

Corporate Social Responsibility Report 2022:

Driving progress
for people and
the planet



2022







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CSR at the heart of who we are



Vincent Hamelink

Chief Executive Officer

2022 was a year of increasing complexity and challenges. Following the recovery from the global pandemic, the world was confronted with new adverse realities - geopolitical unrest from the Russia-Ukraine conflict, inflationary pressures, and escalating supply chain issues that brought about a global cost-of-living crisis. As we navigate these uncertainties, it becomes more important than ever to stand firm in our environmental, social and governance (ESG) goals.

Our dedication to Corporate Social Responsibility (CSR) is not just a commitment, but at the heart of who we are as an organisation. Through our sustainable investment platform and philanthropic efforts, we hope to contribute to a more equitable and environmentally conscious world. We believe that sustainability and social responsibility are integral to building a resilient global community.

This report highlights our progress in a rapidly evolving environment. Our mission has always been to strive for excellence in our ESG commitments, and the past year was no exception. As we review our actions and their impacts, we hope to demonstrate our continuous commitment to our objectives.

the heart of what we do

“Our dedication to Corporate Social Responsibility (CSR) is not just a commitment, but at the heart of who we are as an organisation.”



As an investor, we are unwavering in our belief that sustainable investing not only safeguards our clients from ESG-related risks, but is also a means to generate long-term, risk-adjusted positive returns. Active engagement remains at the heart of our commitment to reduce the carbon intensity of our portfolios by 50% by 2030 and reach net zero by 2050. It is one of the most powerful ways to create real-world outcomes.

As an employer, we have made significant progress in creating a corporate environment that is both inclusive and sustainable, including in our diversity & inclusion strategy, our initiatives supporting workplace well-being, our flexible home working policy, and our environmentally conscious operations.

As an asset manager, we believe in the power of partnership and collective action. Our active involvement in industry associations, constructive collaborations with educational institutions, and our contributions to policy debates at the EU level are all testament to our proactive approach to embedding sustainability within the heart of society. It is through these networks that we can

share our expertise and help shape the broader investment landscape to reflect sustainable and responsible practices.

Through the Candriam Institute for Sustainable Development, we extend our ESG commitment to impactful philanthropic activities. We are dedicated to restoring fragile ecosystems, fostering social inclusion, and supporting innovative cancer research. We also understand the critical role of education in empowering individuals, which is why we partner with leading academic institutions across the world to support research that advances the field of sustainable finance.

In every aspect of our operations, we aspire to drive positive change, not only within our organisation and for our clients, but also for the wider communities and societies we touch. Our efforts serve to build a more resilient and inclusive future where the principles of ESG are deeply entrenched in our collective conscience, helping to ensure that no one is left behind in the race towards a more sustainable world.

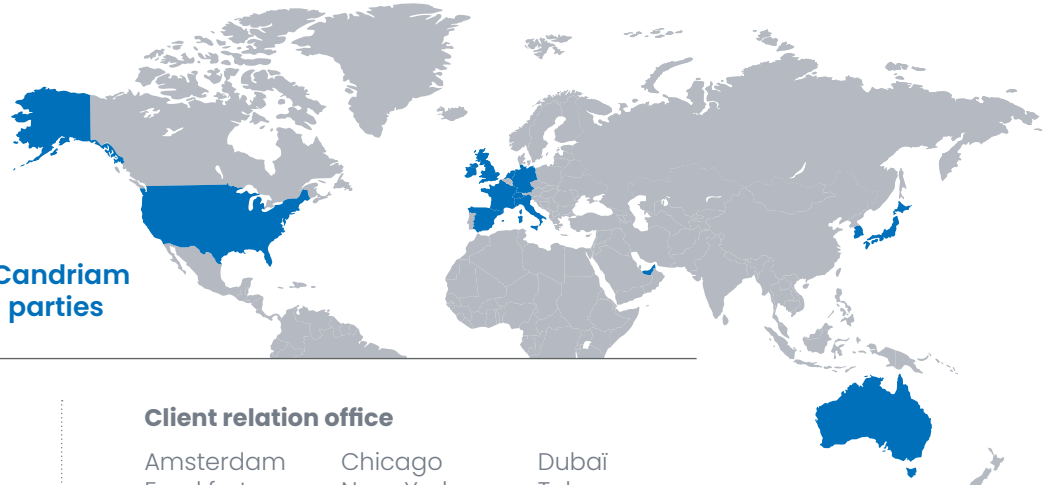
Candriam at a Glance for 2022.

Our Presence Worldwide

A European-rooted asset manager with global reach.

20+

countries served by Candriam and its licensees/3rd parties



Management offices

London
Paris
Brussels
Luxembourg

Client relation office

Amsterdam
Frankfurt
Geneva
Madrid
Milan
Zürich
Chicago
New-York
Richmond
Los Angeles
Dubai
Tokyo
Seoul
Sydney

Our Mission

To provide asset management services driven by conviction and responsibility.

Candriam Snapshot as of 31 December 2022

€139bn⁽¹⁾

total AUM +107% since 2013

74% of AUM

invested in ESG⁽³⁾ based on in-house proprietary screening

Part of

New York Life

1st Mutual life insurer in the US⁽²⁾

57%

of Candriam's investment funds had **4 or 5 stars** from Morningstar® at the end of 2022⁽⁴⁾

Source: Candriam. All figures as at 31/12/2022.

(1) As of 31/12/2022, Candriam changed the Assets Under Management (AUM) calculation methodology, and AUM now includes certain assets, such as non-discretionary AUM, external fund selection, overlay services, including ESG screening services, advisory consulting services, white labelling services, and model portfolio delivery services that do not qualify as Regulatory Assets Under Management, as defined in the SEC's Form ADV. AUM is reported in EUR. AUM not denominated in EUR is converted at the spot rate as of 30/12/2022. (2) On the basis of revenues as reported by "Fortune 500 ranked within Industries, Insurance: Life, Health (Mutual)," Fortune magazine, 23 May 2022. (3) "Article 8 or 9", according to the Sustainable Finance Disclosure Regulation. "Article 9" products have defined and quantifiable ESG (Environmental, Social and Governance) objectives. They are products with a social or environmental objective, aligned with the definition of sustainable investments. "Article 8" products do not have a defined ESG objective but take ESG criteria into consideration when constructing their portfolios. (4) © 2022 Morningstar, Inc. All rights reserved. Some of the information contained in this document is the property of Morningstar and/or its information providers. It is given without any guarantee as to its accuracy, exhaustiveness or topicality. Its reproduction or redistribution is strictly forbidden.

Stewardship

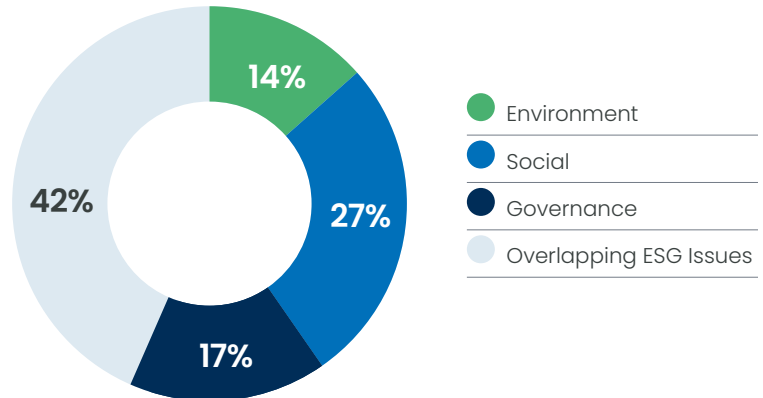
Top topics

- > Energy transition
- > Fair work conditions
- > Business ethics

1,939
voted meeting

336
corporates contacted directly

Thematic breakdown of all our direct dialogues (of a total of 427 dialogues in 2022)



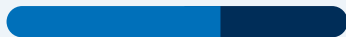
Responsible Company

Responsible employer

616 employees

36 nationalities

66% men **34% women**



73% men **27% women**



in management committee

43% of women < 30 years
in the new hires

8.6% of turnover

11 yrs average length of service

Responsible operations

1,151 tCO₂e⁽ⁱ⁾

GHG emissions (scope 1, 2 and 3
business travel only)

13,991 tCO₂e⁽ⁱ⁾

GHG emissions for the full
operational value chain
(scope 1, 2 and 3 Upstream only)

Responsible citizens

€3,3 million

institute donations for 2022
in over 20 countries

358 ha

of mangroves restored
(of 523 ha target by 2023)

13,000

members of the Academy

+20 yrs

of grassroots initiatives

Source: Candriam. All figures as at 31/12/2022.

(i) Data doesn't cover all the emissions scopes, especially the scope 3 emissions related to the value chain and product use.



Candriam's CSR Commitments.



Isabelle Cabie
Global Head of
Corporate Sustainability

“**Candriam continues to assess its own CSR performance in order to further elevate our practices. We evaluate our relations with staff, clients and suppliers, as well as our governance and business activities, in order to identify opportunities for improvements.**”

Candriam's CSR Strategy.

Candriam's Corporate Social Responsibility (CSR) strategy is built upon five core pillars. Each of these pillars represents distinct sustainable objectives that guide our actions and decisions.



Sustainability at the Heart of our Company's Mission

As an asset manager, Candriam is dedicated to providing clients with a sustainable value proposition that meets their financial goals while managing both financial and non-financial risks (and contributing positively to the world's sustainable goals).

Our operational model has sustainability at its core. By identifying the trends shaping the future, we focus our strategic decisions on fulfilling investors' long-term needs. We aim to leverage opportunities arising from the global shift towards sustainable economic growth, while conscientiously considering our stakeholders.

Our commitment to the continuous development of our comprehensive Environmental, Social, and Governance (ESG) analysis is unwavering. Recognising the significance of sustainability risks and opportunities, we take a considered approach to managing our portfolios. We're conscious of the potential real-world impacts—both positive and negative—of our investments.

Upholding our commitment to being a responsible company, we consider the interests of all our stakeholders including employees, customers, and suppliers, striving to carefully minimise any potential negative impacts of our activities on environment and, societal well-being and the planet at large.

Our Commitments to Stakeholders and the Environment.

At Candriam, we pride ourselves on being a reliable and trustworthy partner dedicated to creating long-term, **sustainable value for clients** in an ever-evolving world. Our commitment spans across our diverse client base in Europe and selected international growth regions, offering a wide range of investment solutions across various asset classes.

We deeply value diversity and actively foster a fair, inclusive workplace with development opportunities for all, where every member of the Candriam family can fully unlock their potential. This same concern for **promoting fairness and upholding human rights** is present in our dealings with suppliers and in our holistic ESG research.

Recognising the importance of the climate challenge, Candriam has a **climate strategy** in place which covers both its investments and its operational value chain.

On the investments side, we have a company-wide exclusion policy in place for thermal coal and develop adapted investment solutions, such as low-carbon strategies and portfolios investing in companies contributing to a circular economy or to climate solutions.

At the corporate level, we're steadily minimising the footprint of our operational value chain, with ambitious targets to further reduce emissions by 2025.

The Candriam Institute for Sustainable Development further strengthens our commitments through **philanthropy**, supporting climate and circular projects, social inclusion and community initiatives, in addition to funding ESG research and a free-for all ESG educational platform—The Candriam Academy.



Sustainable Business Activities



Responsible Company Practices

Leader in ESG investment

- Be a top-rated asset manager



- 74% of assets are Sustainable/ESG Art 9 et Art 8 SFDR*
- Joining Net Zero Asset Managers initiative

Highest standards in CSR

- Foster inclusion and empowerment of **staff**
- Trusted relationships with **clients**
- Reduce carbon and waste across the **corporate value chain**
- Ensure sustainable **procurement**
- Increase **societal impact** via philanthropy
- Responsible and transparent **governance**

Sustainable Business Activities

Candriam believes that the financial sector can be a powerful force for helping to create a more sustainable world by ensuring that assets are allocated to initiatives that support the move to a low carbon world and socially inclusive programmes. As a responsible investor, we take pride in the unique approach of our in-house proprietary ESG screening, with 74% of our AUM being ESG-related at year-end 2022*.

