



CANDRIAM's CSR commitments

Leader in ESG
investing since

1996

Philosophy & strategy

What makes CANDRIAM different from other actors in the market when it comes to CSR?

As a leader in ESG for over 25 years, our innovative ESG approach and rigorous implementation have always been key elements of our corporate strategy. We apply the same approach to CANDRIAM as an organisation as we do to the companies in which we invest. We regularly assess CANDRIAM's ESG practices based on our sustainability model. This ensures we apply the best practices we expect from our stakeholders to ourselves and that we reflect these standards at every step of our investment processes and in our corporate behaviour in general.

How does CANDRIAM's CSR engagement bring value to society and to all stakeholders?

Our ESG models assess how companies' business activities contribute to solving global challenges whilst looking after all their stakeholders. We take the same approach across our business activities and in our day-to-day corporate life.

As a sustainable leader, we provide guidance to our clients regarding investment solutions that respond to their needs and the global sustainable challenges of our world. We also support our suppliers by sharing best practices to help them improve their CSR business models*. In terms of our HR policies, CANDRIAM's top priority is to develop an environment where employees feel included, valued and respected. We also provide our

“At CANDRIAM, we ensure we apply to ourselves the same best practices we expect from all our stakeholders.”



Isabelle Cabie
Global Head of
Corporate Sustainability

colleagues with the opportunity to engage in CSR initiatives, including supporting our philanthropic Helping Those Who Help program. During the year, we have defined our CSR roadmap for the next 5 years, which covers all CSR pillars, and target-dedicated KPIs by pillar.

How was CANDRIAM's ESG engagement impacted by the Covid-19 crisis in 2020?

The Covid-19 crisis created a disruptive environment and was a real turning point for the industry. It raised more awareness around the 'S' in ESG and the importance of social aspects.

At CANDRIAM, social aspects have been a key element to our stewardship and global engagement. In 2019, CANDRIAM signed the 'Just Transition' COP-24 initiative, committing to take into account the social aspects of energy transition. In line with this commitment, we partnered with the London School of Economics' Grantham Research Institute to finance a research project on the 'Just Transition' topic. Within CANDRIAM, we also put in place several initiatives to stay close to our employees and take care of their wellbeing**.

What are the main environmental challenges and social objectives regarding business operations and stakeholders in the next 5 years?

I think one of the main challenges is the lack of consistent CSR standards. A lot of initiatives are launched. It is a good start, but I think it is not moving fast enough, notably in the area of sustainable economy and environment. And these regulations and standards are sometimes conflicting. Another challenge is related to the global transition towards a net-zero carbon economy and the achievement of the UN SDGs. CANDRIAM supports the European Commission's Green Deal, but the finance sector can't do it alone. All actors need to be more coordinated on all aspects, including economical policies, taxation, governmental practices and the evolution of company business models. All levers have to be used and aligned to achieve the sustainable goals.

* Additional information on CANDRIAM sustainable procurement approach can be found in the Responsible Operation & Supply Chain chapter of this report.
** More information on this topic can be found in the Responsible Employer section of this report.

The impact of our CSR approach in 2020

At CANDRIAM, we believe **asset management has a key role to play in building a more sustainable future** by channelling capital into projects that will ensure sustainable and inclusive growth. This is the reason why we place sustainability at the core of our business model on two axes:

- Sustainable business activities

Being an active and responsible asset manager, we want **our investments to contribute to the sustainable challenges and goals** the world is facing. To deliver on our responsible investor philosophy, we have developed a unique value proposition based on three pillars, with 90% of our AUM incorporating elements of this ESG approach: systematic **integration** of materially relevant **ESG criteria** into our investments, **active stewardship** and **impact measurement** and transparency.

- Responsible company practices

We consider that a responsible asset manager also needs to walk the talk and develop high-standard sustainability practices towards all its **stakeholders**: its employees, clients, citizens and communities, but also across its entire **operational value chain and governance**.



Double impact investments

In 2020, CANDRIAM launched new thematic equity strategies, including **a strategy devoted to developing a more circular economy**.

This strategy invests in global companies contributing to recycling, replacement of raw material, repurposing end-of-life products and rationalisation of resource use. This strategy is included in our aim to create a "double impact", whereby CANDRIAM donated up to 10% of the strategy's net management fees to charities and organisations providing solutions to promote the transition towards a circular economy.

We also **launched a private equity impact strategy (fund of fund)**, allowing investors

to gain exposure, via investment funds and co-investments, to companies whose performance is linked to the achievement of measurable social or environmental objectives*.

The CANDRIAM Academy

Being a leader in ESG topics, CANDRIAM also has ambitions to **bridge the knowledge gap on ESG** by sharing its expertise and knowledge with all its stakeholders. Launched in 2017, the CANDRIAM Academy – the world's first free-to-access training platform on responsible investments – has now reached 5,700 members from 30 countries. In 2020, CANDRIAM launched a new module on the Circular Economy and made the platform available in France, Switzerland and the US. The company plans to make it mandatory for its entire employee base in 2021.

* Additional information on these strategies can be found in the page 22 of this report.

Participation in industry associations

CANDRIAM is committed to the Principles for Responsible Investment (PRI). This commitment is reflected in all of CANDRIAM's activities as well as promoted in our relations with our stakeholders including the associations CANDRIAM is member of. CANDRIAM ESG experts actively and regularly take leading roles within responsible investment working groups across a number of industry associations.

This is both to ensure CANDRIAM has a voice on important ESG policy as well as to connect with policy-makers and policy-setters at the EU level, particularly on issues related to feasibility of new ESG standards and regulations. The following is a list of the associations and groups focused on policy engagement activities where CANDRIAM is an active member.



	Name of Association	Joined in
SRI working groups within:	BEAMA - Belgian Asset Managers Association	2004
	AFG - Association Française de la Gestion financière	2003
	EFAMA - European Fund And Asset Management Association	2010
Several social investment forums, such as:	Eurosif - European Sustainable Investment Forum	2003
	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
	US SIF - United Kingdom Sustainable Investment Forum	2016
Other sustainability-oriented investor bodies:	US SIF - United States Forum for Sustainable & Responsible Investment	2016
	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

During the year, CANDRIAM participated in the following public consultations:

- EC Review Non-financial Disclosure Regulation
- EC - Delegated Acts ESG Disclosures UCITS/AIFM/MIFID
- EC - Renewed Sustainable Finance Strategy

- ESAs - RTS ESG Disclosure
- CFA - Disclosure standards for SRI funds
- EC& TEG - EU Green Bonds Standards

For more detail on CANDRIAM's participation with industry associations and related guiding principles, please consult our [website](#).