17	PLUS	OO 10	N/A	PUBLIC	Examples of leading practice	1 to 6

Describe any leading responsible investment practices that you have adopted for some or all of your fixed income assets.

Description per fixed income asset type:

The four-pillar Sovereign model of Natural/Environmental, Human, Social, and Economic capitals is widely used by organizations such as the OECD. These models typically envision frictionless substitution among these four types of capital. A corollary is that we should leave future generations with at least as much total capital as we received – even if that total consists of more Economic capital but less Natural Capital..

(A) SSA

It is our conviction that Natural Capital cannot be replaced with any of the other three forms of capital. The defining concept of ‘Strong Sustainability’ is that Natural Capital is non-substitutable. Further, Natural Capital is a finite resource. When nations convert a part of the finite supply of Natural Capital into well-being, they do so with varying degrees of efficiency. Countries that pursue environmentally efficient prosperity are more likely to build sustainable economies in the long run, reducing sovereign risks and enhancing long-term prosperity. Candriam's Sovereign Sustainability analysis is consistent with, and goes beyond, the seventeen UN Sustainable Development goals.

Our new sovereign model both constrains Natural Capital, and emphasizes its importance. **(response continued in row below)**

Candriam's previous country ESG model, like most, allowed for substitutability among the four forms of capital and unlimited use of Natural Capital. Country scores were calculated as an average of each nation's scores for its four types of capital. Now, however, we construct each country's Sovereign Sustainability score as the product of Natural Capital, times the average of the other three capital scores – Human Capital, Social Capital, and Economic Capital. Using this method, a country's ranking cannot seamlessly make up for a poor Natural Capital score by, for example, outperforming in Economic Capital.

We have developed a materiality-based approach to sustainability, to adjust for the differences among countries in their level of development. As a nation is more complex than a company, it requires a broad view on a variety of interconnected Factors. Taking just a few Factors in isolation can generate a biased conclusion. Our database includes time series of more than 400 individual Factors, and evaluates the relevance of each Factor for each country at every level of development and point in time over the last ten years. Our model identifies key performance indicators (KPIs) for each Issue under consideration (currently 131 Issues), and constructs scores for each of the Capitals, giving more weight to the areas that matter for each country.

Our country scores weight those Factors which will influence the future development of each individual country. For example, the proportion of electric cars can tell us quite a bit about Norway, nothing about Uganda, where securing food is of much greater concern. **(response continued in row below)**

The materiality weighting of Factors allows us to rank developed and emerging nations on the same scale. This approach also improves the usefulness of the sustainability scoring across horizons, making the scores more applicable for both the near-term outlook as well as for long-term trends. The sustainability assessment incorporates the trajectory of each country, taking into account projections based on observed trends. The assessments are dynamic and can be adjusted for current events.

While our framework does not directly price Sovereign Sustainability, it is fully integrated into Candriam's sovereign creditworthiness models and asset selection processes. Because each country sustainability score is rich with additional information, our investment professionals use these insights to delve deeply into areas of opportunity or concern. Our sovereign asset selection process fully integrates ESG factors as we believe that the credit analysis of an issuer is not complete if it primarily focuses on financial metrics. Investors need to be adequately compensated for all risks to which they are exposed..

(B) Corporate

As we believe that bond markets exhibit an asymmetric risk-return profile, the cornerstone of our investment philosophy is a high conviction approach based on rigorous bottom-up research in order to gain a deep and detailed understanding of the creditworthiness of every issuer. We aim to get a complete assessment of the risks pertaining to issuers, and particularly downside risk, cannot be obtained without consideration of ESG factors. In line with this long-standing investment philosophy, our fundamental credit analysis has integrated ESG criteria over the past years while establishing our credit recommendations for every issuer in the investable universe.

This integration process has been facilitated by the holistic in-house developed ESG approach which combines an assessment of the sustainability of the issuer's business model with an assessment of the sustainability of its stakeholders management. Both assessment are conducted taking into account the material risks and opportunities specific to issuer's sector. A forward-looking approach is implemented in order to consider how the materiality of the ESG factors will evolve over time and integrate this.. For the business model assessment, five sustainability challenges with a direct link to the UN SDGs are considered: climate change, resource depletion, demographic evolution, health and digitalization.

Our credit analysis is based on a study of both the business profile analysis and financial profile analysis. **(response continued in row below)**

During the business analysis step of our credit research process, we explicitly integrate ESG factors in order to evaluate the profile of a specific issuer.. An entity's ability to fulfil its financial obligations includes both the willingness as well as the ability to reimburse its debt. A scrutiny and an evaluation of ESG factors provides us with vital extra-financial elements, enabling us to get a clear view of issuers profile. This study is carried out by our credit analysts who are specialised by sector and across investment grade, high yield market and emerging corporate bond markets. This credit analyst team is supported by our independent ESG research unit that cover global credit markets and coordinate engagement with companies.

The ESG analysts provide a strong platform for our credit analysts as a negative ESG assessment on an issuer will provide a negative signal. Having done the ground work on all the issuers, the ESG analysts are a valuable source of information and are a strong complement to our credit analysts, with whom they enjoy close interaction and knowledge sharing. **(response continued in row below)**

The ESG integration is carried out by our credit analysts and is geared towards better evaluating risks presented by each issuer and does not aim to exclude issuers. Instead the aim is to identify strengths and weaknesses from an ESG perspective so as to unearth opportunities and identify threats. The ultimate result is an assessment of the business profile of each issuer integrating ESG factors. The domiciliation of issuers is important to take into account as often times it does have an impact on the credit worthiness. Our analysts want to make sure that they incorporate the sovereign risks, specifically in countries where governance factors are weak. We use our in-house sovereign ESG ranking, calculated by our ESG Team and describe just before, as a reference..

Thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	PLUS	OO 6 FI	FI 18.1	PUBLIC	Thematic bonds	1

What proportion of your total thematic investments are labelled green bonds, social bonds and/or sustainability bonds by the issuers in accordance with the four ICMA Social/Green Bond Principles?

Proportion out of total thematic fixed income investments:

(A) Proportion of green/SDG bonds linked to environmental goals >75%

(B) Proportion of social/SDG bonds linked to social goals 0-25%

(C) Proportion of sustainability/SDG bonds (i.e. combination of green and social bonds linked to multiple SDG categories) 0-25%

(D) None of the above 0.0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18.1	PLUS	FI 18	N/A	PUBLIC	Thematic bonds	3

What proportion of your social, green and/or sustainability labelled bonds has been subject to an independent review arranged by the issuer?

(A) Second-party opinion (5) >75%

(B) Third-party assurance (5) >75%

(C) Green bond rating (5) >75%

(D) Climate Bonds Certification according to the Climate Bonds Standard (5) >75%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 19	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1

How do you determine which non-labelled thematic bonds to invest in?