Responsible Company Practices

Candriam is continually raising the bar not only in terms of its sustainability practices internally across all of its operations but also in terms of its interactions with external stakeholders. Our CSR committee sets and oversees a set of specific CSR objectives, actions and KPIs for all stakeholders to ensure that our CSR objectives are met. As further support to our sustainability efforts, Candriam sets aside 10% of net management fees earned from several sustainable and thematic strategies to fund the Candriam Institute for Sustainable Development's multiyear philanthropic programmes**.

*31/12/22, scope 139 bn € incl. 19% out of SFDR scope. If rebased on the in SFDR scope, this represents 85.64% "Article 8 or 9", according to the Sustainable Finance Disclosure Regulation. "Article 9" products have defined and quantifiable ESG (Environmental, Social and Governance) objectives. They are products with a social or environmental objective, aligned with the definition of sustainable investments. "Article 8" products do not have a defined ESG objective but take ESG criteria into consideration when constructing their portfolios.

**Candriam donates 10% of its net fees on selected thematic strategies to initiatives related to the fund's theme and from 2023 onwards furthermore sets aside an additional discretionary amount from other sustainable strategies to allocate to its philanthropy budget. For 2023, the additional discretionary amount set aside by Candriam is €1m in amount, which can be revised in a subsequent year.

Candriam's Commitments to International Standards.

Candriam commits itself to international initiatives in favour of sustainable development, together with other responsible actors, on statements asking stakeholders to adopt better practices in the field.

Early in 2023, Candriam signed the UK Stewardship Code. Signatories are required to report annually on their stewardship policies, processes, activities and outcomes for a 12-month reporting period.

Candriam's ESG-related initiatives

Commitments	ESG	Joined in/ Signed in	Conviction Topics
PRI – Principles for Responsible Investment	ESG	2006	
UNGC Call to Action on anti-corruption	G	2014	
Febelfin Gender Diversity in Finance Charter – A pledge to foster more gender parity in the financial sector	S	2021	
G20 Energy Efficiency Investor Statement	E	2015	
Montreal Carbon Pledge	E	2015	
Paris Pledge for Action	E	2015	
Investor Statement on ESG credit ratings	ESG	2017	
Adhesion to Green and Social Bond Principles	ES	2017	
Tobacco-Free Finance Pledge	S	2018	
The Investor Agenda	E	2018	
Commitment to support a Just Transition on Climate Change	ESG	2018	
TCFD supporter	E	2021	
Net Zero Asset Managers initiative (NZAMI)	E	2021	
UK Stewardship Code 2020	ESG	2022 Application, approved in 2023	



Transparent and Responsible Governance.

True to its name, which stands for “Conviction and Responsibility in Asset Management,” Candriam continually strives for deeper and more widespread adoption of ESG and CSR practices across its entire organisation.

Integral to our strategy is a commitment to transparency and oversight, maintained through a robust governance structure.

Adhering to corporate governance standards, Candriam:

- prioritises diversity in its decision-making bodies, ensuring a mix of experience and nationalities;

- has established local management committees in Belgium, France, Germany, Italy, Luxembourg, , Spain, The Netherlands, The United Arab Emirates, The United Kingdom and The United States;

At Candriam, we take pride in our strict adherence to responsible business principles and are constantly progressing in the fulfilment of these practices.

Candriam's Governance Framework.

Candriam operates under a comprehensive governance structure, which is crucial to our oversight functions:

- The **General Meeting of Shareholders** holds the broadest powers, overseeing significant corporate actions. These include the approval of annual accounts, appointment of directors and managers and amendments to the company's objectives or form of the company.
- The **Board of Directors – ("BoD")** is the governing body responsible for guiding our strategy and general policy, management control, risk monitoring and shareholders relations. It ensures that Candriam develops and executes a comprehensive ESG and corporate sustainability strategy. In this context the BoD is responsible for validating the relevant critical policies.

The BoD is supported by the following Committees:

- The **Board of Management ("BoM")** is responsible for the daily management of Candriam. Meeting monthly, the BoM is our key decision-making body on strategic issues including ESG and corporate sustainability. It examines and approves relevant policies governing the execution of Candriam's strategy and activities, including those covering sustainability risks, climate change and social and human rights.
- The **Group Strategic Committee** convenes twice a month to make strategic decisions and manage Candriam's financial situation. The committee sets the firm's strategy for sustainable investing, covering investment approach, product and commercial positioning as well as corporate sustainability. It hosts sustainability focus-sessions supported by Candriam's ESG and CSR experts and oversees the due diligence approach across the value chain, including the development and review of appropriate practices.
- The **Executive Committee** meets bi-monthly.
- The **Remuneration Committee** convenes annually.
- The **Local Management Committees** meet quarterly in each branch and in Luxembourg. In the Belgian branch, they meet monthly, and in the French branch, they meet bi-monthly.

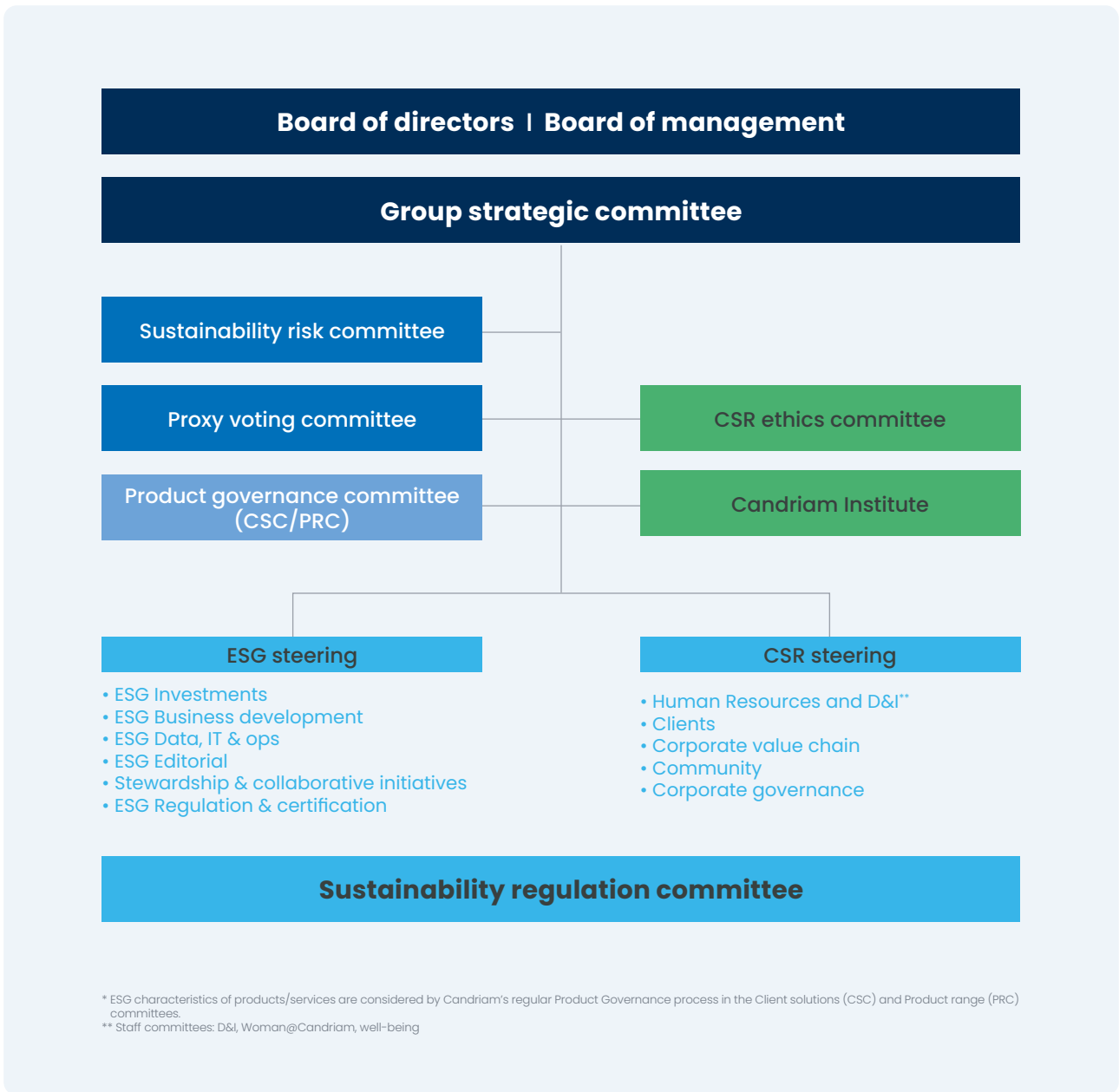


Sustainability Governance.

Across the firm, Candriam has more than 50 professionals actively involved in the governance of sustainability matters for Candriam as a sustainable investor and for Candriam as a responsible Company. These professionals ensure a consistency of approach through a number of committees that govern Candriam's ESG investment practices and corporate sustainability:

- The Sustainability Risk Committee (SRC) oversees and steers the management of extra-financial risk in the context of Candriam's investment activities. The SRC is responsible for approving the ESG processes and framework for funds and mandates. It assesses and monitors sustainability risks and negative sustainability impacts, including climate change, social and human rights risks, and defines company-wide ESG investment-restrictions for all Candriam investment activities. The SRC oversees monitoring of compliance and breaches as well as engagement actions plans.
- The Proxy Voting Committee provides strategic guidance on proxy voting best practices and monitors Candriam's voting policy.
- The Candriam Institute for Sustainable Development oversees Candriam's philanthropy and community impact programmes through the support of initiatives in ESG research & education, social inclusion & solidarity, environment, and cancer research.
- The ESG Steering Committee coordinates the implementation of the strategic ESG roadmap, and consists of investment, operational, IT and regulatory team workstreams.
- The CSR Steering Committee coordinates the implementation of the CSR roadmap and CSR reporting in the context of Candriam's own operations across staff, clients, operational value chain, governance and the community.
- The CSR Ethics Committee, developed in 2022 and formalised in 2023, assesses and monitors human rights risks related to Candriam's operations, including human resources and suppliers. It oversees the due diligence process for human rights within Candriam's operations and follows up on issues flagged by operational, procurement or risk teams or via the Compliance whistleblowing procedure.





Ethical Behavior in Business.

We adhere to ethical behavior across all our operations and comply with established regulations through the implementation of specific policies and charters. These include a compliance charter and policy, a client charter, a code of ethics, and a supplier charter.

Additionally, Candriam discloses its ESG promotion and influence activities, such as industry association memberships and roles, and visibility over its financial metrics and taxation. This commitment to transparency underscores our dedication to accountability and reinforces our commitment to ethical practices across Candriam.

ESG Promotion & Influence.

As a PRI signatory, Candriam is committed to promoting ESG in its relations with all stakeholders.

Candriam's **Global Strategic Committee** monitors the association membership and decides who represents Candriam within those associations.

The organisation's ESG experts are in charge of PRI implementation principles within Candriam and also externally, based on Candriam's own ESG practices which 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. Candriam's communication strategy focuses on promoting ESG practices and sharing Candriam's expert ESG views, using a variety

of media platforms 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).

Candriam actively engages with both industry associations and think tanks or similar—via involvement as part of working groups—and by connecting with policy-makers and policy-setters at the EU level, focusing in particular on new ESG standards and regulations. The list of the associations and groups below outline policy engagement activities where Candriam is an active member.

