

Corporate Social Responsibility Report

2020



Contents

Message from our CEO,
Naïm Abou-Jaoudé p.3

CANDRIAM in 2020 p.4



CANDRIAM's
CSR commitments p.6



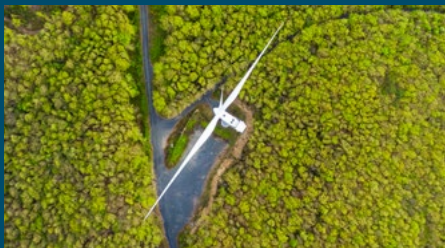
Responsible
governance p.10



Responsible
investing p.14



Responsible
employer p.24



Responsible operation
& supply chain p.28



Responsible
citizens p.32

CSR awards p.36

Objectives tables p.37

Naïm Abou-Jaoudé

Chief Executive Officer

Building a future we can all be proud of

In future years, historians will look back on 2020 as a year of change. In one year, homes became offices, stadiums transformed into hospitals and scientific breakthroughs unlocked our economies. The status quo was disrupted, unsettling our perception of the world whilst reinforcing the fragility of our lives.

Change often leads to a period of reflection. During 2020, there has been a greater appreciation about the crises facing both our communities and the natural environment. Covid-19 has sounded a warning bell. No longer can we ignore the consequences of social inequality, the devastating impact of rising temperatures or the effects of environmental destruction. As we enter this transformation decade, we must rethink how we invest, live and consume.

At CANDRIAM, we recognise that it is our duty, not only as investors, but as responsible citizens to ensure we work with all stakeholders, including investors, governments and academic institutions to turn this recovery into a green but growing and inclusive economy, while at the same time building a post-pandemic world that is resilient and progressive.

As we look to a brighter future, we must not forget the lessons that we have learnt during this challenging year. We need to keep educating and advocating for a cleaner, fairer and prosperous future. We need to deploy our capital wisely to accelerate the transition to a greener financial system. We need to challenge businesses to address emerging economic, social and environmental risks in order to equip them for a world where sustainable innovation will become a priority. But equally, as an organisation, we too must critically assess how we can continue to reduce our own impact on the planet and make a meaningful difference to society. The following pages outline our progress to date, and importantly our ambitions for the future.

Change happens day by day. Let us not waste any opportunity to create a future that we can all be proud of.



“At CANDRIAM, we recognise that it is our duty, not only as investors, but as responsible citizens to ensure we work with all stakeholders, including investors, governments and academic institutions.”

Our mission is to provide asset management services driven by conviction and responsibility.

CANDRIAM Snapshot as of 31 December 2020

Assets Under Management increased compared to the end of 2019

8%

(€10 billion) from €130 billion at the end of 2019 to €140 billion at the end of 2020.



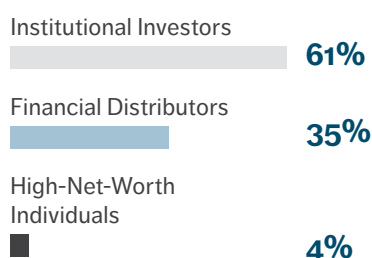
86%

of traditional investment funds had 3, 4 or 5 stars from Morningstar at the end of 2020*

* ©2007 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. Overall Morningstar Rating for all Candriam funds, as of December 2020.

Our clients

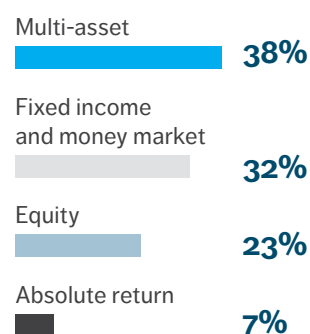
AUM by client type*



€3.9bn
annual net sales

€140bn*
total AUM

Our expertise



Part of
New York Life
a Fortune** 100® company

€88.3bn***
ESG AUM = 63% of our total AUM

*Assets under management (AUM) includes assets which do not fall within the U.S. Securities and Exchange Commission's definition of 'regulatory AUM' in Form ADV, Part 1A. **CANDRIAM is a New York Life Company. New York Life Investments ranks among the world's largest asset managers (source: New York Life Investments ranked 35th among the world's largest money managers within Pensions & Investments (June 2020). Rankings are based on total worldwide institutional assets under management for the year-end 2019. New York Life Investments assets include assets of affiliated investment advisors). *** More than 90% of these €88bn AUM are aligned with '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. The remaining 10% of these €88bn are not considered in the scope of SFDR (mostly non EU assets, and advisory) as at 10 March 2021.

Our presence worldwide

Management centre

Brussels
London
Luxembourg
Paris

Client relation office

Amsterdam
Dubai
Frankfurt
Geneva
Madrid
Milan
New York
Zurich




20+
countries served
by CANDRIAM and
its licensees/3rd parties

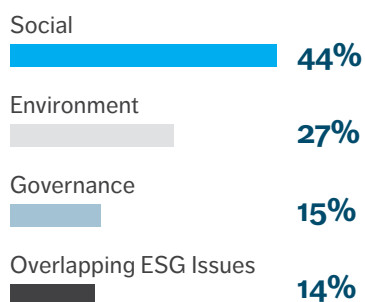
Stewardship and engagement


Top topics

Energy Transition
Fair Work Conditions
Business Ethics

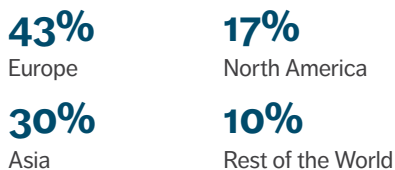
 **206**
corporate contacted
individually

ESG breakdown of the companies contacted (direct dialogue)



 **1,180**
Voted Meeting

Geographical split of meetings




Remuneration of Management and Directors (voting)




Engaged votes (voting)



Environmental impact

 GHG emissions Scope 1
and 2 emissions:
613 tCO₂e*
(operational footprint)

 GHG emissions for the full
operational value chain
(Scope 1, 2 and 3 Upstream only):
12,065 tCO₂e*

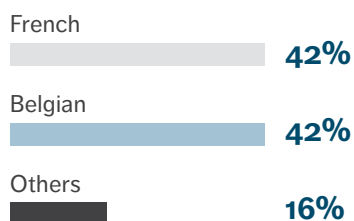
 Over the last 3 years,
CANDRIAM has offset
34 KtCO₂e
to compensate its operational
value chain emissions


* The calculations were provided by [Trucost](#)


CANDRIAM employees

 **570**
employees

 **30**
nationalities



 **50+**
employees supporting
CSR governance
at CANDRIAM

 **16-**
average years of service
across our senior
executive team



 **43**
average age

 **10.5**
average length of service

 **9.6%**
new recruits

 **8%**
staff turnover rate



CANDRIAM's CSR commitments

Leader in ESG
investing since

1996

Philosophy & strategy

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

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

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**.



Isabelle Cabie

Global Head of
Corporate Sustainability

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 axis:

- 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
	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

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](#).