- (A) By reviewing the bond's use of proceeds
- (B) By reviewing companies' ESG targets
- (C) By reviewing companies' progress towards achieving ESG targets
- (D) We do not invest in non-labelled thematic bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 20	CORE	OO 6 FI	N/A	PUBLIC	Thematic bonds	1, 2, 6

What action do you take in the majority of cases where proceeds of a thematic bond issuer are not allocated to the original plan?

- (A) We engage with the issuer
- (B) We alert regulators
- (C) We alert thematic bond certification agencies
- (D) We sell the security
- (E) We publicly disclose the breach
- (F) We blacklist the issuer
- (G) Other action, please specify:
 We inform portfolio managers.
- (H) We do not take any specific actions when proceeds from bond issuers are not allocated in accordance with the original plan

Reporting/Disclosure

ESG screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 21	CORE	OO 6 FI	N/A	PUBLIC	ESG screens	6

How do you ensure that clients and/or beneficiaries understand ESG screens and their implications?

(A) We publish a list of ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to list of ESG screens:

<https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds.pdf> ;
<https://www.candriam.fr/493d56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-article-8-strategies.pdf> ;
<https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-indexiq-etf-sri-2019.pdf> ;
https://www.candriam.com/48ff47/siteassets/medias/publications/brochure/corporate-brochures-and-reports/sovereign-report/2021_01_sovereign_sustainability_en_web.pdf

(1) for all of our fixed income assets subject to ESG screens

(B) We publish any changes in ESG screens and share it on a publicly accessible platform such as a website or through fund documentation Voluntary URL link(s) to ESG screen changes:

<https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds.pdf> ;
<https://www.candriam.fr/493d56/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-article-8-strategies.pdf> ;
<https://www.candriam.fr/49391a/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-indexiq-etf-sri-2019.pdf>

(1) for all of our fixed income assets subject to ESG screens

(C) We outline any implications of ESG screens, such as deviation from a benchmark or impact on sector weightings, to clients and/or beneficiaries

(1) for all of our fixed income assets subject to ESG screens

Engagement

Engaging with issuers/borrowers

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22	CORE	OO 9 FI	FI 22.1	PUBLIC	Engaging with issuers/borrowers	2

At which stages does your organisation engage with issuers/borrowers?

	(1) SSA	(2) Corporate
(A) At the pre-issuance/pre-deal stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) At the pre-investment stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) During the holding period	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) At the refinancing stage	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) When issuers/borrowers default	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 22.1	PLUS	FI 22	N/A	PUBLIC	Engaging with issuers/borrowers	2

Describe your approach to engagement.

Engagement approach per fixed income asset type or general description for all your fixed income engagement:

(A) Description of engagement approach for all of our fixed income

At Candriam, we consider our engagement activity to be an integral part of our duty as a responsible investor. Within its activity of funds and portfolio management, Candriam integrates as far as possible engagement in its investment strategy. Engagement contribute to a better understanding of the ESG risks and opportunities confronting the issuers and encourage them Engagement is also a key element in our fixed income investment process given it's potential impact of the performance of issuers. Candriam monitors investee companies and sovereigns on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. Where Candriam considers that its influence could be useful, it conducts dialogues with investee companies, exercises voting rights, cooperates with other shareholders, and communicates with relevant stakeholders of the investee companies. The four pillars of our engagement process are: 1. **(response continued in row below)**

Encouraging improved ESG disclosure: to support our internal ESG research and analysis; 2. Supporting investment decision-making: when we want to inform issuers of the final opinion and the main elements underpinning our decision; 3. Influence corporate practice on ESG issues: to adopt recognised standards so that issuers can better anticipate and manage specific ESG risks and opportunities; 4. Promoting sustainable finance within the financial community; through the Candriam Academy, roadshows, conferences, forums. Since 2015,Candriam choses to promote 3 long term engagement topics, our conviction topics: - Energy Transition - Fair working conditions - Business ethics.

(C) Description of engagement approach for our SSA fixed income

For SSA issuers, engagement activities targeting public bond issuers are mainly initiated via collaborative initiatives, the objective being to secure more leverage to incentivize countries and international organizations. The formal process for identifying and prioritizing the engagement activities takes into account: ● the materiality of the issue; ● the impact within the UNSDG spectrum; ● the presence of the issuer in the portfolios as well as the interests of our investment team and the potential leverage. **(response continued in row below)**

While we have for long only engaged via investors' statement or letters calling governments to act on specific topics (such as letter addressed to G7-G20 members), in 2020 we joined for first time a collaborative initiative targeting one specific country, Brazil, on one specific topic, deforestation, in full alignment with the outcome of our internal ESG country analysis. The Investors Policy Dialogue on Deforestation (IPDD) is actually a collaborative investor initiative set up in July 2020 to engage with public agencies and industry associations in selected countries. Investors are concerned about the financial impact that deforestation and the violation of the rights of indigenous peoples and local communities may have on the involved countries, clients and investee companies..

(D) Description of engagement approach for our corporate fixed income

Within its activity of funds and portfolio management, Candriam integrates as far as possible engagement in its investment strategy. Candriam monitors investee companies on relevant matters, including strategy, financial and non-financial performance and risk, capital structure, social and environmental impact and corporate governance. In line with the PRI principles, we dedicate resources to ESG research and analysis and continuously promote the synergies between our ESG experts/teams and our portfolio managers. Supported by the increasing importance of ESG integration in our investment processes, engagement activities are gaining pace. While our objectives and conviction topics are comparable cross strategies, we increasingly adapt to specific assets or strategy of investment, to ensure the active involvement of investment teams. Engaging investee companies that are part of our Fixed Income portfolio is actually different to those in our equity portfolios for some specific reasons. **(response continued in row below)**

Indeed, some companies might not have listed equities and therefore will have lower disclosure requirements. Some companies will chose to prefer to dialogue with equity investors who express their appreciation of the company during the Annual General Meeting votes, than with bondholders. At Candriam we have tailored a specific engagement process for Fixed Income assets. This process is aligned with the Fixed Income investment strategy and takes into account the following themes: - Respect of global compact/Norms based analysis/controversies - Corporate governance - Energy transition - Alignment with the objectives of the Paris Agreements. Materiality is taken into account throughout the process. Engagements are defined, decided, monitored and escalated with portfolio managers, fundamental analysts and ESG analysts during the ESG Credit Committee. **(response continued in row below)**

Engagement can be decided based on one or a combination of the following criteria: - Evidence of controversies or non compliance with the United Nations Global Compact - Weak management of Transition Risk score (proprietary score) - Weak climate strategy score (proprietary score) - Companies where a strong or satisfying Business Profile coexist with a weak overall ESG score Through such engagement, we support our investment decision making and when corporate improve their ESG practices, engagement may also unlock new investment opportunities for our fund managers. We aim to engage companies where: - we believe a dialogue could be beneficial to the company and a decent probability exists to encourage the company to adopt better practices - we do not have sufficient ESG data to carry out our analysis. This is especially true for private companies or and recent issuers of debt. In the case of Green/Social/Sustainability bonds, we mostly engage ahead of the issue, to ensure the bond meet our investment criteria. Should the monitoring of the bond's reporting highlight discrepancy between announced objectives/targets and effective achievement, we will engage with the issuer to first understand the situation and, if relevant, to improve the practices and situation..