	Name of Association	Joined in
SRI working groups within:	BEAMA - Belgian Asset Managers Association ⁽¹⁾	2004
	AFG - Association Française de la Gestion financière	2003
	EFAMA - European Fund And Asset Management Association ⁽²⁾	2010
Several social investment forums, such as:	VBDO - Dutch Sustainable Investment Forum	2007
	Forum Nachhaltige Geldanlagen (Germany, Switzerland & Austria)	2010
	Swiss Sustainable Finance (Switzerland)	2014
	Forum pour la Finance Responsable (French SIF FIR)	2014
	Forum per la Finanza Sostenibile (Italy)	2015
	UK SIF - United Kingdom Sustainable Investment Forum	2016
	US SIF - United States Forum for Sustainable & Responsible Investment	2016
Other sustainability-oriented investor bodies:	ABIS - The Academy of Business in Society	2005
	IIGCC - The Institutional Investors Group on Climate Change	2020
	Investor Alliance for Human Rights (ICCR Initiative)	2021

(1) Koen Van de Maele has co-chaired the Beama SRI working group from June 2020 until his appointment as President of BEAMA on June 5th 2023.
 (2) Isabelle Cable, Global Head of Corporate Sustainability is Chair of the EFAMA Stewardship, Market Integrity and ESG Investment Standing Committee.

Consultation answered via industry associations*	Candriam individual answer
ESMA consultation on MIF ESG preferences	no
ESMA consultation – call for evidence on market characteristics for ESG ratings providers in the EU	yes
EC Survey on ESG Benchmark	yes
Targeted consultation on the functioning of the ESG ratings market in the European Union and on the consideration of ESG factors in credit ratings	yes
ISSB consultation on IFRS Sustainability Standards Exposure Drafts	yes
EFRAG Board Consultation on Sustainability reporting	yes
ESMA CALL FOR EVIDENCE ON IMPLEMENTATION OF SRD2 PROVISIONS ON PROXY ADVISORS AND THE INVESTMENT CHAIN	yes
2022 ESAS call for evidence greenwashing	yes

* All consultations answered by AFG and EFAMA

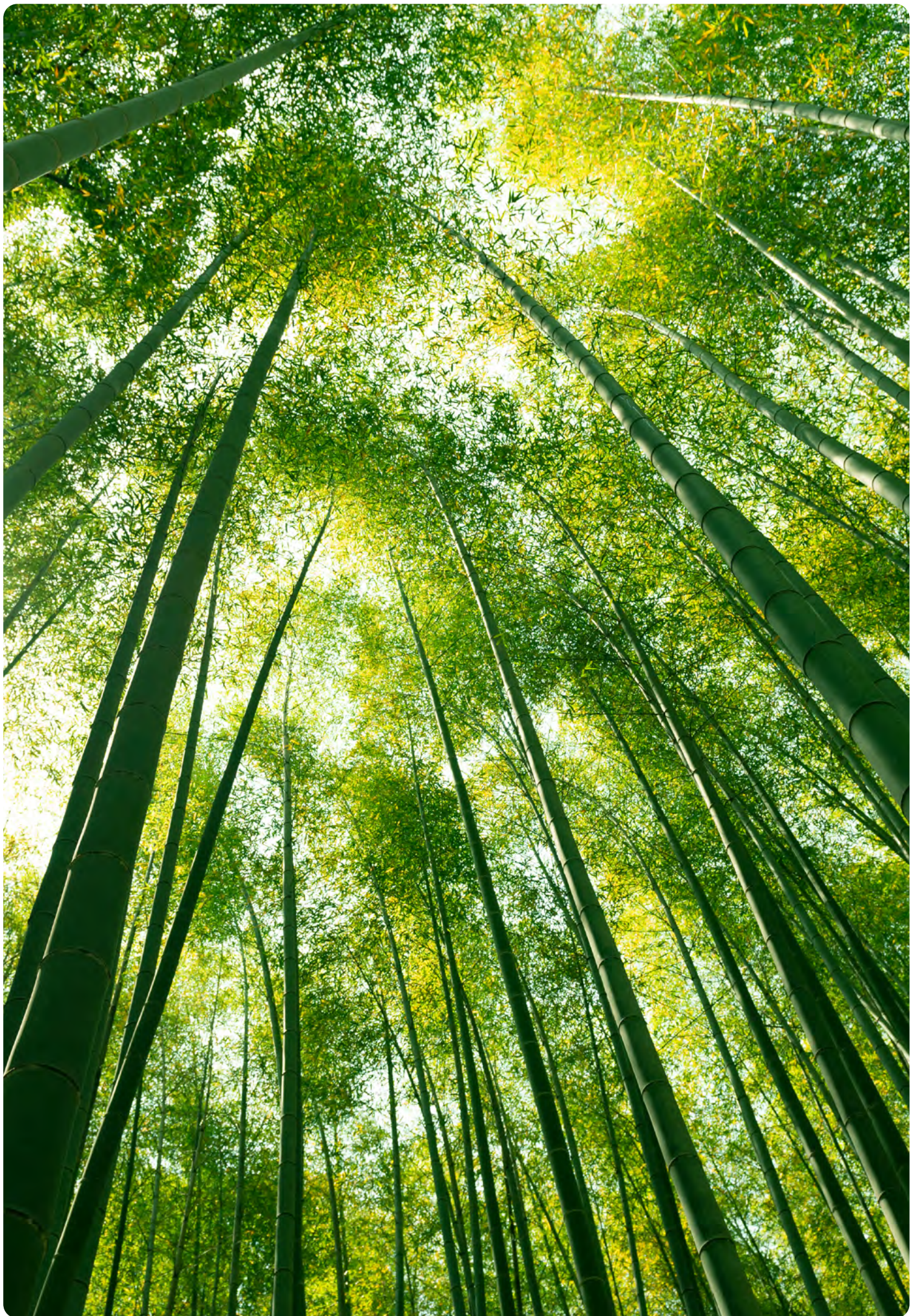
Active Participation in External Industry Events.

Our commitment to champion ESG practices goes beyond our organisation. In 2022, we actively participated in a number of conferences and events.

Highlights included:

- LuxFLAG Sustainable Investment Week
2022, 17 – 19 October 2022, Luxembourg
*Presentation title: **ESG Corporate Analysis***
- German Sustainability Network,
19 September 2022, Cologne
*Presentation title: **Genesis of ESG information***







Sustainable Investing.



Nicolas Forest
CIO, Candriam

“

Sustainable investing is at the core of Candriam’s investment strategy. By allocating capital to companies that proactively address the challenges of tomorrow, we not only aim to deliver favorable outcomes for our clients, but we also aim to contribute to society as a whole. Through this approach, we aim to create a positive impact that resonates far beyond financial gain.

An Extensive Footprint in Responsible Investment.

Sustainability is at the core of Candriam's investment philosophy. The connection between ESG principles and the risk/return profiles of issuers is central to our long-term investment approach, one that is focused on helping clients meet their unique objectives.

At Candriam, we have been involved in responsible investment practices since 1996 and have a strong record of using a proprietary analysis method to select the companies we consider to be the most responsible in terms of environmental, social and governance (ESG) criteria.

Candriam has sustainable strategies across all major asset classes – equities, emerging market equities, bonds, high-yield bonds, emerging market bonds, money markets, private equity impact funds of funds, and through partners, real estate and private debt. In 2022, in line with Candriam's ongoing commitment to sustainable investing, the firm expanded its sustainable fund range:

- A global convertible strategy which invests in sustainable global convertible bonds with ESG KPIs of a 30% reduction in carbon footprint and a higher ESG score than its benchmark index.*
- A sustainable balanced asset allocation strategy which invests in the Candriam sustainable solutions and has a carbon reduction goal of 25% less than its benchmark index.*

- A new thematic strategy which invests in companies that contribute to the sustainable production of food and/or provide healthier and better nourishment.*
- A sustainable bond impact strategy investing in bond issuance that facilitates the development of projects to support the transition to a low carbon economy or to improve social disparity.*

Underscoring its commitment to achieving the best outcomes for its clients, Candriam's in-house ESG team of 26 experts analyses corporate business activities and stakeholder practices and conducts a norms-based and potentially controversial activities analysis, a process which helps to identify any overarching risks.

Using its nuanced proprietary sovereign model, the team also conducts country-by-country analysis of ESG risks and opportunities for sovereign debt issuers. Embedding ESG analysis across the investment process allows clients to achieve diverse financial, environmental, and social objectives while aligning their portfolios with their own values.

*Not available to US Persons as defined in Regulation S under the United States Securities Act of 1933, as amended.

How we Approach Sustainable Investing.

Norms-based violations and controversial activities

Check violations of UN Global Compact principles / exposition to controversial activities

Business activities analysis

Assess how business activities constitute to sustainability challenges

Stakeholder analysis

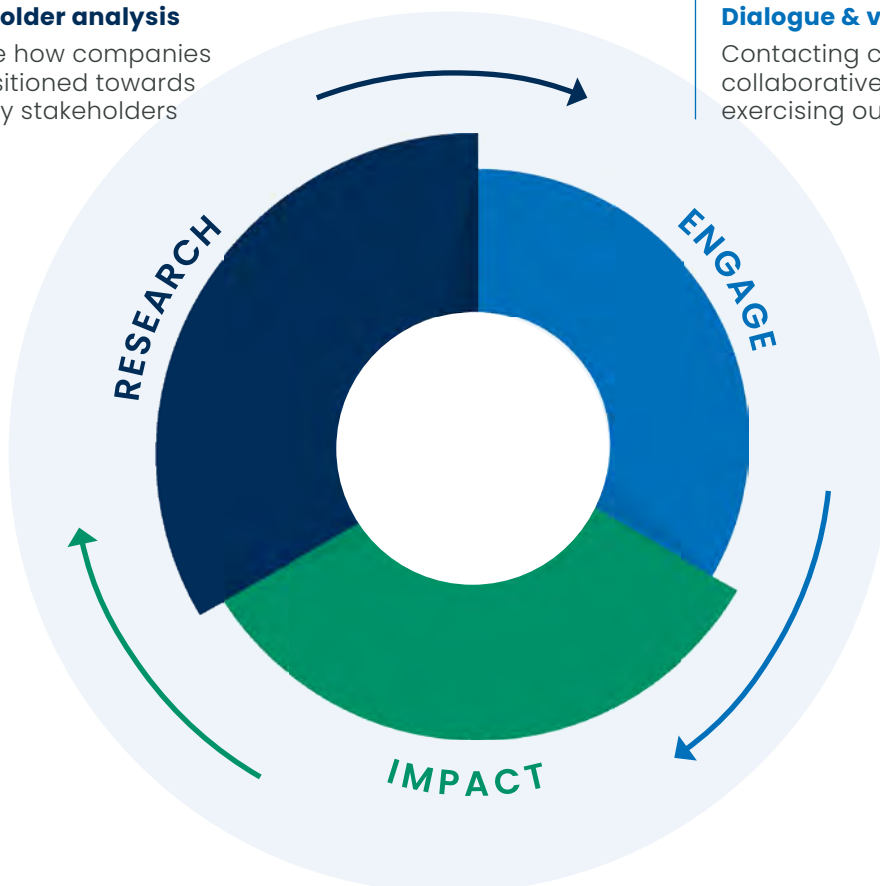
Analyse how companies are positioned towards their key stakeholders

Stewardship

Active ownership to encourage transparency, foster sustainable practices and support investment decisions

Dialogue & voting

Contacting companies by direct collaborative initiatives whilst exercising our voting rights



Transparency

Report on the impact of our investments in a transparent way: our investors know what their contribution is

Impact measurement

Develop and implement relevant indications to measure the contribution of our investment to sustainable challenges and SDGs

Leadership in Climate Change.

As addressing the impact of climate change becomes ever-more urgent, Candriam maintained its commitment to reducing the environmental impact of its investments and operations.

In 2021, we pledged our commitment to achieve net zero emissions by 2050 and became a signatory to the Net Zero Asset Managers Initiative (NZAMI). As we transitioned into 2022, we defined our net zero strategy in discussion with our investment teams to determine our perimeter. Following this, our methodology and defined perimeter underwent validation by our Group Strategic Committee (GSC), with implementation beginning in the final quarter of 2022 as well as reporting to NZAMI on our methodology and perimeter.

