



# Responsible governance

The United Nations Sustainable Development Goals (UN SDG) impacted



**16** years

the average years within the company of our top execs (Group Strategic Committee)

**+50**

people (across a range of functions) involved in sustainable governance across the firm

## Responsible governance

### Responsible and transparent governance

Sustainability is the new norm. New regulations are leading companies and financial leaders to embrace a new era of corporate responsibility. At the same time, on a societal level the global pandemic cast in stark relief the risks of ignoring environmental threats at our peril. The field of ESG investing is becoming increasingly crowded and undeniably mainstream, for companies and clients alike.

In this context, CANDRIAM strives to retain its position at the forefront of sustainable investment. CANDRIAM stands for 'Conviction and Responsibility In Asset Management'. Underscoring the inherent promise of its name, in 2020 CANDRIAM strengthened its governance of sustainability within the company, expanding and deepening ESG adoption and CSR practices across the company.



### A commitment to corporate governance

To add more substance and strength to the promise embedded in our brand name, we have further strengthened the governance of sustainability within CANDRIAM, enhancing our ESG investment capabilities and focus on our corporate social responsibility (CSR) efforts through the following committees:

- **A Strategic Sustainability Committee which includes** the Group Strategic Committee (GSC), and is 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**, assesses corporate reputational & financial risks regarding sustainability, including climate risks, and defines a Controversial Company and Country Watch List for all CANDRIAM activities.

- **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 program, through the support of initiatives in ESG research & education and in the social impact domain.

- **The ESG Steering Committee** coordinates the implementation of the strategic ESG roadmap, relying on several agile investments, operational, IT and regulatory workstreams.

- **The CSR Steering Committee** oversees and coordinates the implementation of the CSR roadmap across staff, clients, the operational value chain, governance and the community.

## Business ethics



Over the past 25 years, we have created, developed and enriched an expertise that is highly regarded by the market. The challenge of this new governance is not only to anchor CANDRIAM at the heart of the evolution of our industry, but also to give us the best chances to play a leading role in the transformation towards a more sustainable economy.

More generally, we hold **regular shareholders' general meetings** for shareholders to meet and discuss CANDRIAM's activities, helping to deliver on its conviction.

**Local boards of directors**, aligned with the overall Group strategy, define business strategies and policies for their geographic regions. They are also responsible for management control, risk monitoring and shareholder relations.

The Board of Directors and the **Audit Committee in Belgium** ensure that all activities are properly audited and compliant with regulations. In Belgium, the audit committee assists the Board of Directors in this essential monitoring task.

## Ethical behaviour in business

CANDRIAM's governance, based on key pillars of ethical behaviour, responsible remuneration, and the quality of its governance, structure and bodies, is underpinned by a demonstrable commitment to transparency.

To ensure ethical behaviour across all activities and comply with existing regulations, CANDRIAM has established policies and codes that include a compliance charter and policy, client charter, code of ethics, supplier charter, and a policy for identifying and preventing conflicts of interest. For greater transparency, it discloses its ESG promotion and influence activities, such as industry association memberships and roles, and visibility over its financial metrics and taxation, which are in addition to legally published accounts.

On remuneration, in 2020, CANDRIAM implement a compensation policy that covers long-term and ESG objectives, along with targets to reduce the gender pay gap.

Acting to ensure the quality of its governing structure and bodies, CANDRIAM permanently monitors and ensures the boards of its funds are well-balanced, including those of funds, are well-balanced with independent directors, with an array of diversified skills and backgrounds.

## Business model

### The asset management industry today

Geopolitical instability, global warming, rise of social inequalities.  
Slow economic growth, low interest rates, deglobalisation.  
Rise of ESG and passive management, increased regulation, digitalisation, fee pressures.

### Our resources

**An independent, AAA-rated shareholder**  
New York Life is a Fortune 100<sup>®</sup> company and in the top 35 in terms of AUM worldwide.

**Loyal, talented people**  
More than 570 total employees and 219 investment professionals.

**A strong corporate culture**  
Convictions and responsibility at the heart of everything we do.

**A large variety of expertise**  
ESG, Equities, Fixed Income, Emerging Markets, Asset Allocation, Absolute Return, Real Estate Private Debt and – through New York Life's boutiques – Private Equity.

**A global investment approach**  
Conviction-based, long-term investments. In-house research, and a robust investment process based on a rigorous risk management framework. Active engagement and proxy voting.

### Sustainable value created for our key stakeholders

**For our community**  
Sustainable and responsible investments: allocating capital wisely in order to contribute to a sustainable economy that can take up long term challenges. In addition, via the CANDRIAM Institute, supporting ESG education and research, as well as initiatives for better health, social inclusion and the environment.

**For our people**  
Engagement, professional and personal development, talent management. CSR awareness. Diversity & Inclusion.

**For our clients**  
Financial strength, risk-adjusted, sustainable performance, conviction-driven investment solutions, constant innovation, social impact, CSR and ESG awareness.

**For the environment**  
Climate policy including climate-related investment solutions, engagement with investee companies on environmental issues, taking into account environmental criteria in investments. On a company level: waste management, reducing carbon footprint, in addition foresee offsetting of remaining CO<sub>2</sub>.

### Our mission statement: "Investing for tomorrow"

We are truly committed to putting sustainability at the heart of everything we do.

We believe that helping our clients channel their assets responsibly will accelerate change towards a more sustainable future.