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 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[®] 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.

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.

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 CO₂.



Responsible investing

The United Nations
Sustainable Development
Goals (UN SDG) impacted



63%
of total AUM = ESG Assets

ESG AUM:

€88.3^{bn}

Sustainable investing

“Our goal remains to offer our clients cutting-edge investment solutions that have a real, inclusive and sustainable impact.”

What was the impact of the 2020 pandemic on ESG investing?

The world changed, almost instantly, in March 2020. With full effects still unfolding, Covid-19 has clearly intensified and accelerated a range of trends. Permanently changing the future of society, work, geopolitics and business, it also emphasised the growing relevancy of wider stakeholder-oriented company models, which provide equitable returns not just to shareholders, but also to employees, customers and suppliers. Covid-19 not only brought the greatest recession since World War II, but also renewed the focus on climate change. It should be seen as a wake-up call, accelerating the need to invest for a better future. Now that policymakers are looking at how to bring the global economy back to life, they should put sustainability at the heart.



With the increase of regulation across the industry in relation to sustainable investing, how do you see this trend evolving? What impact will it have on the investment community?

The increased regulation is contributing to raising the bar on how sustainability is integrated by investors and sets to change the way capital is channelled in building a financial system attracting long-term capital to support the transition to a more sustainable economy. We also see an acceleration in regulation focused on corporate disclosure of environmental, social and governance in particular to climate-related factors, stewardship and investor duties. Investors will play a key role not only in the allocation of their capital, but more importantly as stewards of their investments. ‘Build back better’ has become the new mantra for our post-Covid-19 society. Companies have a crucial part to play in reforming harmful practices and facilitating positive change. Investors are pivotal to drive this change, not least through channelling

their capital accordingly and deliberately adopting a long-term perspective, valuing natural and human capital. Governments more than ever need to seize the opportunity by using this economic recovery momentum to address climate, sustainability and economic inclusion goals and to accelerate a just transition.

How has CANDRIAM’s ESG platform evolved, and what are your plans for the next years?

As a responsible asset manager, sustainability is an active choice. Acknowledging our leading role in shaping the world of tomorrow, we will act to drive change across society, addressing social inequalities and prioritising our planet. We are committed to the continuous

Vincent Hamelink

Chief Investment Officer

development of our long-standing and holistic Environmental, Social, and Governance analysis approaches, and to the ongoing expansion of our large range of SRI investment products.

From a few funds 25 years ago, the spectrum of investment strategies where ESG is integrated has grown to encompass almost all investment products in a large variety of asset classes within CANDRIAM’s investment scope. Following our own path, we will continue to develop our expertise by enhancing our processes, the developing of a proprietary ESG dashboard and refining our knowledge of ESG impacts and materiality. Our goal remains to offer our clients cutting-edge investment solutions having a real, inclusive and sustainable impact, not only searching immediate profit for the investor, but to all stakeholders in society.

Sustainable investing

Steering capital to sustainable and inclusive economic activities

As mentioned in our name, an acronym that stands for **Conviction and Responsibility In Asset Management**, we are fully committed to contributing to the broader sustainability objectives of the Paris Agreement and the UN Sustainable Development Goals (SDG).

As an active and responsible asset manager at the forefront of sustainable investing ever since launching our first responsible funds back in 1996, the explicit and systematic integration of environmental, social and governance (ESG) issues is an integral part of our investment strategy across all asset classes. This is our responsibility both to clients and society, particularly during times of geopolitical and socio-economic uncertainty.

A multi-layer sustainability approach:
Our responsible investment approach applies **firm-wide exclusions** of companies involved in thermal coal mining, coal-fired power generation, tobacco and controversial armaments. These activities do not embody sustainability as they can compromise public health and the environment.

In addition, we believe that companies should respect universally agreed upon principles of human and labour rights and abstain from corruption or actions that damage the environment. To this end, companies that repetitively and severely violate the principles of the **UN Global Compact** are excluded.

Further to exclusions, **ESG integration** is imperative as some of the sustainability challenges we face could test the resilience of our financial and economic systems.

Our ESG analysis adds essential layers of information that encompass the “intangible” aspects of a business not fully captured by traditional financial analysis. In our ESG approach, sustainability challenges are analysed from two different but interlinked angles and cater to the specific needs of each investment asset class.

Business Activities Analysis looks at a company’s exposure to five key sustainable challenges: Climate Change, Resource & Waste, Healthy living & Well-being,

Demographic Shifts and Digitalization & Innovation. These environmental and societal trends drive consumer behaviour, regulatory policy and the economic landscape and shape the future challenges and long-term growth prospects of companies.

Stakeholder Analysis evaluates the extent to which each company incorporates the interests of stakeholders (investors, employees, customers, suppliers, society and environment) in its long-term strategy. The factors give rise to opportunities as well as risks and are therefore key determinants of long-term value creation or risk exposure.

Updated Sovereign Sustainability Model

In 2020, CANDRIAM’s ESG analysts worked on an updated version of its Sovereign Sustainability Model, highlighting how the emphasis of sovereign analysis must prioritise sustainable development alongside economic development.

The new evolved model goes beyond typical country sustainability models which assume all forms of capital are perfectly interchangeable, putting four types of capital (Human Capital,

Economic development and growth should be sustainable and inclusive in the long run to benefit everyone across generations

Companies that embed sustainability in their governance, strategies and business operations tend to outperform or have less downside risk than peers that do not consider sustainability.





Kroum Sourov

Sovereign Sustainability Analyst

We see increased recognition regarding the importance of climate change and environmental preservation by regulators. The industry should take the lead in implementing changes in the way that we think about production, consumption, and investing. Sustainability issues can no longer be papered over, as the cracks have become just too large.

TIMELINE

The evolution of our investment strategy to focus on Natural Capital



Social Capital, Economic Capital, and Natural Capital) at the same level. CANDRIAM's model puts climate change and environmental preservations at the core of the investment process as it focuses more on how countries manage their Natural Capital, as well as the interdependencies between Natural Capital and the three other capital forms.

This move was based on the findings of CANDRIAM's research that if environmentally inefficient countries continue to deplete large amounts of natural resources which are by definition finite, they will eventually experience a negative impact across four types of capital – Human Capital, Social Capital, Economic Capital, and Natural Capital – which will have devastating social, economic, and environmental repercussions. By placing

Natural Capital at the centre of the Sovereign Sustainability model, CANDRIAM offers a unique and forward-looking outlook on sustainability analysis.

Another finding was that most of the environmental impact over the coming decade has already been determined by current and past economic activities and Natural Capital cannot be replaced with other forms of capital. Therefore how countries manage their Natural Capital will, to a significant extent, shape their social and economic development. For example, in the case of deforestation, land use change and habitat destruction all contribute to ecosystem degradation, which in turn exacerbates climate change and increases the severity of natural disasters. Related to this, research has found direct links between

ecosystem degradation and zoonotic disease transmission from wild animal populations to humans. Such transmission is suspected in the case of the Covid-19 pandemic, for instance.

