



Sustainable Investing.

For the past 25 years, Candriam has endeavoured to unlock the potential of ESG analysis to identify and manage the sustainability risks and opportunities to which investments are exposed, as well as their positive or negative contributions to sustainability challenges.





To do this, Candriam conducts in-depth analysis into the sustainability characteristics of corporate and sovereign issuers. For corporate issuers, Candriam examines both what a company does (Business Activity Analysis) and how it operates (Stakeholder Analysis). For sovereign issuers, we consider how sustainably each country manages its four forms of sovereign capital (natural, human, social and economic capital). Candriam’s proprietary ESG analytical frameworks also integrate materiality, i.e. variations in the relevance of ESG factors to the sustainability of different companies, depending on their sector, and to different countries, depending on their specific circumstances.

Our ESG analytical frameworks are implemented by 26 experts within our ESG Investments & Research Department, including dedicated corporate and sovereign ESG analysts, voting & engagement analysts, ESG quantitative analysts and ESG client portfolio managers.

In 2024, we published our Biodiversity Strategy, reflecting the crucial role of ecosystem services (such as pollination, water purification and climate regulation) in the welfare of our economies and societies. Today, biodiversity is under threat due, for example, to habitat destruction, pollution and resource over-exploitation. Our [Biodiversity Strategy](#) defines

a proprietary analytical model for evaluating companies’ exposure to biodiversity risks and their management of their biodiversity impacts.

In 2024, we also further refined our analytical model for the banking sector, notably through research into the relationship between banks’ lending and underwriting activities and climate impacts and transition risks. We integrated qualitative assessments of banks’ fossil fuel exposures, exposure to green activities and their environmental strategies.

In 2024, Candriam’s ESG analysts also explored the topic of artificial intelligence, its applications and their potential impacts.



Case Study **Bespoke European Equity Mandate**

In 2024, Candriam onboarded a new sustainable mandate investing in European equities for a European pension fund. Our modular, flexible ESG framework allows us to implement the exclusions required by the pension fund, as well as its specific ESG categorisations. Thus, in addition to Candriam’s ESG ratings, we analyse and classify each issuer according to a sustainable investing framework defined by the pension fund. This framework focuses on assessing the activities of an issuer as well as the manner in

which it carries out these activities and results in a categorisation of each issuer into one of five categories. Specific exclusion requirements are revised at least once per quarter. They cover activities that are integrated in Candriam’s Exclusion Policy for sustainable portfolios, such as coal, oil and gas and tobacco, as well as client-specific thresholds, for example a threshold pertaining to fur producers.

In the context of this mandate, we also draw on our sustainability research capabilities

to provide tailored investment cases for all portfolio holdings, which include comprehensive sustainability and financial analyses presented in formats defined by the pension fund. These include, for example, in-depth analysis of the sustainability of each invested company’s business activities and stakeholder management practices.

Further, Candriam engages with issuers on specific sustainability themes, drawing on the expertise of our dedicated Proxy Voting

& Engagement Team. The definition of the engagement targets results from the pension fund’s sustainable investing framework and priority topics. Topics that are of particular interest in the context of this mandate include, for example, biodiversity, circularity, labour rights and equality. In close cooperation with the investor and in alignment with its exclusion requirements, we will implement engagement-led divestments if engagement campaigns do not yield satisfactory results.



Case Study **Bespoke European Equity and Global Credit Mandates**

Candriam manages two custom mandates for a European pension fund: one invested in European equities and one invested in global credit. These mandates were set up to offer the pension fund a solution in line with its risk and return objectives and socially responsible investing charter, based on Candriam’s expertise in managing mandates with tailor-made financial constraints and sustainability requirements. We support the pension fund throughout the life of the mandates and, notably, can seamlessly integrate changes should its investment policy evolve.

In 2024, Candriam closely collaborated with the pension fund to implement an updated, bespoke definition of sustainable investment, tailored to its investment constraints.

In the context of these mandates, we also implemented specific client-requested controversial activities exclusions including those in line with the EU Paris-aligned benchmarks¹. Further, the mandates incorporate year-on-year and absolute decarbonisation targets in line with those benchmarks.