We will continue to report annually to the NZAMI on our net zero progress until 2025, including the ongoing monitoring of climate progress and objectives and integration of scope 3 targets.

Candriam is embedding net zero at the core of our sustainable investment strategy, through four pillars:

1. Active Engagement

Engagement is at the heart of our commitment to achieving net zero as it enables us to influence companies' approach to climate-related considerations. This interaction supports a more systematic integration of climate risk and opportunities into their strategic decisions. It is one of the most powerful ways to create real-world outcomes. We have set the objective of engaging directly or collaboratively with issuers accounting for at least 70% of our financed emissions by 2030.

2. Aligning our Investments with Net Zero

It is our conviction that it is crucial to systematically assess the climate positioning of the companies we invest in, especially the ones operating in sectors that are key to the transition. In particular, it is important to understand which high-stake companies are contributing positively or transforming their business credibly to align with the net zero goals. Accordingly, we are developing proprietary sector-specific net zero alignment frameworks to position companies on a net zero alignment maturity scale. We have set the objectives to have at least 50% of our financed emissions coming from companies assessed as "net zero" or "aligned to a net zero pathway" by 2030.

3. Decarbonising our Portfolios

Beyond our participation in the NZAMI, which commits us to being net zero by 2050, we have set the objective of reducing the carbon intensity of our portfolios by 50% by 2030. The initial weighted average carbon intensity (WACI, scope 1 and 2) of our net zero perimeter was 109t CO₂/m\$ of revenues in 2019. Our objective is to reach 54.32t CO₂/m\$ revenues by 2030. As of December 31, 2022, we have achieved a WACI of 78.09t CO₂/m\$ revenues.

We have selected three methods for demonstrating the alignment of our investments with a Paris-based net zero target: **Emission intensity reduction, temperature alignment and EU climate benchmarks**. These methods allow us to adapt measurements to a variety of investment strategies and their respective climate positioning.



4. Financing the Ecological Transition and Promoting Green Finance

In line with our net zero strategy, Candriam is committed to financing the ecological transition and to promoting green finance. We actively pursue these objectives through several avenues:

- **Climate-focused investment strategies:** Candriam manages a range of thematic, environmental strategies directly focused on climate-related matters. We continuously work to expand this offering, seeking opportunities to materially contribute to climate solutions across asset classes.
- **Commitment to green bonds:** Candriam has developed strategies for investing in green bonds and built the relevant expertise, both in the ESG analysis and in the financial analysis of such instruments. Our objective with these investments is to finance green activities that make significant positive contributions to the transition.
- **Measurement and reporting of contributions to greening the economy:** It is our conviction that thoroughly tracking and understanding our investments' contributions to climate-related matters is essential. To that end, Candriam allocates significant resources to the measurement and reporting of its investments' contributions to the transition.
- **Promoting green finance beyond our investments:** Our ESG experts conduct and publish research on the ecological transition and organise events which allow investors to gain insight into the role of finance in facilitating this transition. Candriam also has partnerships with renowned academic institutions to foster research and offers a public, free training programme on sustainable investing.

ESG Analysis– 2022 Case Study

Candriam's in-house ESG team analyses issuers' business activities and stakeholder practices. Additionally, the team conducts a norms-based and controversial activity analysis to identify any overarching risks, along with country-by-country analysis based on its proprietary sovereign model. This process of embedding ESG analysis across the investment process ultimately allows clients to achieve diverse financial, environmental and social objectives, aligning their portfolios with their values.

This process is applied across asset classes. For example, Candriam engaged with Teleperformance, the global digitally integrated services and customer call centre business, on governance and social performance issues following several years of controversy over its duty of care and the working conditions of its employees. Recognising these potential risks, Candriam first engaged with the company directly and then joined a group of French investors who were also concerned about these same issues. This collaborative outreach has led to some progress, such as the development of a more detailed due diligence plan and the creation of a CSR committee. However, as the progress made fell short of expectations, Candriam removed Teleperformance from its ESG-eligible universe for Article 9 funds and sustainable portfolios in mid-2022. While controversies over the conditions of workers continues, Teleperformance has taken some recent positive steps, which Candriam is continuing to monitor.

Embedding Climate Change into the Core of our Investment Strategy

At Candriam, we actively participate in the fight against climate change. As a global investor, we believe it is our responsibility to protect our clients' investments while also addressing the concerns of wider society for the long-term sustainability of our planet.

In 2021, we committed to becoming net zero by 2050, which will redefine the way we invest, impact how our investment teams manage climate risks and ultimately create positive climate benefits. We also firmly believe that responsible investing is a key driver of social, economic, and environmental progress, which benefits long term financial value creation for our clients. This encompasses the following strategy:

- 1. Exclude:** Exclude activities that are deemed incompatible with the objectives established by the Paris Agreement.
- 2. Integrate:** Integrate climate risks and impacts in our investments.
- 3. Engage:** Engage with high emitting companies to accelerate their transition strategy.
- 4. Report:** Report on the climate impacts of our portfolio in a comprehensive and transparent manner.

Candriam signed the Montreal Carbon Pledge in 2015 and we have been disclosing carbon emissions of all our sustainable strategies (with the exception of our sovereign market bond due to methodological constraints) since 2018, with the overarching ambition to reduce the carbon footprint of these strategies year-on-year. Candriam defined specific indicators to assess the companies' performance towards climate change mitigation and adaptation, both at the operational and investment level.

Candriam has a partnership with Carbon4Finance* that helps us assess the temperature alignment of a portfolio, i.e., which climate trajectory the portfolio is aligned with. This analysis is based on both historical and prospective data and allows us to assess the impact of each company and the whole portfolio on the pursuit of a decarbonisation trajectory that would maintain the increase in temperature "well below 2 °C".

Our 2030 objectives:

- **Engagement:** We aim to engage with companies that account for at least 70% of our financed emissions.
- **Emissions reductions targets:** We strive to reduce our average Weighted Average Carbon Intensity (WACI, scope 1-2) by at least 50%.
- **Aligning our investments with net zero:** We plan to have at least 50% of our financed emissions coming from companies assessed as Net Zero or aligned to Net Zero pathways.
- **Financing the ecological transition:** We will measure and maximise the share of our investments contributing positively to the transition.



* Carbon4 Finance provides financial institutions with a complete set of climate and biodiversity data solutions enabling them to be actors of a just transition.

Ensuring the Robustness of our Stewardship Policies.

“ Engagement and voting form the core of our investment strategy. We are dedicated to collaborating with our clients and investee companies, striving to maintain consistency on ESG strategies and actions. However, we firmly believe that progress is born out of constant evolution. As such, we consistently seek to elevate not only our own ambitions but also those of our stakeholders.



Sophie Deleuze

Lead ESG Analyst, Stewardship

Stewardship, engagement and collaboration are essential components of ensuring progress on responsible investment.

Candriam has dedicated over two decades to engaging with companies on responsible investing through proxy voting, both direct and with collaborative dialogue, and the promotion of sustainable finance. Since 2015, Candriam has prioritised three main, long-term conviction topics:

- Energy transition
- Fair working conditions
- Business ethics

Ramping up our engagement activities.

We define engagement as interactions we have on ESG issues, not only with current or potential investees but also with entities which, through their competence and/ or authorities, are able to initiate or influence change in the regulatory or market frameworks involving ESG aspects.

Engagement covers constructive individual/direct outreach as well as collaborative dialogues with issuers on issues such as ESG and voting. As an extension, resolution co-filing, public statement or preannouncement of voting intentions also fall under this definition as such actions may be considered as escalation measures.

Our scope of engagement covers the full range of issuers and regions, to address our complete investment universe, with priority given to issuers covered through our ESG analytical framework.

Because Candriam offers sustainable investment processes for all major asset classes, we engage across equity and bonds assets, and across corporate and noncorporate issuers, including private equity. Our dedicated **Engagement and Voting team**, created in 2016, includes five ESG analysts who specialise in engagement and voting.

The team coordinates dialogue and voting activities across Candriam. They work in close collaboration with the ESG research team's sector and thematic specialists, and of course alongside the investment teams, who are regularly informed of engagement follow-up and often take part in the dialogues.

Consistency between ESG opinion, dialogue and voting is crucial in order for Candriam to speak with one voice and play a credible role in influencing investment strategies. ESG analysis and opinion feeds the engagement design and process, while the outcomes of the engagements feed the ESG analysis and serve the investment strategies. Together, our Candriam teams create a common understanding of which concerns to pursue, and which best practices we want to promote and defend. This requires close collaboration.

During 2022, we targeted 336 corporate issuers through our direct dialogue efforts, resulting in a total of 427 dialogues on a range of topics. These issuers account for 42% of Candriam AUM*, based on corporate instruments (stock and bond instruments, direct lines) in funds or mandates for which Candriam ensures the management activity.

336

**issuers targeted in 2022
for a total of 427 dialogues**

* Limiting the AUM scope to Corporates invested in direct lines (both through equity and fixed income instruments) in funds or mandates for which Candriam ensures the management activity. Source: All data is from Candriam, unless otherwise specified

While engagement may be prompted by exceptional events such as an acquisition, a change in the issuer's business model or a controversial event (accident, investigation announcement, charges laid down by stakeholders), proactive engagement, such as thematic campaigns, remains the norm. Based upon our internal ESG analysis (and materiality assessment), priorities and timeline of engagement are defined and/or updated amongst others in light of Candriam's level of exposure (assets), investment teams' interest, trendsetter nature of the topic, engagement's history, and momentum, the pre-AGM period appears to be the best time to influence issuers on their corporate governance practices.

We will also prioritise engagement related to the three topics of conviction that Candriam has chosen to put on the forefront since 2015, namely: **Energy Transition, Fair Work Conditions and Business Ethics**. Whether we use direct or collaborative dialogue, our contact point is chosen based on our history of contacts with the issuer in question, and on how well the position of our contact(s) matches with the engagement topic. If relevant, we may also dialogue with other stakeholders such as unions, industry or consumer federations, non-profits, or academics to have a more precise or balanced approach.

Candriam has chosen to put on the forefront since 2014, namely: Energy Transition, Fair Work Conditions and Business Ethics.



Supporting Investees ESG Programmes through Voting.

Voting is essential for clarifying the firm's views on sustainable programmes and outlining to the companies in which we are invested what we expect of them.

The cornerstones of Candriam's voting policy are:

- Shareholder rights – corporate governance structure and company practices should protect the rights of shareholders;
- Equal treatment of shareholders – all shareholders of the same class should be treated equally, "one share-one-vote" principle;
- Board accountability – fully informed board which acts in the interest of the sustainable medium and long-term interests of shareholders;

Transparency and Integrity of Financial Statements – accurate, transparent and independently audited financial information.

During 2022, Candriam made its voice heard in 1,939 ordinary and extraordinary general meetings, voting on 25,715 resolutions for the firm's open-ended equity funds, dedicated funds, and mandates under Candriam's voting policy. Candriam opposed around 27% of total management resolutions.

Collaborative initiatives

Using Candriam's influence as a shareholder and, more broadly, as a recognised leader in sustainable investing, is one of the cornerstones of our sustainable approach to investing.

In order to have a positive impact on the overall market and address systemic risks, such as climate change or human rights, we have found collaborative initiatives to be one of the most effective tools. For those collaborative initiatives in which we participate, we select initiatives where we believe our voice and organisation can be most impactful and then elect to lead the engagement.

Ensuring Oversight and Accountability.

Candriam's ESG governance structure and more specifically our Sustainability Risks Committee, our Proxy Voting Committee and our Stewardship Workstream ensure Candriam's policies of engagement and voting are aligned with our duties and convictions, regularly updated, and well-implemented.

Because these governance bodies shape and monitor our approach, they ensure that our engagement priorities are well-considered, closely followed, and that related information is shared and discussed to eventually validate important steps of engagement, such as escalations.

Candriam published its first engagement report in 2009 and since then, we have continuously aimed to increase not only our reporting transparency and market practices, but also – and primarily – paying close attention to the expectations of our clients and those of society.