Sovereign bonds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 23	CORE	OO 9 FI	N/A	PUBLIC	Sovereign bonds	2

For the majority of your sovereign bond engagements, which non-issuer stakeholders do you engage with to promote your engagement objectives?

- (A) Non-ruling parties
- (B) Originators and primary dealers
- (C) Index and ESG data providers
- (D) Multinational companies/state-owned enterprises (SOEs)
- (E) Supranational organisations
- (F) Credit rating agencies (CRAs)
- (G) Business associations
- (H) Media
- (I) NGOs, think tanks and academics
- (J) Other non-issuer stakeholders, please specify:
 - Central bank
- (K) We do not engage with any of the above stakeholders for the majority of our sovereign bond engagements

Sustainability Outcomes (SO)

Set targets on sustainability outcomes

Outcome objectives

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	ISP 45	SO 1.1, SO 2	PUBLIC	Outcome objectives	1

Has your organisation chosen to shape any specific sustainability outcomes?

- (A) Yes
- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 3	PUBLIC	Outcome objectives	1

Please list up to 10 of the specific sustainability outcomes that your organisation has chosen to shape.

Sustainability outcomes

(A) Sustainability Outcome #1	Climate change aligned with Paris Agreement
(B) Sustainability Outcome #2	Sustainable corporate board strategies & governance
(C) Sustainability Outcome #3	2030 UN Sustainable Development Goals

Target-setting process

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 2	SO 3.1	PUBLIC	Target-setting process	1

Have you set any targets for your sustainability outcomes? Indicate how many targets you have set for each sustainability outcome.

(A) Sustainability Outcome #1:	(3) Two or more targets
(B) Sustainability Outcome #2:	(3) Two or more targets
(C) Sustainability Outcome #3:	(2) One target

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	Multiple, see guidance	PUBLIC	Target-setting process	1

For each sustainability outcome, name and provide a brief description of up to two of your targets and list the metrics or key performance indicators (KPIs) associated with them, the targets' deadlines and the percentage of your assets under management to which the targets apply.

	Target name	Target description
(A1) Sustainability Outcome #1: (Target 1)	Increase investments in green bonds	20% green bonds in sustainable bond portfolios
(A2) Sustainability Outcome #1: (Target 2)	Pilot and reduce portfolio carbon footprint	portfolio CO2 equivalent emissions lower than benchmark
(B1) Sustainability Outcome #2: (Target 1)	Stewardship activities promoting good governance and sustainable strategies	Support resolutions and engagement aimed at reinforcing board accountability and vote against resolutions detrimental to stakeholders interest beyond just shareholders
(B2) Sustainability Outcome #2: (Target 2)	Monitor ESG quality of portfolios	Further pilot the ESG quality portfolio based on Candriam' ESG assessment
(C1) Sustainability Outcome #3: (Target 1)	Corporate SDG contribution in ESG assessment and portfolios	Integrate within equity and fixed income portfolio analysis of companies contribution to UN SDG in order to increase contribution
	KPIs/metrics	Target deadline: Year
(A1) Sustainability Outcome #1: (Target 1)	% of assets under management invested in green bonds	2025
(A2) Sustainability Outcome #1: (Target 2)	CO2eq emission intensity measured as Scope 1+2 GHG emissions per million of enterprise value, based on EU Climate benchmark definition	2030

(B1) Sustainability Outcome #2: (Target 1)	% of AGM where Candriam voted against at least one resolution ; Number of co-filed resolutions by Candriam ; Number of engagement initiatives supporting environmental and social goals	2025
(B2) Sustainability Outcome #2: (Target 2)	% portfolios having a higher ESG quality than the benchmark reflecting more sustainable business models and stakeholders management at investee company level	2025
(C1) Sustainability Outcome #3: (Target 1)	% of portfolios contributing to one or several UN SDGs	2025

Coverage: % of assets under management

(A1) Sustainability Outcome #1: (Target 1)	12
(A2) Sustainability Outcome #1: (Target 2)	67
(B1) Sustainability Outcome #2: (Target 1)	89
(B2) Sustainability Outcome #2: (Target 2)	67
(C1) Sustainability Outcome #3: (Target 1)	67

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 3.1	N/A	PUBLIC	Target-setting process	1

Which global goals (or other references) did your organisation use to determine your sustainability outcomes targets? Explain whether you have derived your target from global goals, e.g. by translating a global goal into a target at the national, regional, sub-national, sectoral or sub-sectoral level. Alternatively, explain why you have set your target independently from global goals.

Global goals/references

(A1) Sustainability Outcome #1: (Target 1)	EU Green Bond Standards, Green Bond Principles, defining guidelines and transparency principles to ensure that green bonds are issued to finance green projects or activities with proper KPIs and monitoring.
(A2) Sustainability Outcome #1: (Target 2)	PARIS AGREEMENT - EU Climate Benchmark regulation, defining as criteria for EU Climate Transition benchmarks to reduce greenhouse gas emission intensity by 30% vs. reference universe.
(B1) Sustainability Outcome #2: (Target 1)	Respect of ICGN Global Governance Principles, in particular Principles 1 (Board role and responsibilities) and Principle 3 (Board diversity) and Principle 8 (Shareholder rights) ; UN Sustainable Development Goals providing guiding principles underpinning Candriam’s voting and engagement policies.
(B2) Sustainability Outcome #2: (Target 2)	Respect of ICGN Global Governance Principles, in particular Principles 1 (Board role and responsibilities) and Principle 3 (Board diversity) and Principle 8 (Shareholder rights) ; UN Sustainable Development Goals providing guiding principles for sustainable business development ; Paris agreement setting the targets related to climate change ; UN Guiding Principles on Business and Human Rights OECD Guidelines for Multinational Enterprises contributing to define minimum standards and practices at investee company level.
(C1) Sustainability Outcome #3: (Target 1)	UN Sustainable Development Goals as well as the 169 individual targets enabling investors and companies alike to identify activities most contributing to delivering on the 17 goals.

Tracking progress

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 3.1	SO 5.1, SO 5.2	PUBLIC	Tracking progress	1

Does your organisation track intermediate performance and progress against your sustainability outcomes targets?

(A1) Sustainability Outcome #1: (Target 1) (1) Yes

(A2) Sustainability Outcome #1: (Target 2) (1) Yes

(B1) Sustainability Outcome #2: (Target 1) (1) Yes

(B2) Sustainability Outcome #2: (Target 2) (1) Yes

(C1) Sustainability Outcome #3: (Target 1) (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5.1	PLUS	SO 5	N/A	PUBLIC	Tracking progress	1

How does your organisation track intermediate performance and progress against your sustainability outcomes targets?