* Additional details about the model and its methodology can be found here: [The new sovereign sustainability model](#)

Engagement

Effecting change through stewardship

As a responsible asset manager, the careful selection of sustainable investments is only one tool in CANDRIAM's box when it comes to promoting and championing ESG. Increasingly, as markets, clients and regulatory interests grow, so too has the importance of CANDRIAM's stewardship activities*. Through proxy voting, direct dialogue, collaborative dialogue, and the promotion of sustainable finance, CANDRIAM is able to exert effective pressure at investee company level, thus advancing our agenda on the energy transition, fair working conditions, and business ethics.



Engagement through proxy voting

Voting is integral to our stewardship of client investments, and critical for increasing awareness on what is important for shareholders and stakeholders. Our voting policy is defined around three cornerstones, which are the rights and equal treatment of shareholders, the accuracy of financial information, and the independence and accountability of the board. The policy applies to open-ended funds managed by the Group's entities, and in certain cases to dedicated funds and mandates.

During 2020, CANDRIAM made its voice heard in 1,180 ordinary and extraordinary general meetings, voting on 15,899 resolutions for our open-ended equity funds. These votes covered diverse topics, from the election of directors, appointment of auditors and remuneration of management and directors to the share capital, and anti-takeover measures. In terms of shareholder resolutions, CANDRIAM supported more than 60% of environmental and social resolutions on the agenda.

Dialogue on social and environmental issues

Social issues remained a primary focus of our direct engagement in 2020. Notable among these, the use of Uighur labour in China, and the possible non-compliance of Teleperformance with human rights provisions under French law. Social unrest and the Black Lives Matter protests originating in the US ensured diversity remained steadily in the spotlight. CANDRIAM also extended its work with the Workforce Disclosure Initiative with a direct engagement campaign targeting small and mid-cap companies. Environmental issues, primarily climate change and biodiversity were also priority targets. Here, CANDRIAM's engagement focused on topics including the energy transition, and opportunities for a socially-just transition and reducing financing for high greenhouse gas-emitting companies. Pressure was consistently increased on emitters to implement a zero-emission 2050 commitment. CANDRIAM joined the Investors Policy Dialogue on Deforestation (IPDD), established in July 2020 to coordinate public policy debate on halting deforestation.

* All reports related to CANDRIAM's stewardship activities are available here [SRI publications](#)



Adapting actions to the pandemic

The global pandemic resulted in unprecedented delays and cancellations of annual general meetings across the world, while virtual shareholder meetings reached an all-time high. Faced with this reality, CANDRIAM reorganised its dialogue campaigns to offer companies the time to adapt to the new norms. Early on, CANDRIAM focused its direct dialogue efforts on European companies, facilitated by their historical and geographical proximity. We also helped catalyse investors to call on European business and political leaders to act on reducing the pandemic's impact on society and markets. These recommendations included best practices such as maintaining workforces, a focus on B2B relationships, paid leave, and the need to respect health standards. They also called leaders to use recovery plans for supporting an accelerated transition to a net zero emissions economy in line with the Paris Agreement.



Looking forward

In 2021 and beyond, CANDRIAM will continue its efforts on climate, digital and human rights, diversity, and inequality as part of our long-term framework on energy transition, fair working conditions, and business ethics.
























Sophie Deleuze













Lead ESG Analyst, Stewardship

Engagement & voting are core components of ESG integration: in addition to supporting our investment decisions and impacting positively on issuers' practices, they also offer a favourable exchange ground for analysts and fund managers. While governance & business ethics remain fundamental pillars of our engagement activities, climate attracted most of the attention again in 2020. However, human rights & workforce-related matters as well as biodiversity are definitely gaining traction.


























































The table shows collaborative initiatives active in 2019/2020

Collaborative initiatives for a call to action	ESG	Joined /Signed in
Making Finance Work for People and the Planet 	ESG	2019 one off
PRI-coordinated Investor Working Group on Sustainable Palm Oil 	ES	2019
Investor Mining and Tailings Safety Initiative 	E	2019
Statement for Mandatory Human Rights Due Diligence 	S	2019 - 2020
2019 Global Investor Statement to Governments on Climate Change 	E	2019 one off
Investor Statement on Turkmen Cotton (Sourcing Network) 	S	2019
2019-2020 Initiative for Pesticide Use Reduction and Safer Chemicals Management - Grocery Retail 	ES	2019
Investor Statement On Deforestation & Forest Fires in the Amazon 	E	2019 one off
Investor Statement to Support Gender Equality in the Workplace 	S	2019 - 2020 Now completed
Australian Extractives Sector, IGCC Public Sign On Letter 	E	2019 one off
Open Letter in support of Amazon Soy Moratorium 	E	2019 one off
PRI Investor statement on Climate change for Airlines & Aerospace companies 	E	End 2019/2020 one off
PRI Investors Letter to SEC 	ESG	End 2019/2020 one off
CHRB - Investor statement calling on companies to improve Human Rights performance 	S	2020 one off
Investor Statement on Coronavirus Response 	ESG	2020 one off
The Investor Agenda Open investor letter to EU leaders on a sustainable recovery from Covid-19 IIGCC Open letter to EU leaders from investors on a sustainable recovery from Covid-19 	ESG	2020 one off
Support brought to Joint-statement-on-the-NFRD-revision (7 recommendations) 	ESG	2020 one off
Collaborative dialogue on Teleperformance 	S	2020
Investors' Policy Dialogue on Deforestation in Brazil 	E	2020
Investor Engagement Group - Xinjiang Uighur Autonomous Region (XUAR) 	S	2020
Micro Fibre Engagement 	E	2020

Since 2006, as a founding signatory to the UNPRI, we have signed the following statements:

Commitments	ESG	Joined /Signed in
PRI - Principles for Responsible Investment 	ESG	2006
UNGC Call to Action on Anti-Corruption 	G	2014
G20 Energy Efficiency Investor Statement 	E	2015
Adhesion to Green and Social Bond Principles 	ES	2017
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

Supported by CANDRIAM in previous years, their impact, and CANDRIAM's specific contributions:

Collaborative initiatives for a call to action	ESG	Joined /Signed in
CDP - Carbon Disclosure Project (incl. Climate Change, Water and Forest programs)    	E	2004
Sustainable Stock Exchanges  	ESG	2010
Access to Medicine (AtM) 	S	2010
Access to Nutrition  	S	2013
Bangladesh Initiative on garment industry   	S	2013
Labour practices in agricultural supply chain   	S	2016 - 2020 Q1 now completed
Fiduciary Duty in the 21 st Century 	ESG	2017 one-off
Engagement on antibiotics overuse in livestock supply chains  	ES	2017
Sustainable Protein Engagement  	E	2017
Workforce Disclosure Initiative  	S	2017
Banking on a Low Carbon Future  	E	2017 - 2020
Engagement on Cybersecurity	SG	2017 - 2020 now completed
Expectations on Corporate Climate Lobbying 	E	2017 one-off
Decarbonisation Initiative (incl. RE100 & EP100 Engagement)  	E	2017
Combating Child Labour in Cocoa Supply Chains   	S	2017 - 2019
Corporate Tax Responsibility 	G	2017 - 2020 now completed
Climate Action 100+  	E	2017
CA100+ related - Paris-aligned accounting and audit  	E	2019
PRI - Climate change transition for oil and gas  	E	2018 - 2020 Merged with CA100+
BBFAW Investor Collaboration on Farm Animal Welfare  	ES	2018
PRI Water Risks in Agricultural Supply Chains 	E	2018 - 2020Q1 now completed
Plastic Solutions Investor Alliance    	E	2018
UK Living Wage Engagement Campaign  	S	2018
PRI Supported Engagement on Responsible Sourcing of Cobalt  	ES	2018
Corporate Accountability for Digital Rights  	SG	2018
Investor Statement to EU Policymakers on the future of Corporate Reporting  	ESG	2018 one-off
Investors call on power companies to accelerate decarbonisation and support ambitious climate policy   	E	2018 one-off
Open Letter to Index Providers on Controversial Weapons Exclusions  	SG	2018 one-off

A responsible provider



Improved communication

With many in-person events cancelled or postponed due to the pandemic, CANDRIAM organised regular client video conferences, while boosting its webinars, podcasts and newsletters. More than one million emails were delivered, 10 webinars hosted and 20 podcasts listened to more than 6,000 times. The CANDRIAM Academy launched a new webinar series, ESG Talks, exploring the pressing economic, social and environmental issues of the day. At the same time, CANDRIAM started Convictions: Small Talk, Big Opportunities, a bi-monthly English newsletter to share insights in a direct, close and friendly tone. The first edition was sent to 3,000 institutional clients, distributors and financial advisors, and complements the ever-popular Coffee Breaks weekly and monthly newsletters.

Understanding our clients' needs

In a year marked by social distancing, maintaining customer proximity took on renewed urgency and importance. A wide-ranging customer feedback survey carried out in November 2020 invited more than 200 investors to have their say on CANDRIAM's services and solutions, with the goal of better understanding and adapting to customer needs. Respondents included wholesale investment companies, fund distributors and institutional investors, of which more than 40% were long-term CANDRIAM clients. The results revealed high levels of satisfaction across CANDRIAM's activities, with nearly 96% describing the partnership as good or excellent.

Clients were asked what they considered distinctive about CANDRIAM's investment expertise, with sustainable investing the most-cited (27%), followed by fixed income (21%) and equities (19%). The respondents gave CANDRIAM's services an overall rating of 4.25 out of 5. Highest-rated was the CANDRIAM Academy on ESG (4.32), with the continuity of support, roadshows and conferences, and CSR report also highly valued services. The availability of information and quality of reporting were also singled out. Thanks to a pledge to plant one tree for every response, the survey will not only help CANDRIAM and our valued customers, but the environment also.

Taking impact investing further

Two new strategies launched by CANDRIAM in 2020 underlined its impact investing ethos. First was an impact strategy that focused on social and environment factors. The immediate focus was to support Europe's post-Covid-19 recovery. The second launch was a strategy that supports a circular economy to help further our commitment to a sustainable future. Given the stakes, it should be no surprise the CANDRIAM Academy also now offers a dedicated module on the circular economy.



27%

of clients surveyed
considered sustainable
investing as CANDRIAM's
n°1 expertise

“Education on ESG is key to successfully transforming the private clients investment landscape.”

Michelle Owen

Managing Director, Global Head of Funds and EMEA
Head of CIO & Investment Solutions, IPB
Deutsche Bank AG, Filiale London

What do you look for when you select your (ESG) fund managers?

Deutsche Bank International Private Bank (IPB) aims to be the house of choice for clients who wish to make a positive social change. Fund managers play a crucial role in enabling our clients to achieve this goal, and our partnerships with them are integral to selecting offerings with strong ESG standards. DB IPB has developed an extensive ESG screening approach to ensure that our product achieves two hurdles. Firstly, funds must have clear ESG investment intent, such as evidenced through Article 8 and 9 classification in the EU. Secondly, funds must demonstrate that they have fulfilled this intent through their underlying holdings and exclusions. Beyond a strong range of high quality ESG products, we also look for our asset management partners to share a wider vision and commitment for the future of ESG investing, with ongoing collaboration on the evolution of ESG and impact topics, and continued education of our staff and clients.

How do you encourage your employees to become more aware of ESG matters?

Education on ESG is key to successfully transforming the private clients investment landscape. At Deutsche Bank, we see ourselves as translators of this investing revolution for our clients, being able to talk fluently to all levels of investors about the purpose of ESG, the performance opportunities and risk management.



To equip our employees, we are investing heavily in educating all of our staff over 2021 and beyond. We are deploying a range of in-house and external education initiatives including certification programs with the leading providers across Europe and globally. Furthermore, we have built strong partnerships with universities and networks such as Cambridge University and the Ocean Risk and Resilience Action Alliance (ORRAA) in order to develop and share deeper insights on crucial ESG topics such as Biodiversity and the Blue Economy with our clients, prospects and staff.

How does SFDR impact the way you select your investment managers/partners?

Europe's SFDR regulation has really set the stage for clear standards and structures to deliver ESG investing. As the industry embraces this new regulation, we have absorbed it into the centre of our selection process. One of the first questions we now ask fund managers when we engage them, is whether they consider the principal adverse impacts of their investment decision-

making on sustainability factors, and whether their products will meet the Article 8 or Article 9 hurdles. Sustainability regulation is an evolving field and it will remain important for fund managers and private clients advisors to continue adapting solutions for clients in line with our global regulators' expectations. In this landscape, partnerships are more important than ever, and we anticipate that the standard set by SFDR and the entire EU action plan, will be the advent of a more harmonised global approach to ESG frameworks in the coming years.



Responsible employer

The United Nations
Sustainable Development
Goals (UN SDG) impacted



New hires

45%

of women in 2020
vs 35% in 2019

New positions

30%

filled through internal mobility
in 2020 (+16% vs 2019)

To our employees

“To benefit from a wider pool of experience, skills and perspectives, CANDRIAM is adopting a more inclusive approach to recruitment.”

How do CANDRIAM's corporate values support employee development?

CANDRIAM's values of conviction and responsibility in asset management are deeply rooted in the company's name and ethos, encapsulating everything we represent as an organisation and employer. The pandemic's silver lining is to have reinforced the importance of the human factor, raising everyone's general level of empathy and humility, and further enhancing our people-first culture. In face of this unprecedented global health challenge, the collaboration and solidarity within teams and across departments has been impressive, with creativity and innovation remaining very high.

How did CANDRIAM respond to the challenges of Covid-19 from a human resources perspective?