For additional details on our Engagement activities, you can read our 2022 annual engagement and voting report on our website:





Long Term Relationships with Clients.

We believe that listening to our clients and understanding their needs is critical, and central to our duties as a responsible investor.



Understanding our Clients.

Stewardship and broad ESG integration are essential components of our investment process and form an integral part of our ongoing communication with clients, which includes regular review meetings such as calls, webinars and roadshows and structured in-depth reporting. Candriam produces annual Engagement and Voting reports, which can be found on our website, as well as monthly fund reports on both financial and extra-financial information. Given the rapid development of ESG transparency by issuers, our extra-financial reporting is constantly developing.

In addition to our direct relationships with clients, we provide expertise through a number of market initiatives such as workshops and seminars and by organising regular events on topics such as

macroeconomics, asset allocation, asset liability management, sustainable investments, private markets and other regulatory issues. Through regularly organised client meetings, seminars, and roadshows, our client relationship managers further increase their awareness of what is expected from us as an asset manager, including on sustainability-related topics.

We recognise that our clients have different investment goals – financial and extra financial – and time horizons for achieving those goals, which is why we offer ESG integration and sustainable strategies with different time horizons across equities, fixed income, multi asset and private markets, allowing us to provide a tailored approach for each client.

Communication Actions to Promote ESG.

In 2022, Candriam strengthened its focus on the education and promotion of ESG across its communication channels.

Based on the knowledge of our ESG experts, we produced various articles dedicated to ESG issues, which were made available to our clients and the community at large, in addition to two ESG talks organised via the Candriam Academy (please see **Responsible Citizen** chapter for more detailed information on the Candriam Academy).

- 14 white papers and opinion papers for investors on issues such as ethnic diversity, the impact of pesticides and impact investing in private debt.
- 5 papers on engagement actions or collaborative actions carried out by Candriam with companies on topics such as facial recognition.
- 7 educational documents on issues such as SFDR and the European taxonomy.

Quantifying Client Satisfaction.

We directly monitor client satisfaction during our regular investment committees and via industry surveys across our client base. Client service is one of our core values so deepening our Client-Centric approach is a strategic priority at Candriam.

Every two-three years, we run our own clients survey. Through this approach, we can take the pulse of our client base, looking deeper into what is going well and where we can improve our efforts to better meet our clients' needs. Based on our last survey (2020), the average tenure of our relationship with institutional clients exceeds seven years, with an overall client satisfaction rate exceeding 90%.

Our approach to financial intermediaries is very similar, but more focused on the product and solutions rather than asset allocation or other investment solutions as these types of clients have all the financial knowledge they need to select and/or wrap our products into theirs.

Our key focus with these clients is on the provision of the most complete information of investment processes, financial performance, risk indicators, reporting templates for insurance companies, financial and ESG reporting.

We also devote a huge amount of effort to preparing content that these clients can use to explain investment opportunities to their own clients and beneficiaries and organise dedicated events and workshops across territories in order to train and inform the relationship managers and financial advisors of these intermediaries on our offerings.

Furthermore, we engage with several industry providers to receive feedback on our value proposition, the strength of our investment solutions, the quality of our reporting and, as stated before, we also run internal client surveys.

Finally, in 2017, Candriam published its Client Charter. Through this charter Candriam further commits to building long-term trusted client partnerships based on our key values of Conviction and Responsibility. The charter further provides guidance to our employees on how to build value for our clients in a responsible way





Responsible Employer.



“**Candriam strives to provide an inclusive environment, where employees feel that they are valued members of the organisation and essential for contributing to its overall success.**”

Nadia Tortel
Chief Human Resources Officer

To reach its ambitious CSR objectives dedicated to its employees, Candriam set up new actions in 2022 based on 4 pillars:

- Foster inclusion, and a diverse pool of talents
- Facilitate life-long development & change
- Engage all staff to drive Candriam forward
- Foster well-being & CSR awareness

Foster Inclusion & a Diverse Pool of Talents.

Candriam recognises the importance of supporting a diverse workforce and inclusive environment. We believe that having staff with diverse backgrounds brings with it different perspectives and vision.

Our D&I Strategy relies on the following pillars:

- Our **Talent Acquisition strategy** that is open towards diverse backgrounds, supported notably through university and business schools' partnerships
- **Raising awareness & supporting D&I** within Candriam.

Our Diversity & Inclusion principles are incorporated across enterprise-wide policies such as its **Diversity & Inclusion Charter**, Recruitment policy, Internal Mobility Charter, **Anti-Harassment and Non-Discrimination Policy**, etc. Candriam provides internal training programmes to top management and hiring managers in the firm, including one-to-one sessions, in order to raise awareness and encourage diversity and inclusion practices within their teams.

- **Strong monitoring of diversity KPIs**
Gender diversity is one of our main objectives in terms of D&I. **We target 50% of gender diversity within new joiners under 30 and our 2022 rate is of 43%, a significant increase from previous years.**

50%
**Gender diversity target
within new joiners <30**

Recognising the need to monitor and benchmark our D&I achievements, Candriam established qualitative and quantitative criteria through several initiatives such as the Febelfin Gender Diversity in Finance Charter, a pledge to foster more gender parity in the financial sector, Edge Certification, the Workforce a Disclosure Initiative and French Association of Asset Managers. Association Française de la Gestion Financière (AFG), which has established a sub-committee focusing on diversity issues.*



*Febelfin Charter: This Charter reflects the aspiration of signatory firms to work together to achieve gender balance at all levels across the financial sector.

Edge Certification: A framework for measuring an organisation's progress on workplace gender and intersectional equity.

The Workforce Disclosure Initiative: The Initiative aims to improve corporate transparency and accountability on workforce issues such as managing workers across operations and supply chains.

French Association of Asset Managers AFG: The professional body representing the asset management industry, focusing on the promotion of a sound legal, regulatory and tax environment for the asset management industry, at national, European and international level.

Facilitate Life-long Development & Change.

Ongoing learning and development are essential for ensuring our staff stays sharp and focused and so that our firm continues to move forward.

With 'Working from Home' practices becoming part of the company life, Candriam's objective for 2022 was to offer employees flexibility in learning from anywhere, anytime and on any device. The firm concluded a new partnership with LinkedIn Learning, a digital library with 16,000 online courses, accessible 24/7 from desktop or mobile device in 7 languages and multiple formats (video, audio, books, learning paths with certifications). This partnership enables employees to be responsible for their own development and growth.

Candriam has developed a strong learning culture through a number of knowledge sharing opportunities. Our 2022 learning trends focused on:

- IT & Digitalisation through upskilling and reskilling programmes;
- Finance & Asset Management (ESG Masterclass, Discovering Asset Management, dedicated trainings on private assets, thematic funds, etc);
- Leadership (Leadership Fundamentals for future and new leaders/, Women & Leadership).

The firm's employees spent on average 19 hours in training (excluding Compliance mandatory trainings), 38% more than 2021.



Foster Well-being & CSR-awareness.

The well-being of our employees is essential to keep them motivated and committed; it is also important for the successful running of our operations.

In 2022, we ran our second Workplace & Well-Being survey and reshaped our Well-Being Committee, which now includes more members.

This Committee aims to develop social cohesion. It led several new local and global initiatives in 2022 and other initiatives are planned for 2023 such as sport tournaments, wine tasting workshops, culture and food exchange or cooking classes.

During Covid, working from home became the norm and post-Covid, employees voiced a need for more flexible working options. To accommodate the need for new long-term working models, Candriam renewed its **Work from Home Policy**, offering two regular days per week working from home and 5 extra days that can take place working from abroad.

All employees and families can still benefit from the **Employee Assistance Programme (EAP)** for any psychological support needs.

Strengthening CSR Awareness

Candriam wants all employees to be part of our CSR commitments and understand the need for sustainability to underpin all aspects of our business. Supporting education and research on ESG, both internally and externally, is embedded in our DNA:

- **More than 500 employees (over 600) have attended the firm's ESG Masterclasses to learn more about sustainable strategies.**
- 85 % of Candriam employees achieved a "Candriam Academy" certification (See more information on the Candriam Academy in the **Responsible Citizen** chapter)
- Several senior ESG professionals are involved in giving regular courses within universities and business schools partners including **Vlerick Business School, Kedge Business School, UCL - Université Catholique de Louvain, University of Paris Dauphine.**

600+
employees attended
the firm's ESG Masterclasses



Engage all Staff to Drive Candriam Forward.

Candriam provides numerous opportunities for employees to get involved in the firm's wider CSR initiatives. Nearly 7% of Candriam's employees belong to one of the firm's communities such as Next Gen, Digital Ambassadors or Women@Candriam, allowing them to share ideas and get involved in the life of the firm beyond their immediate job.

In 2023, we will organise the third session of mentoring and continue offering a wide range of events to create cohesion between teams including:

- Our "Discovering Candriam" event for new joiners;
- Breakfast meetings with the local management board;
- Buddies for new joiners;
- Team building activities.

16
since the start of
the programme in 2017

Communities @Candriam

Central to our exploration of ways to improve as an organisation, employee-led initiatives help bring forward innovative ideas and further foster a sense of community across Candriam. Recent initiatives include:

- Women@Candriam: an internal network that aims to support, develop, and promote women's professional development.
- NextGen committee: to introduce innovative ideas that can help shape the future of Candriam.
- Digital Ambassadors: to help enhance our digital culture, pursuing day-to-day improvements and accelerating the adoption of new technologies.
- Mentoring: to support an intergenerational sharing of knowledge.
- Graduate Programme: to support and train the next generation of leaders, this two-years rotation programme offers graduate formal training, mentoring, international experiences and networking opportunities within several business units.



Responsible Operations & Supply Chain.



Fabrice Cuchet
Chief Operating Officer

“ It’s not enough for Candriam to reduce its own emissions, we must also ensure that our external vendors are committed to their own emissions reduction. Organisations need to reduce carbon emissions across supply chains in order to make real progress on climate action. **”**

Candriam’s sustainable value chain incorporates three CSR objectives:

- Minimise operational carbon emissions
- Optimise waste management
- Implement sustainable procurement

Minimise Operational Carbon Emissions.

Candriam is dedicated to consistently reducing the carbon footprint of our operational value chain, with ambitious targets to further reduce emissions by 2025. Our efforts are ongoing in several areas including:

- Ongoing use of electric and plug-in hybrid vehicles
- Prioritising necessary travel only and opting for lower carbon transport options whenever possible including for staff events
- Supporting home-working and remote working options for employees

- Cultivating a more sustainable work environment by more efficiently managing the temperature in our buildings, reducing paper, recycling old equipment, and working toward a zero-plastic environment.

Our commitment to energy efficiency is evident in the fact that the vast majority of our existing buildings have received BREEAM energy certifications. As we expand, we adhere to our clear energy efficiency guidelines when selecting new buildings or infrastructure for our offices.



Local Building Certification

Candriam total floor space with at least one label or energy certification in 2022 is 95.48%.

Country	Label certification or energy certificate	Score grid
Belgium	BREEAM Excellent ⁽¹⁾	Outstanding (≥85 score) Excellent (≥70 score) Very Good (≥55 score) Good (≥45 score) Pass (≥30 score) Unclassified (<30 score)
France	HQE Excellent ⁽²⁾	Outstanding Excellent Very Good Good
	BREEAM Very Good ⁽¹⁾	Outstanding (≥85 score) Excellent (≥70 score) Very Good (≥55 score) Good (≥45 score) Pass (≥30 score) Unclassified (<30 score)
	LEED Gold ⁽³⁾	Platinum (80+ points) Gold (60-79 points) Silver (50-59 points) Certified (40-49 points)
Luxembourg	HQE Excellent ⁽²⁾	Outstanding Excellent Very Good Good
UK	BREEAM Very Good ⁽¹⁾	Outstanding (≥85 score) Excellent (≥70 score) Very Good (≥55 score) Good (≥45 score) Pass (≥30 score) Unclassified (<30 score)
Spain	LEED Gold ⁽³⁾	Platinum (80+ points) Gold (60-79 points) Silver (50-59 points) Certified (40-49 points)
Switzerland-Geneva	Minergie ⁽⁴⁾	N/A

(1) How BREEAM Works - BRE Group: <https://bregroup.com/products/breem/how-breem-works>

(2) HQE Building in Operation - Certivea: <https://certivea.fr/en/our-solutions/hqe-building-family/hqe-building-in-operation/>

(3) LEED rating system | U.S. Green Building Council: <https://www.usgbc.org/leed>

(4) Minergie International - Sustainable buildings: <https://www.minergie.com/>

Candriam Operational Footprint.