Please describe below:

(A1) Sustainability Outcome #1: (Target 1)

Company-wide monitoring of share of green bonds held in fixed income portfolios.

(A2) Sustainability Outcome #1: (Target 2)

Candriam monitors greenhouse gas emission intensity of all Candriam Sustainable portfolios through monthly reports. Furthermore portfolio managers have access within their management systems to the carbon footprint of their portfolio and are able to consider the impact of investment decisions on that footprint.

(B1) Sustainability Outcome #2: (Target 1)

Candriam management keeps a top down view on how voting rights are exercised according to Candriam’s policy and ICGN Global Governance Principles. Annual Voting Report provides investors with overall statistics as well as individual ones on how Candriam has contributed through voting to fostering good governance and shareholder rights. Progresses achieved on engagement initiatives are measured and reported through regular updates on individual initiatives and within annual engagement report.

(B2) Sustainability Outcome #2: (Target 2)

ESG selection applied to sustainable portfolios ensures investments in companies that have higher ESG practices (business model and stakeholders management). ESG quality target have been defined for portfolios promoting ES characteristics or objectives based on the SFDR classification. Portfolio managers have access within their management systems to ESG score at issuer level and at portfolio level to be able to consider the impact of investment decisions on the ESG quality.

(C1) Sustainability Outcome #3: (Target 1)

Integration of company contribution to UN SDGs into company analysis of their business activities based on Candriam proprietary ESG analysis framework as well as external. This integration enables then the monitoring of contribution to UN SDGs at portfolio level on an SDG by SDG basis.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5.2	PLUS	SO 5	N/A	PUBLIC	Tracking progress	1

Describe any qualitative or quantitative progress achieved during the reporting year against your sustainability outcomes targets.

	(1) Qualitative progress	(2) Quantitative progress
(A2) Sustainability Outcome #1: (Target 2)	The framework to analyse companies’ contribution to climate change within the analysis of their business activities was refined in order to better integrate scope 3 emissions. A transition assessment framework has been added.	GHG emissions by companies held in SFDR article 9 funds stood at below 70% of emissions by companies within each fund benchmark at the end of 2020.

(B1) Sustainability Outcome #2: (Target 1)	<p>Next to voting, engagement with companies plays a growing role in fostering sustainable governance that includes all stakeholders and promote a corporate alignment with long-term social and environmental goals. Candriam played a significant role in promoting improvement of corporate sustainability related practices within a number of sectors through its direct engagement with companies. All details on these successes are available in the annual 2020 engagement report.</p>	<p>Candriam voted on 2099 management resolutions pertaining to director's remuneration and voted against the proposal put forward by management in 30% of the resolutions. Candriam voted in favour of 183 shareholder resolution on governance, or 53% of such resolutions. In 2020 Candriam co-filed 2 resolutions, both supporting greater progress on tackling climate change, at Enel and Total.</p>
(B2) Sustainability Outcome #2: (Target 2)	<p>During 2020, the scope of portfolios covered by an ESG score in their periodic reports has increased.</p>	<p>ESG score of portfolios classified as SFDR art 8 and 9 products is higher than the benchmark at the end of 2020.</p>
(C1) Sustainability Outcome #3: (Target 1)	<p>Over the course of 2020 the ESG analytical framework was refined to integrate company contribution to all 17 SDGs within the calculation of the Business Activities Score. The monthly fund factsheets available for Candriam Sustainable funds were updated to include detailed information on fund contributions to the UN SDGs.</p>	<p>UN SDG fund contribution data were published on 10 Candriam Sustainable funds. All funds showed a positive contribution to at least one SDG.</p>
(A1) Sustainability Outcome #1: (Target 1)		<p>Average allocation to green bonds within Candriam Sustainable funds has reached over 10% on average across corporate bonds as a primary asset class.</p>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 3.1	SO 6.1	PUBLIC	Tracking progress	2

Despite your organisation’s efforts to make progress on your sustainability outcomes, there may be stakeholders who have been negatively affected by your organisation’s activities. For each of your sustainability outcomes, indicate whether your organisation ensures that stakeholders who have been negatively affected are able to seek an effective remedy.

(A) Sustainability Outcome #1: (1) Yes

(B) Sustainability Outcome #2: (2) No

(C) Sustainability Outcome #3: (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6.1	PLUS	SO 6	N/A	PUBLIC	Tracking progress	2

How does your organisation ensure that stakeholders negatively affected by your activities are able to seek an effective remedy?

Please describe below:

(A) Sustainability Outcome #1:

Despite Candriam’s thorough integration of Paris Agreement objectives and GHG emissions within ESG analysis as well as the significant progress registered in lowering investment carbon intensity, Candriam as a whole emits some scope 1 & 2 emissions and continues to invest in some companies (scope 3) emitting a significant amount of GHG, for several possible reasons:

- These companies could be essential to enable the transition of other companies towards low carbon solutions
- Insufficient data on their GHG emissions is available to assess some companies’ impact on climate change
- Some portfolio continue to allocate a small share of their investment to fossil energy sector for diversification purposes **(response continued in row below)**

- Despite having already achieved major reduction in GHG emissions, Candriam's own operations (travel, heating, etc) continue to emit some GHG

In order to limit these negative effects, Candriam finances projects resulting in GHG emissions being avoided or GHG removed from the atmosphere in order to compensate for Candriam's own operational scope 1 & 2 emissions.

Furthermore through the Candriam Institute Candriam finances similar projects, generating certified Carbon Credits, for an amount of GHG at least equal to the GHG emissions of the share of companies held in some Candriam's flagship solution funds like Climate Action.

(C) Sustainability Outcome #3:

Based on Candriam's rigorous assessment of companies' impact on UN SDGs, it results that some companies in which Candriam invests can at time be deemed by the assessment to have a negative impact on a specific UN SDG. This is for example the case for SDG 7 in case the share of renewable energy power generation assets held in portfolio is lower than the share of fossil energy assets. In this instance, the Carbon Credit mentioned above can help to some extent to compensate the negative impact.

In other case where more social objective are being hurt, the Candriam Institute created by Candriam and financed out of 10% of the management fees generated by all Candriam Sustainable funds invests in projects with a strong positive social impact, from schooling, to helping to advance research into serious diseases. The same mechanism is applied for some thematic funds like this related to the Oncology strategy.

Investors' individual and collective actions shape outcomes

Levers for shaping outcomes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 7	PLUS	SO 3.1	SO 7.1 - SO 22,	PUBLIC	Lever for shaping outcomes	1, 2, 5

Which levers did your organisation or service providers/external investment managers acting on your behalf use to make progress on your sustainability outcomes during the reporting year?