Like other global firms, CANDRIAM faced an initial challenge to keep employees around the world updated and informed. We made health and safety our first priority, offering mental health support through a dedicated Employee Assistance Program, and a psychologist available to employees 24/7. For many, the program helped to mitigate the pandemic's effects on work, life and family. We provided additional manager training and advice, acting to keep employees close while socially distant. Early on, we launched a weekly Covid-19 crisis committee with country managers, and heads of HR, Risk, Legal

and Compliance, Purchasing and Logistics, and Communications divisions to keep all employees aware of our actions. Starting from February 20 we enacted concrete steps, culminating in a global work-from-home order on March 17. Our efforts were bolstered by the launch of our new digital learning management platform. A Workplace & Wellbeing feedback survey conducted in June provided reassurance our initiatives were responding to the workforce's needs and expectations. Overall, the strategy proved highly successful. In terms of Corporate culture, it's been remarkable to witness the strength and resilience of our colleagues and their collective efforts and support for one another. Looking forward, we will have less travel and more work flexibility which will provide a better work/life balance with no impact on productivity or our corporate culture. This crisis was also an opportunity to rethink the layout of the working environment and create more space for interactions, networking and boost digital technology allowing our employees to work either from the office or from home.

What is CANDRIAM's approach towards diversity and inclusion?

CANDRIAM is committed to developing, implementing and promoting diversity and inclusion by onboarding people from a diverse range of backgrounds, at all levels of seniority. To benefit from a wider pool of experience, skills and perspectives, CANDRIAM is adopting a more inclusive approach to recruitment, removing bias through training and development, while closely monitoring employee diversity. It is our belief that initiative, entrepreneurship and healthy collaboration thrive in a work environment where differences are valued and leveraged, creating the foundations for employee satisfaction and fulfilment.



**Odile
Mohan**

Global Head of Human Resources

To our employees

Paving the way for diversity and inclusion

As a responsible asset manager, CANDRIAM makes it a top priority to develop an environment where employees feel included, valued, connected and respected, and are comfortable bringing their “authentic selves” to work, regardless of their backgrounds, beliefs and perspectives. We undertake many initiatives and actions to develop a sense of community and belonging across our workforce. These include employee-led

communities, a mentoring program, internal networking events, social activities, and regular training and development sessions focused on diversity and inclusion.

Our commitment towards gender equality is demonstrated in our hiring practices, which seek to achieve 50% women below 30 years across all our hires in 2021.



From training culture, to learning culture

Creating the building blocks to transition from a training culture towards a learning culture was a focus of 2020. We launched a digital learning platform adapted to new ways of working and offered new training sessions on agile work and other concepts, in blended-learning formats. Our learning and development platform, Horizon, was improved with consolidated learning analytics, and modules on leadership skills, personal development, IT and digital skills, and wellbeing. These were bolstered by a learning and development newsletter 'What's new in Horizon' and the popular Digital Week, focused on enhancing our employees digital knowledge and experience at CANDRIAM and Discovering CANDRIAM (our annual event to introduce new joiners to CANDRIAM). CANDRIAM delivered manager training on successful onboarding, effective feedback, and unintended bias for the second year running, along with a training on inclusive leadership.



Mentoring and mobility

In June, CANDRIAM implemented Mentoring at CANDRIAM to develop junior talent as they progress in their careers. The project, slated to run into 2021, gives increasing opportunities to a larger group of mentors and mentees. Another means to keep employees engaged and broaden their career perspectives is to offer internal mobility and make temporary and fixed-term contracts permanent. In 2020, 44% of all open positions were filled in these ways. Our objective is to help employees acquire technical and managerial skills, realise their full potential, and experiment with new roles.



Communities@CANDRIAM

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

- **Women@CANDRIAM:** an internal network that aims to support, develop, and promote women's professional development.

- **Millennials Group:** to bring innovative ideas to 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 intergenerational sharing of knowledge.

- **Change Agents:** sharing competencies across collaborative projects to gain efficiencies.