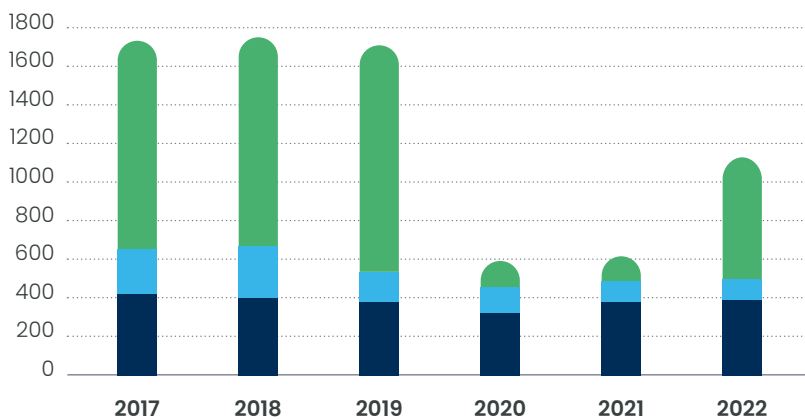
Candriam is always looking for ways to reduce or compensate emissions arising from its own operations—Scope 1 & 2 emissions, as well as Scope 3 emissions emitted by suppliers.

In 2022, our Scope 1 and 2 emissions output remained fairly consistent compared to the previous year; however, like most organisations, once Covid restrictions had eased, we did see an increase in emissions related to business travel as our teams looked to once again see clients in

person after a two-year hiatus. We are actively reviewing our business travel policy to ensure that travel is only done when deemed necessary.

Scope 3 total emissions (excl. investments) saw a decrease in 2022 compared to 2021, which was due to a reduction in the carbon footprint of our vendors (-13%). Candriam has strict guidelines in place around working with vendors whose climate change and emissions reduction strategies align to those of our own.

Candriam Operational Footprint (year-on-year)



In 2022, in addition to keeping up with our action plan to further reduce our operational footprint, Candriam further offset its carbon footprint by purchasing -1200 carbon credits.

- Scope 1: Candriam direct footprint (mobile combustion & gas)
- Scope 2: Candriam energy footprint (electricity location based)
- Scope 3: Candriam business travel footprint only

Optimise Waste Management.

During 2022, Candriam has been focusing on a number of areas for minimising its operational carbon emissions.

Some of our initiatives are:

- Ensuring our teams have the necessary technology for hybrid working e.g. online conferencing, fully equipped laptops
- Reducing our overall paper usage
- Using sustainable giveaway items
- Increased use of digital marketing
- Sustainable approach in selected services—going paperless as much as possible
- 100% sustainable giveaways provided to our clients or in events

Looking ahead, we will continue to implement digitalisation across the entirety of the organisation, recycle laptops and screens, and fully implement flexible office working to maximise office space.

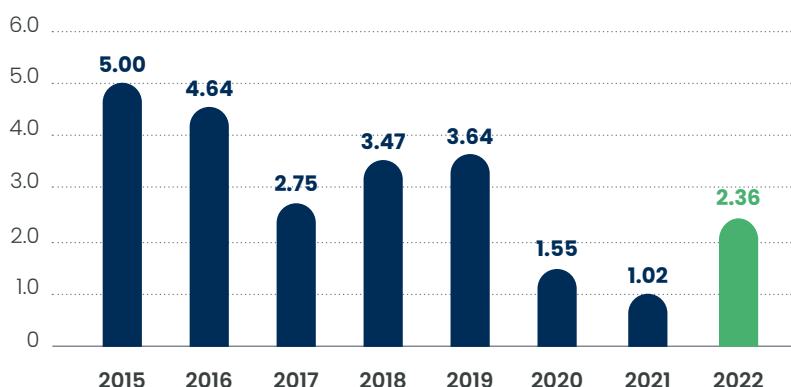
Particularly with regard to events, Candriam will :

- Continuing to minimise the environmental footprint of events, looking closely at venues, activities and lower carbon transport options. This strategy will include developing an ESG charter for events.
- Including 30% vegetarian food in our event catering, including having some meals that are entirely plant-based.
- Striving for greater diversity in our selection of speakers to ensure a balanced gender representation.

Wastepaper

The 2022 increase in paper use is related to the normalisation after the covid pandemic. However, it is worth noting that whereas 2022 usage was +131 % higher than 2021, it's a decrease of 35.2 % compared to pre-covid use.

Candriam Emissions from Wastepaper Consumption (tCO₂e, year-on-year)*



* All figures calculated by Sustainable 1/ Trucost

Making ESG Part of the Procurement Process.

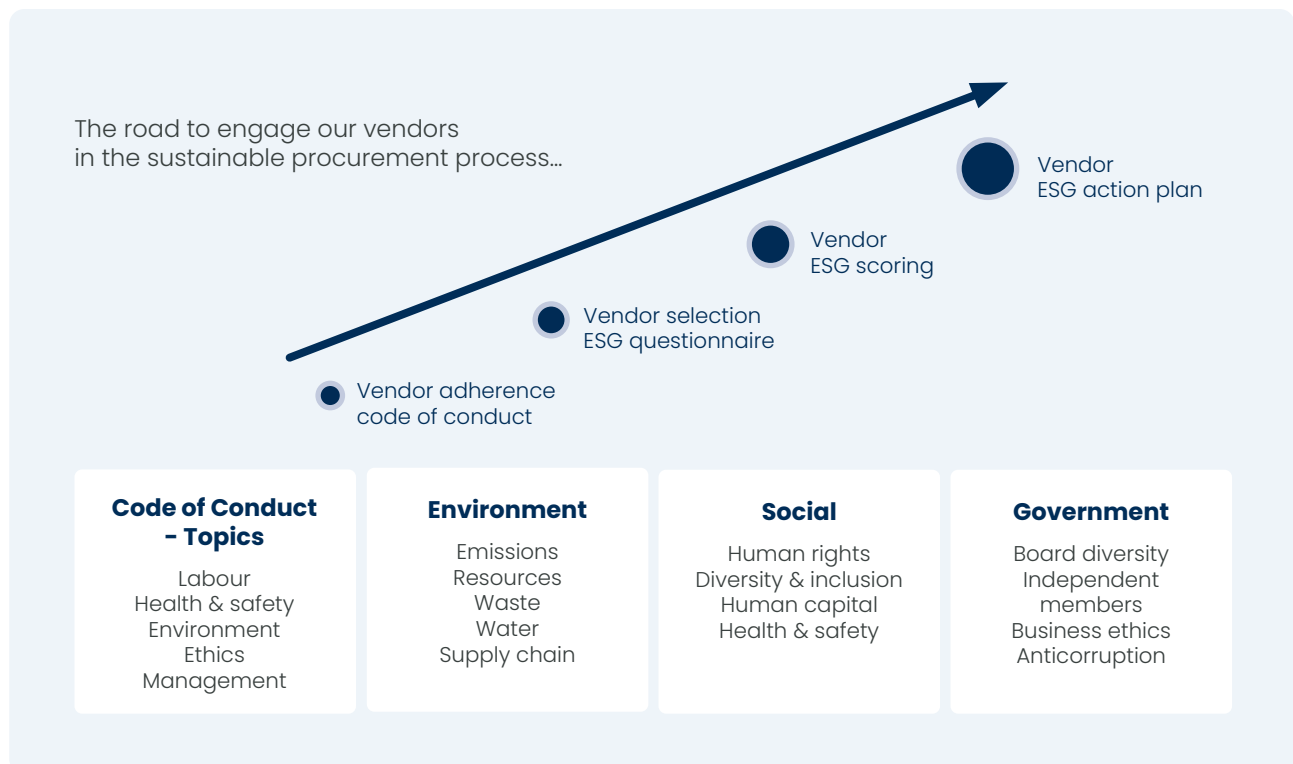
Candriam addresses emissions across its own operations and also those in its supply chain as it seeks to minimise the carbon footprint of its suppliers.

Candriam works to engage vendors in the sustainable procurement process and sets KPIs for this outreach with Tier 1 vendors*.

We are keen to work with vendors whose ESG ambitions match our own, which is why we have developed concrete steps for our procurement process. This helps us to identify vendors who have clear goals and strategies in place for reducing their own emissions and achieving other environmental, social and governance standards:

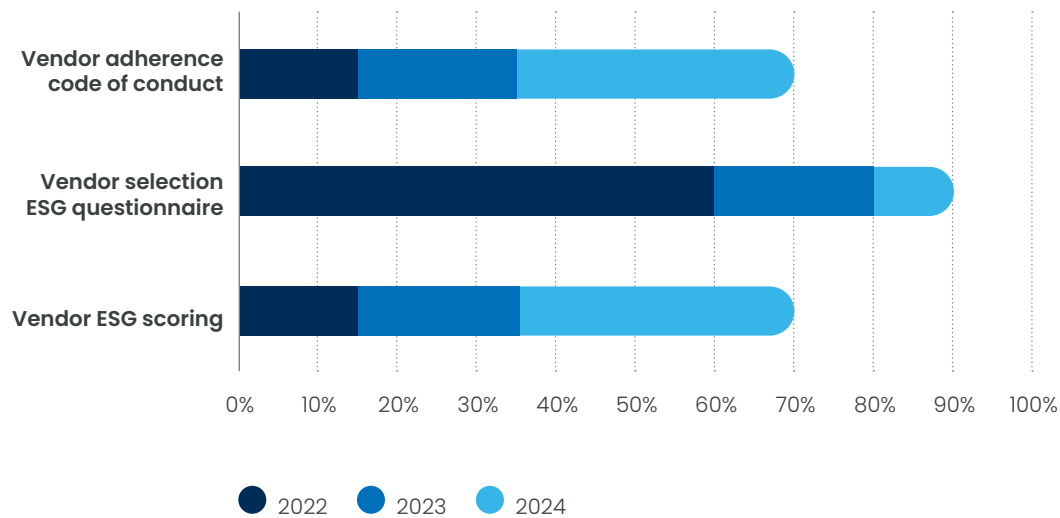
- Vendor adherence code of conduct
- Vendor selection ESG questionnaire
- Vendor ESG scoring

Candriam Sustainable Procurement Milestone



*Tier 1 Vendor is defined as a vendor with > 100K€ spend on a yearly basis

Sustainable Procurement Implementation



KPI	KPI description	Realised 2022
Vendor adherence code of conduct	% of Tier 1 vendors* that (i) signed a code of conduct adherence based on the standard Responsible Business Alliance** or (ii) communicated or has a publication of a proper code of conduct	15 % of Candriam’s top Tier 1 vendors signed Candriam’s code of conduct, or a version thereof
Vendor selection ESG questionnaire	% of RFP processes ran by Procurement that incorporated a ESG questionnaire and assessment	75% of Candriam’s new RFPs for vendors include a specific ESG questionnaire and assessment
Vendor ESG scoring	% of Tier 1 vendors that were questioned by means of an ESG questionnaire and assessed, including (i) vendors that answered the questionnaires or (ii) vendors that have sent documentations that represents answers to questionnaires	15 % of Candriam’s top Tier 1 vendors answered its ESG assessment questionnaire

* Tier 1 vendor is defined as a vendor with >100K€ spend on a yearly basis.

** <https://www.responsiblebusiness.org/>



Responsible Citizen.