Candriam implemented new KPIs to closely monitor the mandates’ climate-related objectives. For example, progress against the climate strategy is measured via temperature alignment. We also integrated broader ESG KPIs, such as the improvement of the mandate’s ESG score compared to that of the universe.

Finally, we customised the reporting for these mandates to align with the new investment constraints and KPIs.

1. Paris-aligned benchmark exclusions are related to coal, tobacco, legally banned weapons, oil and gas and electricity generation as well as violations of UN Global Compact principles. For more information on EU Paris-aligned benchmark please see the [legislation](#).

Ensuring the Robustness of our Stewardship Policies.

At Candriam, engagement and voting are essential parts of our sustainable investment approach. We actively engage with issuers through direct and collaborative dialogue, vote at shareholder meetings for all relevant holdings and collaborate with other stakeholders. Our objective is threefold: garner an in-depth understanding of issuers that informs investment decisions, encourage transparency on ESG data and drive improvements in sustainability practices. Thus, the process is a virtuous circle: our engagement process is informed by our ESG analysis, and the outcomes of our engagement activities inform our ESG analysis and investment strategies.

Our main themes of engagement have evolved over time from three in 2015 to five in 2024:

- Climate change
- Biodiversity and natural capital
- Human rights
- Human capital
- Governance and business ethics



2. Limiting the AUM scope to corporates invested in direct lines (both through equity and fixed income instruments) in funds or mandates for which Candriam ensures the management activity.

A consistent point of view and unified approach to dialogue and voting activities are essential for Candriam for efficient stewardship. With the above five conviction topics in mind, our ESG analysts, Proxy Voting & Engagement Team and portfolio managers work together to identify the engagement opportunities to pursue with specific issuers.

The scope of our engagement activities encompasses our whole investment universe, including the full range of corporate and sovereign bond and equity issuers across regions. We also engage with entities that can influence broader positive change at the regulatory or market levels.

Our dedicated Proxy Voting & Engagement Team, created in 2016, comprises five analysts. They coordinate dialogue and voting activities across Candriam, working closely with our ESG analysts and portfolio managers, who are regularly informed of engagement activities and often contribute to dialogues.

In 2024, we engaged 226 individual corporate issuers through direct dialogues, representing 32% of our AUM². We also engaged 644 corporate issuers via collaborative dialogues. Some of these engagement initiatives were in reaction to exceptional events, such as acquisitions, controversial events or business model changes. However, proactive engagement, for example via thematic campaigns, remains our focus and principal way of conducting dialogue.

Our dialogue with corporate issuers goes hand-in-hand with our exercise of voting rights.

Candriam’s Proxy Voting Policy is articulated around four core areas of attention:

- **Shareholder rights**, including the rights to trade shares, participate in and vote at general meetings, elect members of the board, share fairly in distributable profits and elect auditors
- **Equal treatment of shareholders**, with all shareholders in the same class treated equally and in accordance with the one share, one vote policy
- **Board accountability**, with board members being fully informed and acting in the sustainable medium- and long-term interests of all shareholders
- **Transparency and integrity of financial statements**, so that accurate and transparent financial information is disclosed and independently audited for the benefit of all shareholders

In 2024, we made our voice heard in 1,901 meetings. While globally we supported 71% of management resolutions, in 80.4% of meetings, we cast at least one vote against management.

We published our first Engagement and Voting Report in 2009 and since then have continuously aimed to increase the transparency of our reporting, while paying close attention to the expectations of our clients and society more broadly. For additional details about our engagement and voting activities, please refer to our [2024 annual Engagement and Voting Report](#).

Candriam Investment related policies

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| Candriam ESG Integration Policy | Candriam Exclusion Policy |
| Candriam Proxy Voting Policy | Candriam Climate Policy |
| Candriam Engagement Policy | Candriam Human Rights Policy |

Candriam Investment related (incl. previous) disclosures

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| 2023 UN PRI Report | 2024 SFDR Principal Adverse Impact Statement |
| 2023 UN PRI Assessment Report | SFDR Article 10 Documentation |