Nadia Tortel

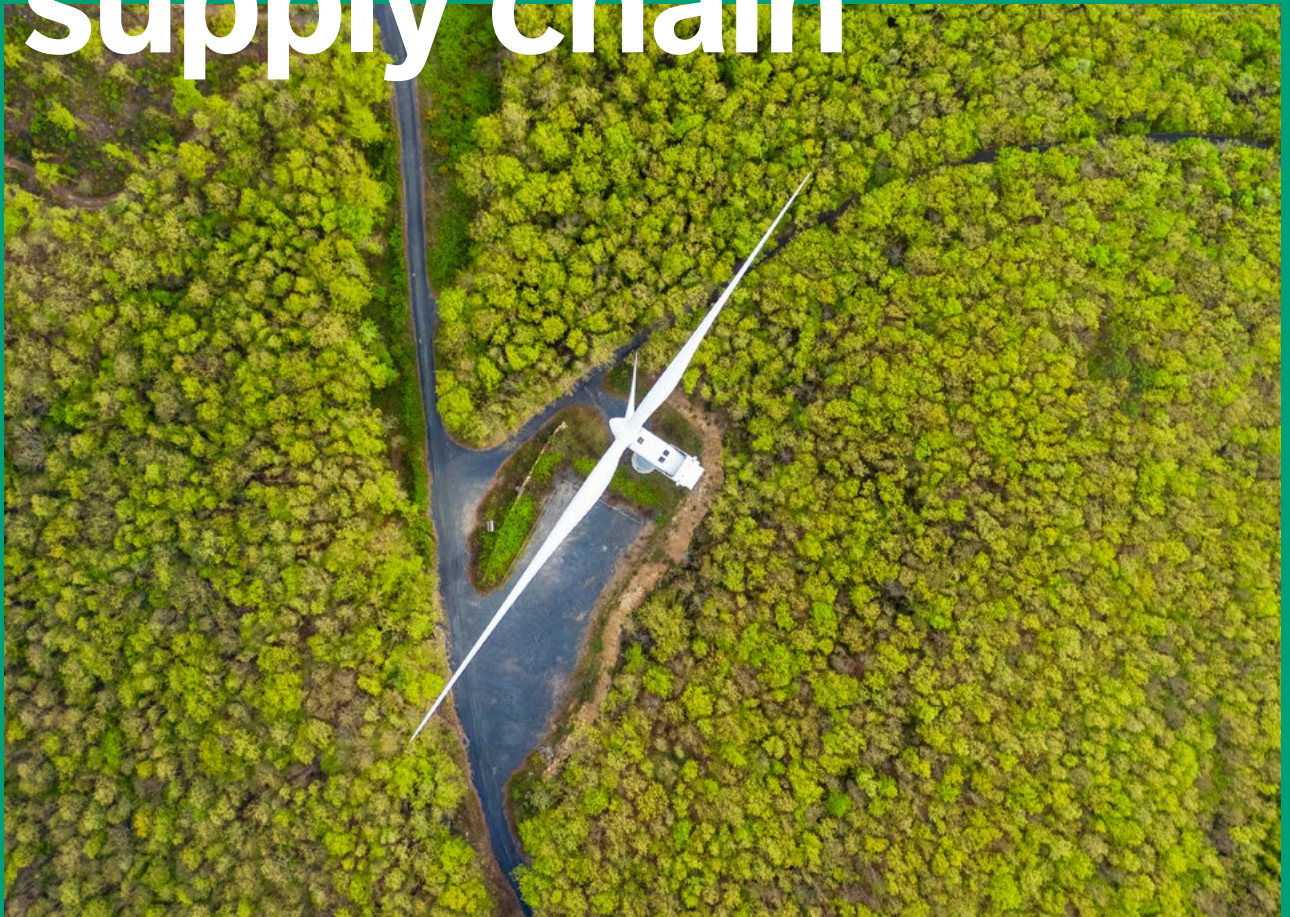
Global Head of Talent

Some of the most important qualities I look for in a hire is the personality, state of mind, and positive energy that someone can bring to the CANDRIAM family. In addition to the technical and professional skills necessary for the role, these qualities are paramount in a firm like CANDRIAM where our culture and values are key to the strength and success of our business.

87%

of the staff followed
a non-mandatory training
in 2020 vs 81% in 2019

Responsible operation & supply chain



The United Nations
Sustainable Development
Goals (UN SDG) impacted



1.55 metric
tonnes

(57% decrease compared
to 2019) paper consumption

To the environment

How do you manage supplier relationships in line with CANDRIAM's sustainability philosophy?

As an asset manager, CANDRIAM is reliant on suppliers for data, market flows, IT infrastructure and other essential services. Associated indirect CO₂ emissions account for roughly 80% of CANDRIAM's footprint, so it is very important we monitor and control our suppliers. We have a comprehensive code of conduct that addresses carbon emissions, governance, diversity, social aspects, respect for human rights, the labour environment, and broader environmental issues. We have also included specific questions in our purchasing policy with regard to CSR behaviour. By reviewing the responses to these questions and monitoring progress, we try to raise CSR awareness amongst our suppliers.

How is CANDRIAM embracing the technological and digital transformation?

Technological and digital transformation is core to our corporate strategy and embraced across all our activities. For clients, this means we can enhance their client journey. Our fund managers can generate alpha through enhanced trading technology and better integrate ESG analysis in their investment processes thanks to improved data tools and platforms. Employees meanwhile are provided with state-of-the-art equipment that improves the working environment. This enhanced working environment facilitates flexible working and mobility, while reducing transportation needs and costs.

New digital solutions are being deployed to enhance efficiency. These include DocuSign's eSignature offer for signing electronically, as well as collaborative tools to reduce paper consumption and printing. We are also targeting reductions in our data storage needs.

* CANDRIAM data

“Our Purchasing policy and code of conduct try to ensure that the suppliers on our operational value chain take sustainability into consideration.”



What will be your main challenge in coming years?

Our focus will be on further controlling our direct emissions from owned or controlled sources (known as scope 1 emissions under the GHG protocol), and indirect emissions from the generation of purchased energy (scope 2 emissions).

In addition, we will seek to control the consequences of an increased usage of data and computing capabilities, working together with our providers on a sustainable approach. It is easy to think digital has no environmental cost yet this is simply not the case. As such, it is important to consider and limit the impact of all our activities.

Fabrice Cuchet

Chief Operating Officer

To the environment

Ever-more sustainable and responsible workplace

In 2020, CANDRIAM put in place new programs, tools and approaches to reinforce the sustainability of its value chain. These aim to minimise operational carbon emissions, implement a sustainable procurement approach, optimise waste management, and improve the working environment. For the fourth year, Trucost, a leading carbon and environment risk analyst evaluated CANDRIAM's operational footprint and supplier impacts within the value chain.

In 2020, the total footprint of the operational value chain (excluding investments) decreased to 12,065 tCO₂e*. The total operational carbon footprint for 100% of CANDRIAM's activities over 2020 was 613 tCO₂e**, a decrease from 1,730 tCO₂e in 2019, largely attributable to reduced business travel and reduced on-site energy consumption due to Covid-19 protocols. Post-Covid-19, CANDRIAM will continue its focus on reducing energy and optimising business travel. A fleet policy review has prioritised and incentivised the adoption of plug-in hybrid and electric vehicles, with usage already increasing from 5% in 2019 to 15% in 2020. Leasing contracts expiring are replaced by contract with Plug-in Hybrid and electric vehicles.



Sustainable procurement

Yet controlling the carbon footprint should be only one aspect of any company's comprehensive ESG approach, and CANDRIAM is no exception. In 2020, CANDRIAM formalised the basics of its sustainable procurement approach, with a Supplier Relationship Charter and Code of Conduct for all new Tier 1 and 2 vendors, and a preliminary ESG scorecard for vendors.

The charter, which outlines 10 commitments for responsible purchasing, is promoted by the French National Purchase Council (Conseil National des Achats) and the French Ministry of Finance's Credit Mediation Department.

Eco-friendly working environments

Staff in Paris and Switzerland completed moves to new workspaces that reflect CANDRIAM's eco-responsible identity and ethical values. The new working environments are equipped with motion-sensing LED lights, energy-efficient air conditioning, and drinking fountains to reduce plastic bottles and cups. Both sites have replaced traditional meeting rooms with an enlarged video-conference area to encourage remote and hybrid meetings. As always, obsolete equipment was donated or upcycled with help from valued partners.

Use of plug-in hybrid and electric vehicles has increased from 5% in 2019 to



15% in 2020

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

** GHG emissions Scope 1 and 2 emissions.

Key figures

- In 2021, CANDRIAM will offset the 2020-related 12,065 tonnes of CO₂

- In total, CANDRIAM will have offset more than than 34K tonnes CO₂e from its own operational value chain over three years



Commitments in CANDRIAM's suppliers charter

- Reduce the risks of mutual dependence between contractors and suppliers
- Incorporate environmental concerns
- Guarantee fair financial treatment for suppliers

Digitally transforming the work environment

Embracing the technological and digital transformation taking place across the industry, CANDRIAM has put in place three measures to enhance efficiency and collaboration across the firm. First, to improve corporate efficiency, the introduction of DocuSign electronic signature software has reduced the paper burden while decreasing the administrative workload. Second, a firm-wide project launched in 2020 to upgrade the workplace environment with a new operating system (Windows 10) and software (Office 2019, Microsoft 365).

The phased rollout of Microsoft Teams across the firm will create a more efficient working environment while improving remote communication and collaboration, making working life more efficient and collaborative. And third, we have developed in-house tools to improve ESG analysis by our investment managers.

13k

Trees planted so far
with We Forest to offset
emissions from client
events (among others)



Emmanuel Callebaut

Head of Procurement
and Projects

Calculating the carbon footprint of a company is a complex process. Since 2015, we've partnered with the leading carbon and environment risk analyst Trucost, to calculate CANDRIAM's footprint using the standard GHG emission protocol. Our ESG and investment management teams also use Trucost as one of their key data providers.