“ **Not all sustainability challenges can be addressed by financial markets, which is why Candriam—as an extension of its core investment activity— is also committed to philanthropic initiatives. We support research and social & environmental projects that contribute to a more sustainable future.**

Helena Colle

Global Head Of Corporate Development

The Candriam Institute for Sustainable Development (“The Institute”) embodies Candriam’s philanthropic activities.

It focuses on four main areas:

- ESG Education & Research
- Social inclusion & Solidarity
- Protecting the Environment
- Fight Against Cancer

€3.3
million donated
in 2022

ESG Education & Research.

Candriam supports research that promotes a comprehensive understanding of sustainable finance and the economy. This includes backing academic chairs, PhD research and teaching on sustainable investing and key sustainability themes. Collectively, these efforts help drive the transition towards a more resilient and inclusive society.



In 2022, the Institute's partnership with **Kedge Business School** delivered further research into ESG materiality & asset pricing, finetuning a white paper on Climate Concerns & Bond Returns and also publishing a paper on "**The Influence of Sovereign Macroeconomic Policies on the Sustainable Performance of Companies**".



The Institute has continued to support the **Imperial College Climate Investment Challenge**, a commitment we've upheld since its inception in 2019. This platform offers students the opportunity to develop innovative financial solutions to address climate change challenges.



Through our partnership with the **Grantham Research Institute (London School of Economics)**, we've enabled the publication of a **report** and facilitated roundtable discussions on "Just Nature – How finance can support a just transition at the interface of action on climate and biodiversity".



Further academic initiatives focus on sustainable development include the Measurement in Economics, Nowcasting – Beyond GDP" chair at the **Paris School of Economics**, the Master of Science in Management of Sustainable Development Goals (MSDG), and new editions of the Executive



Masters in Sustainable Finance and Sustainable Management of **LUMSA Università** in Rome.



In 2022, the Institute renewed its sponsorship of the research chair of **FDIR (Finance Durable et Investissement Responsable)** whose core objective is to contribute to the development and dissemination of theory and practice in the field of responsible investment, both through research and training programmes.

For more information, visit:
<https://institute.candriam.com/esg.html>

Social Inclusion & Solidarity.

Candriam is committed to supporting initiatives that provide opportunities for enrichment to young adults, teenagers and children. We believe in fostering potential regardless of social backgrounds, ensuring that individuals from all walks of life have the chance to thrive and prosper.



In 2022, the Institute further strengthened its inclusive youth empowerment programme. Candriam awarded **new scholarships to first-generation students** at Maastricht University in the Netherlands and renewed its partnership with Article-1 in France (to whose youth mentoring programme Candriam staff also contribute).



The Institute also launched **a new mentoring programme in Belgium** with **BOOST** to nurture the long-term potential of young people from underprivileged backgrounds. The Institute continued its longstanding support for the programme *Démos* of the Philharmonie de Paris which promotes access to classical music through instrumental practice to underprivileged children.

Since 2001, Candriam's charitable programme, Helping Those Who Help, has donated over 1.9 million euros to 101 associations, supporting more than 195 projects.



The Candriam **Helping Those Who Help** ("HTWH") programme supports charitable social impact projects led or presented by Candriam employees. In 2022, HTWH selected 11 local associations, supporting initiatives such as combating child poverty and social exclusion, alleviating the loneliness of elderly living alone, and addressing early school-leaving, among others.



In 2022, Candriam also showed its solidarity in times of crisis, supporting initiatives to help children affected by the devastating floods in Pakistan as well as families and students uprooted by the war in Ukraine.

For more information, visit: <https://institute.candriam.com/sic.html>

Protecting the Environment.

The Institute’s environmental programme continued to invest in initiatives that restore fragile ecosystems and contribute to climate change mitigation while ensuring sustainable livelihoods for local communities.



In 2022, *via* our partnership with We Forest—and enhanced by an employee engagement campaign—the Institute facilitated the planting of 358 hectares of Mangroves in Senegal. Since the start of our collaboration with WeForest in 2021, we’ve supported **the planting of a total of 523 hectares**. This is equivalent to planting approximately 2.3 to 2.6 million trees.



Once more, Candriam chose to support “Close the Gap”, a social enterprise which provides high-quality refurbished IT devices for social and educational projects. This initiative combines the environmental virtues of a circular economy approach with social impact. Selected projects in 2022 included an **IT hub** in Kenya, the “**Digital for Youth**” programme in Belgium and the **MIT React project** aimed at supporting refugees.



For more information, visit:
<https://institute.candriam.com/environment.html>

Contributing to the Fight Against Cancer.

Candriam recognises the vital role philanthropy plays in supporting innovative and often under-funded areas of cancer research. To ensure we back the most impactful initiatives, Candriam’s healthcare experts conducted a rigorous impact assessment.



In 2022, Candriam started a new partnership with **AIRC Foundation for Cancer Research** in Italy. This addition brings **the number of leading global organisations we support to 12**. These organisations are at the forefront of innovative cancer research projects while also providing social support and patient care.



For more information, visit: <https://institute.candriam.com/oncology.html>

The Candriam Academy

Candriam believes that if finance wants to play a role in the successful transition to a sustainable economic model, then ESG topics should become mainstream in financial education and training. The Institute's flagship free-for-all education project, the Candriam Academy ("the Academy"), marked its fifth anniversary in 2022. As of today, it has 13,000 members from all over the world. In celebration of these milestones, the Academy's educational content was redesigned to include more training modules and languages (English, German, Spanish, French, Italian & Dutch are now supported).

In 2022, Candriam launched a new website for The Candriam Academy, with **a major focus on sustainability**.

Did you know internet activity accounts for 2% to 4% of total greenhouse gas emissions worldwide? A lot of this energy is wasted on features and bandwidths that people do not actually need.

This is why Candriam **has followed a sustainable web design methodology** in order to **keep The Candriam Academy's carbon footprint as low as possible**. Including:

- A simple web architecture
- Maximum 300 kilobytes per page
- Developing a static website featuring essential-only functionalities
- Avoiding data capture
- Energy efficient web hosting that uses 100% renewable energy and cooling with outside air

Academy courses:

Introduction to Sustainable Investing

Focusing on the main approaches to sustainable investing, performance, shareholder activism and fiduciary responsibility.

The Circular Economy

Providing insight into the engine of the economy that sustainable investors want to build.

Climate Change

Learning how the global economy will need to change in order to stall the catastrophic rise in global temperatures.

ESG Corporate Analysis

Looking at the crucial questions that need to be answered to form an objective ESG profile of a company.

Sovereign Sustainability Analysis

Learning the importance and the right way of approaching a sustainability profile of a country.

In 2022, The Academy organised two ESG webinars on:

- **Biodiversity:** Examining the feasibility of integrating biodiversity into ESG models and looking at how investors can access solutions that focus on mitigating the human destruction of biodiversity and what these solutions look like.
- **Sovereign sustainability:** A look at how geopolitical and other risks such as pandemics can be recognised, addressed and effectively managed as part of the investment process.

The training programmes provided by the Candriam Academy are recognised by renowned associations.*

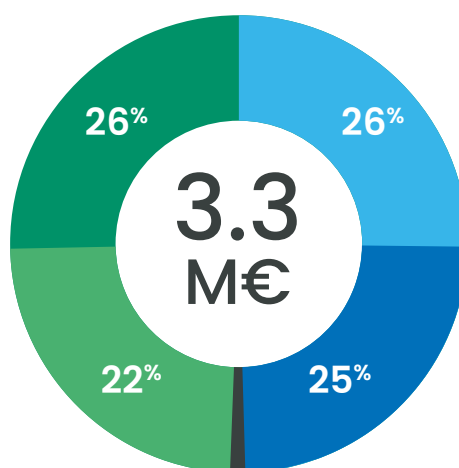


*Not all training modules are accredited in the same way. Please refer to the description of each module to check the accreditations available per module.

Donations 2022.

2022 donations are paid in 2022 and 2023

- Protecting the environment
- Fight against cancer
- ESG Education & Research
- Social inclusion & Community
- Operating costs



2022 Beneficiaries of Candriam Institute for Sustainable Development.

ESG Education and Research

- Candriam Academy project
- Kedge Business School
- LUMSA
- L'initiative de recherche FDIR
- Imperial College London
- Grantham Research Institute (London School of Economics)
- Vlerick Business School
- Paris School of Economics
- UCLouvain

Fight Against Cancer

- Institut Gustave Roussy
- Fondazione IRCCS Istituto Nazionale dei Tumori
- Asociación Española Contra el Cáncer (AECC)
- Fondation contre le Cancer / Stichting tegen Kanker
- Fondation Kriibskrank Kanner
- National Cancer Center Japan
- Japan Cancer Society
- MacMillan Cancer Support
- Georg Speyer Haus, Institut für Tumorbologie und experimentelle Therapie
- Krebsforschung Schweiz
- BIG - Breast International Group
- Fondazione AIRC per la ricerca sul cancro

Social Inclusion and Solidarity

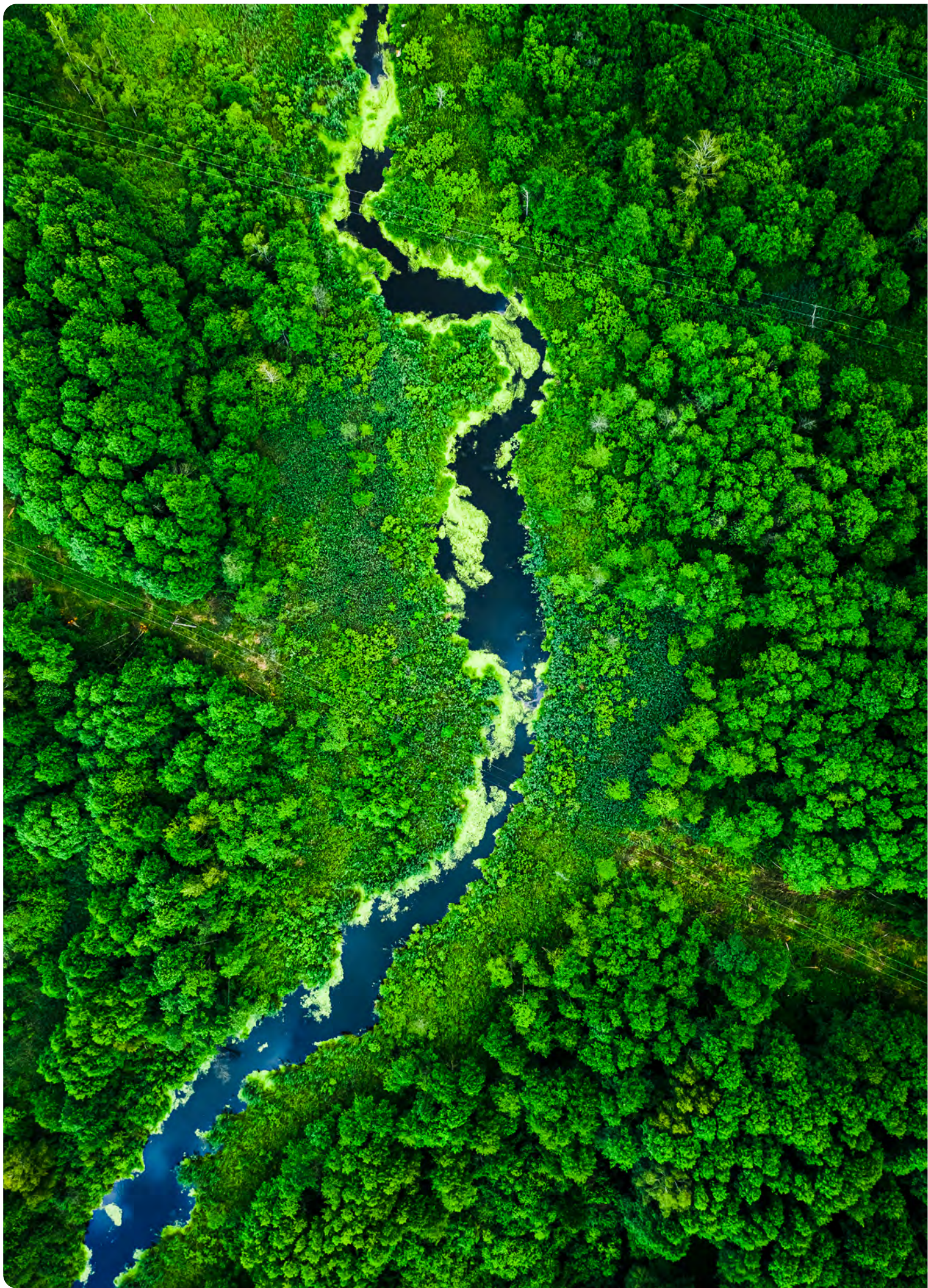
- University Fund Limburg (Maastricht University)
- Démos – Philharmonie de Paris
- Article-1
- Fondation Sciences Po
- Boost – Fondation Roi Baudouin
- Goods to Give
- UNICEF Luxembourg
- Responsible Young Drivers

Helping Those Who Help

- Die Arche Frankfurt
- Eau pour Tous
- Sterkmakers in Autisme
- Making the Leap
- CIAI Association
- Gamelle de Jaurès
- Fondazione Massimo Leone Onlus
- Associazione Ascolta e Vivi Onlus
- Alphabetical Order Lebanon
- Bras dessus bras dessous
- Unapei 92

Protecting the Environment

- Close the Gap
- South Pole
- We Forest



Candriam's Awards.