	(1) Individually	(2) With other investors or stakeholders
(A) Asset allocation	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(B) Investee engagement including voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Systemic stewardship including policy engagement	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) None of the above	<input type="checkbox"/>	<input type="checkbox"/>

Asset allocation

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 7	N/A	PUBLIC	Asset allocation	1

Describe how your organisation used asset allocation specifically to make progress on your sustainability outcomes during the reporting year, excluding participation in structures involving other stakeholders, such as blended finance. Provide details on how you expect these measures to make a significant change to the cost and/or availability of capital to finance progress on your sustainability outcomes.

Please describe below:

(A) Sustainability Outcome #1:

(A1) Candriam invested on average over 10% of Candriam Sustainable funds AuM whose strategy focuses primarily on corporate bonds into green bonds aligned with Green Bond Principles or EU Green Bond Standards. (A2) Candriam allocated asset held in Candriam Sustainable strategies away from thermal coal and other GHG intensive issuers in order to achieve an overall GHG emissions intensity at least lower or 30% lower than respective benchmarks. Candriam focused instead its capital allocation decisions on companies presenting a positive contribution to tackling climate change. This is for example the case, within the utilities sector, for companies generating power from renewable or nuclear energy rather than fossil energy sources. In this context, more strategies have implemented exclusion of companies exposed to unconventional oil & gas.

(B) Sustainability Outcome #2:

(B1) Candriam tilted its capital allocation decisions within Candriam Sustainable strategies and other labelled strategies as well as the majority of the fundamental equities and fixed income strategies towards companies meeting minimum governance standards. Candriam also avoided for those strategies in companies with involvement in controversies impacting their key stakeholders. (B2) The SFDR gave us the opportunity to explicitly define sustainability outcomes for 67 % of our AUM. The related strategies target higher ESG score/quality and so more assets oriented towards companies with sustainable business model (incl. in favour of climate change mitigation/adaptation) and better practices towards stakeholders.

(C) Sustainability Outcome #3:

The assessment of contribution to UN SDG is based on a relatively new framework with still evolving data and methodology. Yet Candriam has already registered some progress in moving assets towards issuers with a more positive contribution to UN SDG. In 2020 Candriam launched its first private equity strategy dedicated to investments in private equity funds with a clear and measurable impact objective. Part of investor remuneration is furthermore linked to the achievement of that objective.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 10	PLUS	Multiple, see guidance	N/A	PUBLIC	Asset allocation	1, 5

In which asset classes did your organisation, or your external investment managers acting on your behalf, use asset allocation to make progress on your sustainability outcomes during the reporting year? For each asset class, indicate the proportion of assets under management that you dedicated to making progress on your sustainability outcomes.

(1) Listed equity

(A) Sustainability Outcome #1:

(1) We used all of our AUM to advance our sustainability outcomes

(B) Sustainability Outcome #2:

(1) We used all of our AUM to advance our sustainability outcomes

(C) Sustainability Outcome #3:

(3) We used a minority of our AUM to advance our sustainability outcomes

(2) Fixed income

(A) Sustainability Outcome #1:

(1) We used all of our AUM to advance our sustainability outcomes

(B) Sustainability Outcome #2:

(1) We used all of our AUM to advance our sustainability outcomes

(C) Sustainability Outcome #3:

(3) We used a minority of our AUM to advance our sustainability outcomes

(6) Hedge funds

Investee engagement including voting

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

During the reporting year, how did your organisation or service providers/external investment managers acting on your behalf engage with investees specifically to make progress on your sustainability outcomes? This indicator refers to the engagement activities dedicated exclusively to shaping sustainability outcomes.

	(1) Sustainability Outcome #1:	(2) Sustainability Outcome #2:	(3) Sustainability Outcome #3:
(A) At shareholder meetings, we voted in favour of all resolutions or proposals that advanced our sustainability outcomes and voted against all those that undermined them	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We filed or co-filed shareholder resolutions or proposals that advanced our sustainability outcomes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We used our positions on investee boards and board committees to advance our sustainability outcomes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(D) We negotiated with and monitored the stewardship actions of suppliers in the investment chain

(E) Where necessary, we resorted to litigation

(F) Other, please specify:

We used the contacts of our fund managers and ESG analysts with company managements in order to advance our sustainability agenda in formal and informal dialogs with these managements. We also led these dialog with company management issuing fixed income debt even if no equity position was held in the underlying company.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

What is your organisation's approach to engaging with investees as a means to make progress on your sustainability outcomes? Please discuss the reasons why you have chosen any specific engagement tools to make progress on each of your sustainability outcomes. Please also explain how you combine different engagement tools to advance each sustainability outcome.

Please describe below:

(A) Sustainability Outcome #1:

(A1) We encourage company management to set themselves ambitious climate and other environment related objectives. One possible and more and more frequent translation of such target is the issuance of fixed income instruments, i.e. green bonds, whose use of proceeds is dedicated to financing environmental objectives. (A2) Supporting the energy transition towards in line with the Paris Agreement objectives constitutes one of the three overarching objectives spelled out within Candriam's Engagement Policy. More specifically the possible objectives of such engagements can be: - Improve access to information for a better assessment of companies' exposure to climate risks and opportunities; - Support alignment to TCFD Recommendations ; - Encourage efforts to improve Scope 3 disclosures

(B) Sustainability Outcome #2:

(B1) Candriam's Engagement Policy and engagement practice encourages high standard of business ethics from investee companies as well as the inclusion of all key stakeholders interests. This can translate for instance into: - Avoidance of market distortion and promotion of transparency at sales level, including the prevention of dumping / price fixing / corruption ; - Transparency and fairness of lobbying and tax practices (B2) Our engagement activities policy is based on 3 pillars: • Encouraging improved ESG disclosure, supporting intern ESG research and analysis in order to inform our investment decisions ; • Supporting investment decision-making especially following the occurrence of an event deemed controversial (e.g. breach to UN Global Compact principles), leading to the addition of the issuer's name on our watch list ; • Influencing corporate practice on ESG issues: such engagement activities occur when there is a serious issue at a company or when a new ESG topic has arisen and justify us to support improved preventive or healing measures.
(response continued in row below)

More specifically, pre- or post- the Annual General Meetings (AGMs), Candriam will contact companies to explain our voting policy and/or the rationale behind specific controversial voting recommendations . Systematic dialogues are conducted in specific cases of exclusion such as coal-related exposure or when the subject of the dialogue relates to 3 themes identified as priorities since 2015, namely 1) Energy Transition, 2) Fair Work Conditions, 3) Business Ethics. We prioritize engagement based on the ESG challenges faced by industries and issuers, and on their respective materiality..