Responsible citizens

The United Nations
Sustainable Development
Goals (UN SDG) impacted



+350%

Members of CANDRIAM Academy
in 2 years

To our community

“The CANDRIAM Institute for Sustainable Development leads the company’s philanthropic initiatives as an extension of its sustainable investing goals.”

Helena Colle

Global Head of Corporate Development

What is CANDRIAM’s approach to philanthropy?

As a responsible asset manager, we aim first of all for our sustainable funds to reach sustainability objectives. Yet progress towards a sustainable society cannot be achieved via the financial markets alone. This led us to the principle of creating a double impact, from sustainable investment and philanthropic donations. The CANDRIAM Institute for Sustainable Development leads the company’s philanthropic initiatives as an extension of its sustainable investing goals. We look for philanthropy-objectives that complement sustainable investing and align with the UN Sustainable Development Goals (SDG), such as helping reduce inequalities, addressing-poverty, supporting quality education and good health initiatives. SDG themes such as climate action and responsible production and consumption are also part of our remit.

Why does CANDRIAM support ESG education & research?

The financial sector plays a key role in allocating capital to those companies and governments meeting the challenges of a transition to a sustainable and inclusive society. We therefore want to foster a wider understanding of sustainable finance among the investment professionals and financial advisors of today and tomorrow. We are also committed to financing high-quality research focused on key

sustainability themes. Sound economic and financial research that integrates sustainability is a first and crucial step towards sustainable financial decision-making.

Why does the Institute focus on social inclusion and local communities?

The Institute is driven by a belief that social cohesiveness and inclusion are key for any society to thrive. In this context we have chosen in particular to support associations and projects that empower underprivileged youth.

How do CANDRIAM employees contribute to its impact programs?

We have a long tradition of employees getting involved in impact programs. The Helping Those Who Help program is one example where staff sponsor solidarity and community projects close to their heart. The Institute’s board has representatives from across CANDRIAM business units, with staff putting forward most of the associations we support.

60 staff

members (across a range of functions) involved in the philanthropic initiatives led by the CANDRIAM Institute

To our community

Philanthropy

CANDRIAM sets aside 10% of net fees earned from several of its sustainable and thematic strategies to fund the CANDRIAM Institute for Sustainable Development's multi-year philanthropic programs.

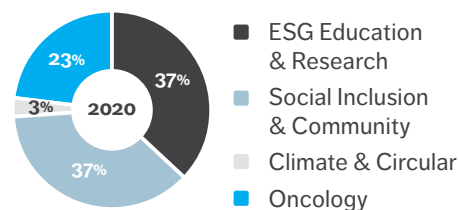
Oncology and the fight against cancer

The Institute provides aid for scientific research and social projects associated* with oncology and cancer support, selecting leading cancer research and prevention institutes in Europe and beyond.

Social inclusion and the community

In 2020, the CANDRIAM Institute initiated promising local partnerships including a mentoring program for youth (Article 1), social support for Sciences Po students in France, and a scholarship fund for aspiring tertiary students at the Maastricht University in the Netherlands. Through the Démos program, the Institute inspires children from underprivileged backgrounds to learn classical music, as culture can be a strong lever of empowerment. Given Covid-19, a specific budget was allocated in 2020 towards Covid-19 relief programs** throughout Europe. CANDRIAM also responded to the AFG appeal for solidarity with Lebanon***. CANDRIAM also supported the mission of Goods to Give in Belgium to redistribute donations of unsold non-food products to Belgian poverty-organisations, thereby alleviating poverty and reducing waste. Helping Those Who Help, an employee-supported initiative that helps charities meet their social inclusion goals, celebrated 19 years in 2020. CANDRIAM donated a record €200,000 to 17 charities tackling youth & education, social distress & extreme poverty, and intellectual/rational disabilities.

Donations 2020 €2 million



Academic partnerships for ESG education and research

To promote ESG education and research, 2020 saw a new academic partnership with the London School of Economics and Political Science' Grantham Research Institute on Climate Change and the Environment (GRI), focusing on the just transition. In Belgium, CANDRIAM launched a new Chair in Regenerative Economics with UCLouvain, one of the world's oldest research universities, and created the Centre for Sustainable Finance with the Vlerick Business School. The centre will research how Artificial Intelligence can measure scope 3 greenhouse gas emissions, among other topics. Once again, CANDRIAM supported Climate Investment Challenge, by Imperial College Business School****, encouraging graduate students to develop creative financial solutions to address climate change. These initiatives are part of CANDRIAM's continued support to other academic partners like the Kedge Business School in France, FDIR and LUMSA Università in Italy. The CANDRIAM Academy also expanded in size and scope, launching French, Swiss and US versions, and a circular economy module. It now counts 5,700 members, a 350% increase in two years.

* Associations in Belgium (the Foundation Against Cancer), Luxembourg (Fondation Kribskrank Kanner), Japan (National Cancer Center, and the Japan Cancer Society), Spain (Asociación Española contra el Cáncer), Switzerland (Krebsforschung Schweiz), France (Gustave Roussy), Germany (Georg Speyer Haus), UK (Macmillan Cancer Support), Italy (Fondazione IRCCS Istituto nazionale dei Tumori) and international research network BIG against breast cancer. 2020 donations are paid in 2020 and 2021.

** Covid-19 relief programs.

*** AFG document for appeal for solidarity with Lebanon.

**** <http://www.climateinvestmentchallenge.com>



Protecting the environment

With South Pole, in 2020, CANDRIAM has compensated 24,833 tons of CO₂ in order to offset the carbon footprint of its dedicated strategy investing in companies bringing solutions to fight climate change. South Pole invests on CANDRIAM's behalf in projects that support reforestation, renewables and energy efficiency, all of which bear 'Gold Standards for Global Goals' certification*.

CANDRIAM also pursues a dedicated investment strategy to encourage long-term investment in companies providing new technologies and innovations to transition to a circular economy. True to its double impact philosophy, CANDRIAM donates up to 10% of this sub-fund's net annual management fees to organisations contributing to a circular economy. The first beneficiary in 2020 was Close the Gap, an international social enterprise that bridges the digital divide by offering high-quality, pre-owned computers donated by companies, to social projects in Europe and in developing countries.



10%
of net management fees earned on several sustainable and thematic strategies set aside for the CANDRIAM Institute's Initiatives

Forest Green Rovers Community scores big**

Building on its partnership with the Forest Green Rovers***, described by the United Nations as the 'greenest football club in the world', in 2020 CANDRIAM financed the CANDRIAM Kids Fund. With the support of this fund, the FGR Community team

delivered nearly 900 meals to vulnerable families and individuals, held school holiday activities, and is tackling the risk of children being recruited into County Lines drug networks.



David Czupryna

Head of ESG Development

The growth of the CANDRIAM Academy's membership**** and its engagement in 2020 is really impressive. It demonstrates that investors, and the public in general, are willing to increase their ESG knowledge.

We are dedicated to answering this need and strive to continue adding new modules on more specific and advanced subjects. This is what compelled our decision to organise regular ESG Talks, our ESG roundtables that have consistently gathered large audiences (around 500 members) to listen and exchange with industry experts on current sustainability challenges, which are part of their daily lives.

* Gold Standards for Global Goals certification is a standard implemented by the WWF, several NGOs and various other bodies in academia and the private sector, and is designed to quantify the extent to which these projects match up to the UN's Sustainable Development Goals (SDGs) ** Not within the remit of Candriam Institute, but financed through the company's sponsoring budget *** <https://www.fgr.co.uk> **** <https://academy.candriam.fr>

CSR AWARDS

CANDRIAM garnered more than 60 awards in 2020, doubling the achievements recognised in the previous year, despite the pandemic. Awards included recognition of CEO Naim Abou-Jaoudé's corporate leadership, with a Silver award from Financial News for Industry Leader of the Year 2020.



UN Principles for Responsible Investment

The UN-backed Principles for Responsible Investment network awarded CANDRIAM A+ for its overall PRI transparency report and invited CANDRIAM to join the Leaders' Group for climate practices, recognising our climate reporting.



ESG Investing Awards

The ESG Investing Awards assess and evaluate the best companies involved in ESG investing around the world. In 2020, CANDRIAM was ranked the best ESG ETF Provider for the UK.



Hirschel & Kramer

The Hirschel & Kramer Responsible Investment Brand Index analysed 284 European asset managers for their ability to embed responsible investment approaches in their brand. CANDRIAM ranked third for best overall score, repeating its 2019 achievement.



Hedge Funds Review

CANDRIAM was among top ESG/SRI management companies in the UK/Europe region at the annual Hedge Funds Review European Performance Awards. The citation underscored CANDRIAM's pioneering role in sustainable and responsible investment since 1996.



Broadridge Fund Brand 50

In Broadridge's annual report on the brand success of European asset managers, CANDRIAM ranked second in the Best ESG brand category, and climbed to a record-high of 24 as Best European Brand.



Environmental Finance

The online news and analysis service Environmental Finance named CANDRIAM's oncology strategy fighting against cancer as Social Fund of the Year.

Sustainable value created for our key stakeholders

To our employees

KPI* (%)	2018	2019	2020	Target	Notes & reference to disclosure standards
Women share of total workforce	34%	33%	34%	40% in 2023	GRI (102-8) ; GRI (405-1b); SASB (FN-AC-330a.1)
Women in top management (EXCO)	17%	16%	16%	30% by 2025	GRI (102-22) ; SASB (FN-AC-330a.1)
Women in Management Committee	23%	22%	24%	30% in 2025	GRI (405-1b); SASB (FN-AC-330a.1)
Women Men Equality Index (French indicator based on CANDRIAM France figures only)**	-	84%	75%	-	GRI (405-2)
Women in the new hires	35%	35%	45%	50% < 30 years in 2021	GRI (401-1a) / Minimum of 50% women for <30 yrs professionals from 2021 - 50% of all graduates hired are women / Shortlists for searches need to have at least 2 women
Staff having followed non-mandatory training during the year	-	81%	87%	80%	
Staff CANDRIAM Academy Accredited	-	55%	51%	100% in 2022	

Sustainable investing

KPI* (%)	2018	2019	2020	Target	Notes & reference to disclosure standards
ESG Bonds*** in total fixed income assets - Green/Social/Sustainability bonds	4.2%	6.5%	8.2%	-	
Sustainable investments in total AUM	31%	33%	63%	-	PRI OO 16
AUM carrying a formal ESG/SRI certification or label****	4%	6%	17%	-	PRI OO 16.1
AUM targeted low-carbon or climate resilient investment	7%	9%	40%	-	PRI OO 17
Carbon footprint Candriam SRI funds (tCO ₂ -eq/Mio € Revenues) *****	149,4	109,4	145,8	-	
Carbon footprint Candriam SRI funds' benchmark (tCO ₂ -eq/Mio € Revenues)*****	282,7	220,5	222,4	-	

* All figures calculated by CANDRIAM except otherwise mentioned

** <https://travail-emploi.gouv.fr/droit-du-travail/egalite-professionnelle-discrimination-et-harcèlement/indexegapro>

*** source: Bloomberg

**** funds carrying at least one the national French SRI label, the Belgian Towards sustainability label or the ESG Luxflag label

***** Candriam SRI and Sustainable funds range covering Equity, Fixed Income and Asset allocation funds - total AUM : 9.6 bn € in 2020, 6.2 bn €, 3.5 bn € in 2018-2019 for more details <https://www.candriam.com/en/professional/market-insights/topics/sri/montreal-carbon-pledge--candriam-discloses-its-carbon-footprint-2020/>

Sustainable value created for our key stakeholders

To the environment

KPI*	2018	2019	2020	Target	Notes & reference to disclosure standards
CANDRIAM total carbon emissions scope 1-2-3 upstream (tCO₂ eq)	11,464	12,812	12,065	-30% in 2025 versus 2019	GRI (305 1-2-3) CDP (C6) GHG Protocol - 2020 data impacted by covid crisis
CANDRIAM Business Travel Emissions (tCO₂ eq)	1,088	1,178	139	-	GRI (305 1-2-3) CDP (C6) CDP (C7) GHG Protocol - 2020 data impacted by covid crisis
CANDRIAM Energy Footprint (tCO₂ eq)	249	159	132	-	GRI (305 1-2-3) CDP (C6) CDP (C7) GHG Protocol - 2020 data impacted by covid crisis
CANDRIAM Vendors Related Footprint (tCO₂ eq)	3,906	4,198	4,266	-	GRI (305-1-2-3) CDP (C6) CDP (C7) GHG Protocol - 2020 data impacted by covid crisis
CANDRIAM Offset Program (tCO₂ eq)	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)	-	coverage of CANDRIAM operational emissions
CANDRIAM carbon footprint scope 1-2- 3 upstream (tCO₂ eq/m€ revenues)	47.9	45.8	42.6	-	GRI (305-4) CDP (C6.10) GHG Protocol - 2020 data impacted by the Covid-19 crisis
Paper Consumption (tonnes)	3.5	3.6	1.5	-90% in 2025 versus 2019	-

* All figures calculated by Candriam and Trucost except otherwise mentioned

CANDRIAM's policies

Investment pillar

[Proxy Voting Policy](#)

[Stewardship Policy](#)

[CANDRIAM Exclusion Policy](#)

[Responsible Investment policy](#)

[ESG integration policy](#)

[Climate Policy](#)

[Investment strategy transparency codes](#)

Governance pillar

[Policy for identifying, preventing
and managing conflicts of interests](#)

[Remuneration Policy](#)

[ESG Promotion & Policy Influence](#)



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