Candriam named
Best ESG Brand by RIBI
(Responsible Investment Brand Index).



Candriam
ranked 21st in the 2023
Broadridge Fund Brands 50 report.



Candriam
Award

* The quality of the ranking, award or label won by the fund or the management company depends on the quality of the issuing institution and the ranking, award or label does not guarantee the future results of the fund or management company

KPI's

Candriam's KPI's.

Responsible Investing

KPI ⁽¹⁾	2018	2019
% of ESG Bonds in total fixed income assets – Green/Social / Sustainability bonds ⁽⁴⁾	4,2%	6,5%
% of ESG-related investments in total AUM (assets which apply other ESG approaches than controversial activities exclusion)	31,26%	41,7%
% of Sustainable investments in total AUM (SFDR art 8 and 9 products) ⁽⁹⁾	N/A	N/A
% of AUM carrying a formal ESG/SRI certification or label ⁽⁵⁾	4%	6%
AUM carrying a French SRI label (Mln €)	856	1 891
Number of funds carrying a French SRI labels	4	4
AUM carrying a Belgian Towards Sustainability label (Mln €)	737	7,96
Number of funds carrying a Belgian Towards Sustainability label	12	39
AUM carrying a LuxFlag ESG label (Mln€)	0	1 133
Number of funds carrying a LuxFlag ESG label	0	2
% of AUM targeted low-carbon or climate resilient investment	7%	9%
Carbon intensity Candriam funds in Net Zero scope (tCO ₂ -eq/Mio \$ Revenues, scope 1 & 2) ^{(2) (3) (6)}	N/A	108,64
Scope of financed emissions Net Zero or aligned with Net Zero pathway ⁽⁶⁾	N/A	N/A
Scope of financed emissions Net Zero successfully engaged or under engagement ⁽⁶⁾	N/A	N/A
Engagement with companies top contributors to our Net Zero scope ⁽⁶⁾	N/A	N/A
% AUM applying Candriam coal exclusion policy ⁽⁷⁾	8,2%	61,2%
% AUM invested in companies active in the fossil fuel sector ⁽⁸⁾	N/A	N/A

(1) All figures calculated by Candriam except otherwise mentioned.

(2) For more information on Candriam's carbon footprint definition, please visit our ESG and Impact Indicators Definitions and Methodology: https://www.candriam.com/en/professional/SysSiteAssets/medias/insights/sfdr-publications/sfdr-esg-impact-indicators-definitions_en.pdf

(3) The data don't take into account all emissions and especially the scope 3 emissions (emissions related to the value chain and use of products).

(4) Source: Bloomberg, Candriam calculation.

(5) Funds carrying at least one SRI label among the national French SRI label, the Belgian Towards sustainability label or the ESG Luxflag label.

2020	2021	2022	Target	Notes & reference to disclosure standards
8,2%	7,1%	7,45%	-	
47,12%	66,5%	74,09%	-	
N/A	76,03%	85,64%	-	PRI OO 18
17%	21%	27%	-	PRI OO 18.1
13 064	20 964	19 661	-	https://www.lelabelisr.fr/
18	21	21	-	
21 846	32 084	29 603	-	https://towardssustainability.be/
50	40	40	-	
2 068	3 302	2 732	-	https://luxflag.org/
2	2	2	-	
40%	35%	37%	-	
N/A	N/A	78,09	54,32 (2030)	Net Zero Asset Management Initiative, intermediate target for 17 % of Candriam AUM (23.2 bn USD, 60.7 % AUM SFDR art 8 & 9 Candriam open funds)
N/A	N/A	17%	50% (2030)	
N/A	N/A	50,70%	70 % (2030)	
N/A	N/A	47	40 (2030)	
61,7%	72,1%	62,18%	-	<u>Candriam exclusion policy</u>
N/A	N/A	3,71%	-	SFDR PAI 4 - 97 % data coverage

(6) Candriam Net Zero Asset Management commitment : <https://www.netzeroassetmanagers.org/signatories/candriam/>

(7) Candriam company-wide policy excludes from investments all companies that are directly involved in the thermal coal industry and deriving more than 5% of their revenues from coal. New developing projects related to coal lead also to exclusion.

(8) Candriam and MSCI data, assets scope all investments for which Candriam acts as management company and for which Candriam has received the management activity, advisory services excluded.

(9) Ratio based only on assets that are in scope of SFDR.

Responsible Employer

KPI ⁽¹⁾	2019	2020	2021	2022	Target
% of female share of total workforce	33%	34%	33%	34%	40% (2023)
% of female in top management (EXCO)	16%	16%	17%	20%	30% (2025)
% of female in Management Committee	22%	24%	24%	27%	30% (2025)
% of women < 30 years in the new hirees	35%	45%	42,1%	43%	50% on average 2021-2025
Women Men Equality Index (French indicator based on Candriam succursale française figures only) ⁽²⁾	84	75	81	87	
% of staff following non-mandatory training	81%	80%	87%	92%	80%
% of staff Candriam Academy Accredited ⁽³⁾	10%	9%	19%	85%	100% (2022-2023)
Average Training hours Women (W) & Men(M)	N/A	10 (W) / 8 (M)	18 (W) / 12 (M)	24 (W) / 20 (M)	

(1) All figures calculated by Candriam except otherwise mentioned.

(2) <https://travail-emploi.gouv.fr/droit-du-travail/egalite-professionnelle-discrimination-et-harcelement/indexegapro>

(3) Interns and apprenticeships included

Procurement

KPI ⁽¹⁾	2021	2022	Target
Vendor Adherence code of conduct ⁽¹⁾	5%	15%	100%
Vendor selection ESG questionnaire ⁽²⁾	61%	60%	100%
Vendor ESG Scoring ⁽³⁾	1%	15%	100%

(1) % of Tier 1 vendors that (i) signed a code of conduct adherence based on the standard [Responsible Business Alliance](https://www.responsiblebusiness.org/) (<https://www.responsiblebusiness.org/>) or (ii) communicated or has a publication of a proper code of conduct.

(2) % of RFP processes ran by Procurement that incorporated a ESG questionnaire and assessment.

(3) % of Tier 1 vendors that were questioned by means of an ESG questionnaire and assessed, including (i) vendors that answered the questionnaires or (ii) vendors that have sent documentations that represent answers to questionnaires.

Tier 1 Vendor is defined as a vendor with > 100K€ spend on a yearly basis.

Responsible Operations & Supply Chain⁽¹⁾

KPI ⁽²⁾	2018	2019	2020	2021	2022	Target	Notes & reference to disclosure standards
Candriam total carbon emissions scope 1-2-3 upstream (t CO ₂ eq) ⁽³⁾⁽⁴⁾	11 612	12 968	12 172	14 500	13 991	N/A	GRI (305 1-2-3) – CDP (C6) GHG Protocol – 2020 data impacted by Covid crisis
Candriam carbon footprint scope 1-2-3 upstream (t CO ₂ eq/ mio € revenues) ⁽³⁾⁽⁵⁾	48,6	46,3	43,0	42,1	44,4		GRI (305-4) – CDP (C6.10) GHG Protocol – 2020 data impacted by Covid crisis
Candriam carbon footprint – scope 1,2 and business travel (t CO ₂ eq) ⁽³⁾	1 912	1 886	760	617	1 151	-30% in 2025 vs. 2019	
Candriam business travel emissions (t CO ₂ eq)	1 080	1 178	139	113	644		GRI (305 1-2-3) – CDP (C6) CDP (C7) GHG Protocol – 2020 data impacted by Covid crisis
Candriam energy footprint (t CO ₂ eq)	249	141	118	110	112		GRI (305 1-2-3) – CDP (C6) CDP (C7) GHG Protocol – 2020 data impacted by Covid crisis
Candriam vendors related footprint (t CO ₂ eq)	3 906	4 198	4 266	5 949	5 165		GRI (305-1-2-3) – CDP (C6) CDP (C7) GHG Protocol – 2020 data impacted by Covid crisis
Candriam offset program (t CO ₂ eq) ⁽⁶⁾	9 393 (82% of total footprint of the operational value chain, excluding investments)	12 812 (100% of total footprint of the operational value chain, excluding investments)	12 065 (100% of total footprint of the operational value chain, excluding investments)	13 000 (89,7% of total footprint of the operational value chain, excluding investments)	1 200 (104,2% of Candriam carbon footprint – scope 1, 2 and business travel)		Coverage of Candriam operational emissions
Paper consumption (tons)	3,5	3,64	1,55	1,02	2,36	-90% in 2025	
Candriam Corporate electrification fleet (%)	N/A	N/A	15%	38%	40%	>90% end of 2024	

(1) All data calculated by Trucost and Candriam unless otherwise mentioned. These data do not take into account the entire scope of emissions and in particular those of scope 3 (emissions from the entire value chain and use of products). Our calculation method was slightly amended in 2019 which doesn't affect our targets as these are set versus the 2019 figures. Additional information on Trucost and its methodology can be found here <https://www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf>

(2) All figures calculated by Candriam except otherwise mentioned.

(3) For more information on Candriam's carbon footprint definition, please visit our ESG and Impact Indicators Definitions and Methodology: https://www.candriam.com/en/professional/SysSiteAssets/medias/insights/sfdr-publications/sfdr-esg-impact-indicators-definitions_en.pdf

(4) Data does not cover all emissions across scope 1, 2 and 3 (specifically scope 3 emissions related to the value chain and product use).

(5) revenues excluding Kartesia.

(6) Since 2022, our carbon offsetting focuses on compensating Candriam carbon footprint – scope 1,2 and business travel.

Candriam's Policies.

Investment Pillar

[Candriam Integration Policy](#)

[Candriam Proxy Voting Policy](#)

[Candriam Engagement Policy](#)

[Candriam Exclusion Policy](#)

[Candriam Climate Policy](#)

[Candriam Responsible Investment Policy](#)

[Candriam Human rights policy](#)

[Candriam transparency code: article 8](#)

[Candriam transparency code: article 9](#)

Governance Pillar

[ESG Promotion & Influence](#)

People Pillar

[Diversity & Inclusion Charter](#)

[Remuneration Policy](#)

[Non-discrimination and anti-harassment policy](#)

[Candriam Human rights policy](#)

Value Chain Pillar

[Candriam Human rights policy](#)



€139 B

AUM as of
31 December 2022



616

Experienced
and committed
professionals



25+ years

leading the way in
sustainable investing



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