(C) Sustainability Outcome #3:

The formal process for identifying and prioritizing the engagement activities is done within a framework, taking into account: the materiality of the issue as well as the impact within the SDG spectrum. Candriam's Engagement Policy defines three overarching objectives intimately linked with most UN SDGs: - Supporting the energy transition: SDG 7, 12 and 13, as well as 15 ; - Fair work conditions: SDG 1, 5, 8, 10 ; - Business ethics: SDG 3, 5, 8, 16, and 17.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

Please provide at least one example of how your organisation's individual engagement with investees, either directly or via service providers/external investment managers acting on your behalf, helped make progress on each of your sustainability outcomes during the reporting year, excluding collaborative initiatives.

Example 1

Example 2

(A) Sustainability Outcome #1:

Context: The Transition to a lower-carbon economy means entire industries such as power generation, and oil and gas, are susceptible to stricter regulation, disruptive technologies and changes in customer behaviour. While banks and insurance companies are a major source of funding for fossil fuel projects, climate change has not historically played a role in their credit analysis of and capital allocation to fossil fuel and extractive industries. Transition risks of exposure to these assets is difficult to assess, along with the climate change risks to the financial firms. Physical risks include increased weather-related insurance claims and payouts for insurers, and increased premiums for consumers, and stranded assets for banks. **(response continued in row below)**

Objective: • Encouraging improved disclosure from the financial sector; • Supporting our investment decision making. Outcome: We developed a Comprehensive Scoring System encompassing each engaged company's transparency and the policy put in place. Where available (20 of the companies), we compared our Comprehensive Score to their level of risk exposure based on the banking on Climate Change Report 2020. This helps us to better assess climate related companies strategies.. **(response continued in row below)**

Context: BHP is a member of, and provides financing to, certain industry associations which actively lobby to prevent some of the measures required to tackle climate change. These groups play an important role in shaping both public opinion and political choices, and therefore the resulting policies on climate change. One reason we believe it is important to engage with BHP is because we believe BHP is pivotal not only within the mining industry, but also within all corporations in Australia. Objective: Candriam engaged individually directly with BHP in order to encourage the company to better align its industry group support and financing with its commitments and positions towards climate change, especially in its home country Australia. **(response continued in row below)**

Outcome: This led to BHP dropping some industry group support, whilst aiding others to adopt a more Paris Agreement aligned position. Candriam will continue to work in concert with BHP on its industry memberships, and other climate-related topics, until the company has fully aligned its ambitious energy transition plan with its industry group memberships and lobbying money. We welcome BHP's willingness to engage with us on that subject and we continue to dialogue with the company..

(B) Sustainability Outcome #2:

Context: Lack of knowledge and disclosure on SMIDs' workforce and challenges faced by SMIDs when focusing on Human Capital Management. Objective: Our SMIDs dedicated engagement campaign aims 1) for better disclosure in the social area, more specifically on Human Capital Management, 2) for improvement of practices to mitigate associated risks and raise opportunities Outcome: 70% of the target companies have answered our quantitative survey. We will share with them first observation and start in 2021 case by case exchanges, based on our findings.

Context: Our analysis of governance matters highlight gaps between expected effective practices. The voting season appears as a good time to discuss such matters with corporates. Every year, we identify a bunch of companies we want to dialogue in depth with, based on the identified weaknesses, our leverage (% of Share capital), interest of our investment teams, existence of previous dissent votes. Objective: These dialogues focus on the composition and responsibility of the board, as well as on the remuneration policy of the target companies. The objective is to share best practices and to convince corporate to adopt them.

(C) Sustainability Outcome #3:

Context: In 2018, we signed a “Statement of Investor Commitment to Support a Just Transition on Climate Change”, committing to take action to support the just transition by integrating the workforce and social dimension in our climate practices. Part of that commitment was to better understand how companies are planning to ensure that the hundreds of thousands of workers whose job today is linked to fossil energy or high GHG emitting activities are offered to chance to retrain and move to new jobs.

Objective: Better understanding of the concept and related challenges or impacts for corporates • Identification of best practices • Support for more transparency and disclosure from corporates on this topic. **(response continued in row below)**

Outcome: We found that the materiality associated to the energy sector is a reality. All companies we spoke to are confronted by some level of challenges and are developing strategies to address them. The specifics of each company and divergence of their businesses and the communities in which they operate leads us to recommend a case-by-case approach to capture how they are managing these new risks and opportunities. **(response continued in row below)**

Whilst acknowledging the complexity of the topic, we seek additional disclosure and welcome proactivity from companies on the Just Transition, and on the impact it is having and will have on their operations and strategies. This initiative concerns as much SDG 7 and 13 as it does SDG 8 (decent work), 9 (infrastructures) and 11 (sustainable cities).. **(response continued in row below)**

Context: As a responsible asset manager, we definitively believe in the materiality of human capital management. We reached out to about 20 global investee companies involved in Information and Communications Technologies (ICT). We concentrated on weaknesses identified in the 2018-released benchmarking survey from Know the Chain. **(response continued in row below)**

Objectives: - Supporting adoption of better / best practices by the engaged companies; - Supporting our investment decision making. Our objectives were threefold: - Discuss the above mentioned materiality assumption; - Gather feedback on risks / weaknesses identified in current approach; - Discuss the challenges and/or feasibility of improvements. Outcome: The results of this direct campaign have been disappointing. **(response continued in row below)**

First, and even if the scope of the engagement can explain it, with a large number of Northern American or Asian companies that are less familiar with Candriam, the response rate remains low (around 40%). The specificity and precision of our questions clearly played a role in this lower than usual response rate. Secondly, the low level of proactivity of companies on several identified problematic points (such as the publication of a detailed supplier list, adoption sustainable purchasing / pricing practices or living wage considerations) remains an issue. These findings are confirmed by the 2020 benchmarking survey from Know The Chain on ICT.⁸ They are all the more worrying that the Covid-19 pandemic disrupted the global supply chains, negatively impacting workers in vulnerable conditions..

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 14	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2, 5

During the reporting year, in which collaborative initiatives focused on engaging with investees did your organisation or service providers/external investment managers acting on your behalf participate to make progress on your sustainability outcomes?

Please describe below:

(A) Sustainability Outcome #1:

CA100 related - Letters to Audit Committees ; Climate Action 100+ ; Decarbonisation initiative ShareAction ; CDP Climate

(B) Sustainability Outcome #2:

Answers like in (A) and (C) and following: Access to Medicine ; Access to Nutrition ; Corporate Accountability for Digital Rights ; PRI - Corporate Tax responsibility ; PRI - Cyber security ; Sustainable Protein ; Engagement on antibiotics overuse in livestock supply chains ; WDI ; CDP

(C) Sustainability Outcome #3:

Bangladesh Investor Initiative ; CHRB - Investor statement calling on companies to improve Human Rights performance ; Implementation of labour rights in Amazon's operations and supply chain ; Investor Statement to support the UN Women's Empowerment Principles and achieve Gender Equality ; PRI - Labour practices in agricultural supply chain phase II ; PRI - Responsible sourcing of cobalt ; French Investor's coalition for dialogue with Teleperformance - Duty of Vigilance Law & related concerns ; UK Living Wage Engagement Campaign ; Plastic Solution Investor Alliance ; Micro Fibre Engagement ; Investor Engagement Group - Xinjiang Uyghur Autonomous Region (XUAR)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 15	PLUS	SO 7	N/A	PUBLIC	Investee engagement including voting	2

Which of the following best describes your organisation's default position regarding collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes?

- (A) We recognise that progress on sustainability outcomes suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 16	PLUS	SO 7	SO 16.1	PUBLIC	Investee engagement including voting	2

During the reporting year, how did your organisation or the service providers/external investment managers acting on your behalf contribute to collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes?

- (A) By leading coordination efforts (3) in a minority of cases

- (B) By providing financial support (2) in the majority of cases

- (C) By providing pro bono advice (2) in the majority of cases

- (D) By providing pro bono research (2) in the majority of cases

- (E) By providing pro bono training (4) in no cases

- (F) By providing administrative support (3) in a minority of cases

- (G) Other, please specify:
 By gathering and blocking equity holdings to ensure the effective co-filing of shareholders resolution. (3) in a minority of cases

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 16.1	PLUS	SO 16	N/A	PUBLIC	Investee engagement including voting	2

Please provide details of how you contributed to collaborative initiatives to engage with investees in order to make progress on your sustainability outcomes.

Provide describe below:

(A) By leading coordination efforts

Candriam’s stewardship team takes part as lead investor for some targeted investee companies in selected collaborative initiatives.

(B) By providing financial support	Candriam contributes through its membership fees to the activities of associations with a RI oriented mission like IIGCC, UNPRI, Carbon Disclosure Initiative, Workforce Disclosure Initiative.
(C) By providing pro bono advice	Candriam dedicated 3 stewardship analysts to coordinating Candriam's engagement activities across investment products and asset classes. A significant share of these analysts time was spent working actively with other members of the engagement initiatives on meetings with company management, on the review of steps achieved and on the strategic management of further engagement actions.
(D) By providing pro bono research	When taking an active role in collaborative initiative, Candriam uses its RI developed expertise and its internal assessment of investee companies and countries in the discussion with other participants to the initiative in order to prepare the dialogue (specific theme, approach) and during meetings with investee companies.
(F) By providing administrative support	Candriam contributes by preparing letters and invoice them to investee companies to initiate dialogue (ex. Carbon Disclosure initiative) and take further contacts for meetings/calls.
(G) Other	Candriam always try to gather the maximum holdings positions in order to co-file shareholders resolutions or to support shareholders resolutions that are aligned with our Sustainable Objectives. In this case, the positions are blocked in portfolio management systems and all operational and administrative actions are taken in order to ensure that the initiative is successful.

Systemic stewardship including policy engagement

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 18	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 5

Provide at least one example of how your organisation participated, either directly or via service providers or external investment managers acting on your behalf, in collaborative initiatives to engage policymakers in order to make progress on your sustainability outcomes.

Example:

(A) Sustainability Outcome #1:

The Investors Policy Dialogue on Deforestation (IPDD) is a collaborative investor initiative set up in July 2020 to engage with public agencies and industry associations in selected countries. Investors are concerned about the financial impact that deforestation and the violation of the rights of indigenous peoples and local communities may have on their clients and investee companies, by potentially increasing reputational, operational and regulatory risks. Investors are concerned that companies exposed to potential deforestation in their direct operations and supply chains in these countries will face increasing difficulty accessing international markets. The sovereign bonds of these countries are also likely to be deemed high risk if deforestation continues. **(response continued in row below)**

The goal of the IPDD Initiative is to coordinate a public policy dialogue on halting deforestation. The IPDD seeks to ensure long-term financial sustainability of investments in the countries they are invested in by promoting sustainable land use and forest management and respect for human rights, with an initial focus on tropical forests and natural vegetation. The IPDD is working with key stakeholders to encourage adoption and implementation of regulatory frameworks that ensure protection of such natural assets and human rights. The initiative has started by focusing on deforestation in Brazil and has already initiated dialogue with the Vice President of Brazil, the Brazilian Central Bank, the Ministry of Agriculture as well as other local stakeholders. The initiative has also had dialogue with stakeholders in Indonesia..

(B) Sustainability Outcome #2:

At the beginning of 2020, we co-sign a letter from UNPRI, after 2019 SEC's proposed changes to some rules, and urging the commission to ensure the right of shareholders to raise their voice, the ability to put forward shareholder proposals, the independence of proxy voting advice.

(C) Sustainability Outcome #3:

In 2020 we signed the “Open letter to EU leaders from investors on a sustainable recovery from Covid-19”. This letter, signed by 183 investors, highlighted the need to ensure the economic response to the Covid-19 pandemic delivers a green and sustainable recovery.... More recently, we signed the Global investors statement in support of an effective, fair and equitable global response to COVID-19, pandemic, including through fully financing the ACT Accelerator partnership dedicated to developing, producing and ensuring equitable access to COVID-19 tools. The signatories, which together manage or advise on assets worth more than US\$ 14 trillion, have also committed to engage with healthcare companies to promote bolder industry actions and therefore contribute to ending the pandemic.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 19	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2

Does your organisation have governance processes in place to ensure that your engagement with policymakers is aligned with your sustainability outcomes?

(1) Yes. Please describe:

(A) Sustainability Outcome #1:

In consistency with Candriam's organisation and ESG governance, ESG policies and strategic orientations adopted by Candriam are under the responsibility of the GSC. At least two times a year, the GSC gathers all ESG experts in order to share and discuss market trends, regulatory evolutions in the field of ESG and decide on new orientations and ESG roadmap including the Sustainability Outcomes. ESG experts have a crucial role in the ESG governance and the working groups in charge of the implementation. Within this ESG governance framework, two dedicated workstreams are in charge of the Candriam's engagement activities to promote sustainable finance and promote the PRI principles Candriam is committed to: the workstream Certification & Regulations and the workstream Stewardship. **(response continued in row below)**

The workstream Certification & Regulation is the forum where new policy developments and related consultations, SRI certification and labellisation (incl. PRI) are shared, discussed and monitored. The workstream Stewardship supervises and monitors engagement activities (including support to statements and collaborative initiatives) and decides which are submitted to the GSC/Exco for approval. ESG experts from Corporate Sustainability, ESG Business development and ESG Stewardship are part of those workstreams. They also are Candriam's ESG experts who engage with policymakers within their respective missions and functions..

(B) Sustainability Outcome #2:

In consistency with Candriam's organisation and ESG governance, ESG policies and strategic orientations adopted by Candriam are under the responsibility of the GSC. At least two times a year, the GSC gathers all ESG experts in order to share and discuss market trends, regulatory evolutions in the field of ESG and decide on new orientations and ESG roadmap including the Sustainability Outcomes. ESG experts have a crucial role in the ESG governance and the working groups in charge of the implementation. Within this ESG governance framework, two dedicated workstreams are in charge of the Candriam's engagement activities to promote sustainable finance and promote the PRI principles Candriam is committed to: the workstream Certification & Regulations and the workstream Stewardship. **(response continued in row below)**

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(C) Sustainability Outcome #3:

In consistency with Candriam's organisation and ESG governance, ESG policies and strategic orientations adopted by Candriam are under the responsibility of the GSC. At least two times a year, the GSC gathers all ESG experts in order to share and discuss market trends, regulatory evolutions in the field of ESG and decide on new orientations and ESG roadmap including the Sustainability Outcomes. ESG experts have a crucial role in the ESG governance and the working groups in charge of the implementation. Within this ESG governance framework, two dedicated workstreams are in charge of the Candriam's engagement activities to promote sustainable finance and promote the PRI principles Candriam is committed to: the workstream Certification & Regulations and the workstream Stewardship. **(response continued in row below)**

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 20	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 4

Provide an example of how your organisation or the service providers/external investment managers acting on your behalf contributed during the reporting year to a public policy development that will help make progress on your sustainability outcomes.

Example:

(B) Sustainability Outcome #2:

Candriam participated actively to the French Association of Asset managers (AFG) workgroup that open the discussion with the French supervisor AMF following the consultation on French doctrine on SRI. This doctrine defines what is considered as SRI product for retail investors in France. Aside from the 2 proposed options proposed by AMF, AFG put forward a third possibility which focusses on ESG integration approach and ESG factors KPIs.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 21	PLUS	SO 7	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 5

Which of the following best describes your organisation's default position regarding collaborative initiatives to engage with policymakers in order to make progress on your sustainability outcomes?

- (A) We recognise that progress on sustainability outcomes suffers from a collective action problem, and, as a result, we actively prefer collaborative efforts
- (B) We collaborate when our individual efforts have been unsuccessful or are likely to be unsuccessful, i.e. as an escalation tool
- (C) We collaborate in situations where doing so would minimise resource cost to our organisation
- (D) We do not have a default position but collaborate on a case-by-case basis

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 22	PLUS	SO 7	SO 22.1	PUBLIC	Systemic stewardship including policy engagement	2, 5

During the reporting year, how did your organisation or the service providers/external investment managers acting on your behalf contribute to collaborative initiatives to engage with policymakers in order to make progress on your sustainability outcomes?

	(1) in all cases	(2) in the majority of cases	(3) in a minority of cases	(4) in no cases
(A) By leading coordination efforts	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(B) By providing financial support	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) By providing pro bono advice	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(D) By providing pro bono research	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(E) By providing pro bono training	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(F) By providing administrative support	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
(G) Other, please specify:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 22.1	PLUS	SO 22	N/A	PUBLIC	Systemic stewardship including policy engagement	2, 5

Please provide details of how you contributed to collaborative initiatives to engage with policymakers in order to make progress on your sustainability outcomes.

Please describe below:

(A) By leading coordination efforts

Candriam’s representatives chair various RI working groups in industry associations. During 2020 , this has been the case for the Global Head of Corporate Sustainability who chaired within the French Association AFG a dedicated WG related to EU Taxonomy consultation and implementation which gives the opportunity to open discussion with the French Treasury and ESAs.

(B) By providing financial support

Membership annual fees to industry associations and sustainable finance Forums in countries where Candriam has its most important branches (FR, BE, LUX, IITL,CHF), IIGCC, Workforce Disclosure Initiative, Carbon Disclosure Initiative, UNPRI.

(C) By providing pro bono advice

By participating actively to RI working groups in industry associations, the Global Head of Corporate Sustainability has contributed to the answer to consultations related to the Sustainable Finance Disclosure Regulation, EU Taxonomy and to discuss implementation guidelines with the EU Commission and national regulators.

(D) By providing pro bono research

Candriam’s ESG expertise has been put forward during the AFG WG dedicated to coal exclusion policy guidelines for asset managers.

Global stakeholders collaborate to achieve outcomes

Tracking progress against global goals

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 23	PLUS	SO 3.1	N/A	PUBLIC	Tracking progress against global goals	4

Does your organisation engage with standard setters, reporting bodies or similar organisations to help track and communicate progress against global sustainability goals?

(A) Yes. Please describe:

In its commitment to the PRI principles, Candriam promotes best practices in the field of Responsible Investments and is pleased to contribute in various ways to help the financial industry and investee companies to progress in the transparency, measuring and reporting standards related to UNSDG. Among the recent actions and participations from Candriam's ESG experts, we can mention the following examples:

- Candriam is a member of the ESG Taskforce set up within the Investment Company Institute to support and advise on further regulatory development related to ESG disclosure by fund managers in Europe, but also the US. Candriam contributes actively to the work of this advisory group, influencing regulatory bodies on both side of the Atlantic to promote transparency and accountability by fund managers.

- Candriam's representative in the AFG RI committee chaired a working group to define coal policy guidelines for asset managers. This has been followed by a commitment from AFG members to contribute to the French Observatoire de la Finance Durable which is a platform that disclose progress made by asset managers in the field of ESG and climate strategies. Indicators like % AUM covered by ESG approach, by climate targets or by coal policy exclusion, type of metrics used are part of the disclosure.

(B) No. Please describe why not:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 24	PLUS	SO 3.1	N/A	PUBLIC	Tracking progress against global goals	4

Does your organisation contribute to public goods (such as research) or public discourse (such as media coverage) to make progress on global sustainability goals?

(A) Yes. Please describe:

Candriam's communication strategy focuses on promoting ESG practices and sharing Candriam's expert ESG views, using press, media and industry conferences. As examples of this communication practices, our CEO and ESG experts regularly give interviews and highlighting the importance of sustainable goals in investments, supporting the development and implementation of the EU Action Plan for sustainable finance or asking to favour common standards in ESG data. Candriam's ESG experts also participate to events dedicated to RI promotion. In 2020, our Global Head of Corporate Development talks about the value of dialogue between investors and corporates during a digital event organized by Ecodia to attract attention to the importance for company's board members to consider sustainable strategies. Another opportunity was given during a PRI forum to speak on engagement practices related to UNSDGs.

The Candriam Institute puts into practice our commitment to ESG development and promotion, by financing independent academic ESG research and promoting ESG education via the free-for-all Candriam Academy. This digital platform has been initially developed for providing a certified cursus on RI for financial advisors and covers different technical modules. A dedicated campaign of ESG talks has been launched in 2020 targeting our clients in order to inform them on new trends in RI like EU regulation, EU Taxonomy, Climate solutions and metrics. This gave the opportunity to give the floor to external experts.

- (B) No. Please describe why not: