



ENGAGEMENT REPORT

Annual Review 2018

FOREWORD

Integrating **ESG** factors into the financial analysis of companies, engaging in constructive dialogue with them to encourage best practices and exercising the shareholder vote should be the norm for any committed investor for whom ESG is more than just three letters. At Candriam, these three actions have been a reality in our daily lives as investors for nearly 20 years.

This year, Candriam engaged directly with **153 companies**, via meetings, conference calls and emails. While the number of companies contacted remains stable compared to last year, the level of response is higher, **above 60%**. This is the result of continuous efforts but also of our selective approach to the questions we put to issuers.

More than ever, we are actively involved in collaborative initiatives, too, taking the lead on several target companies. Collaborative initiatives are crucial to effective impact. In 2018, we joined 10 new programmes to ensure a consistent message from asset owners to corporates and policymakers worldwide.

Energy Transition, Fair Working Conditions and **Business Ethics** are our priority themes, where we believe that, as investors, we can create tangible impact. Concentrating on these priority themes allows us to identify and lead best practice, to ensure meaningful and achievable interaction and to avoid tokenism or market 'fads'.

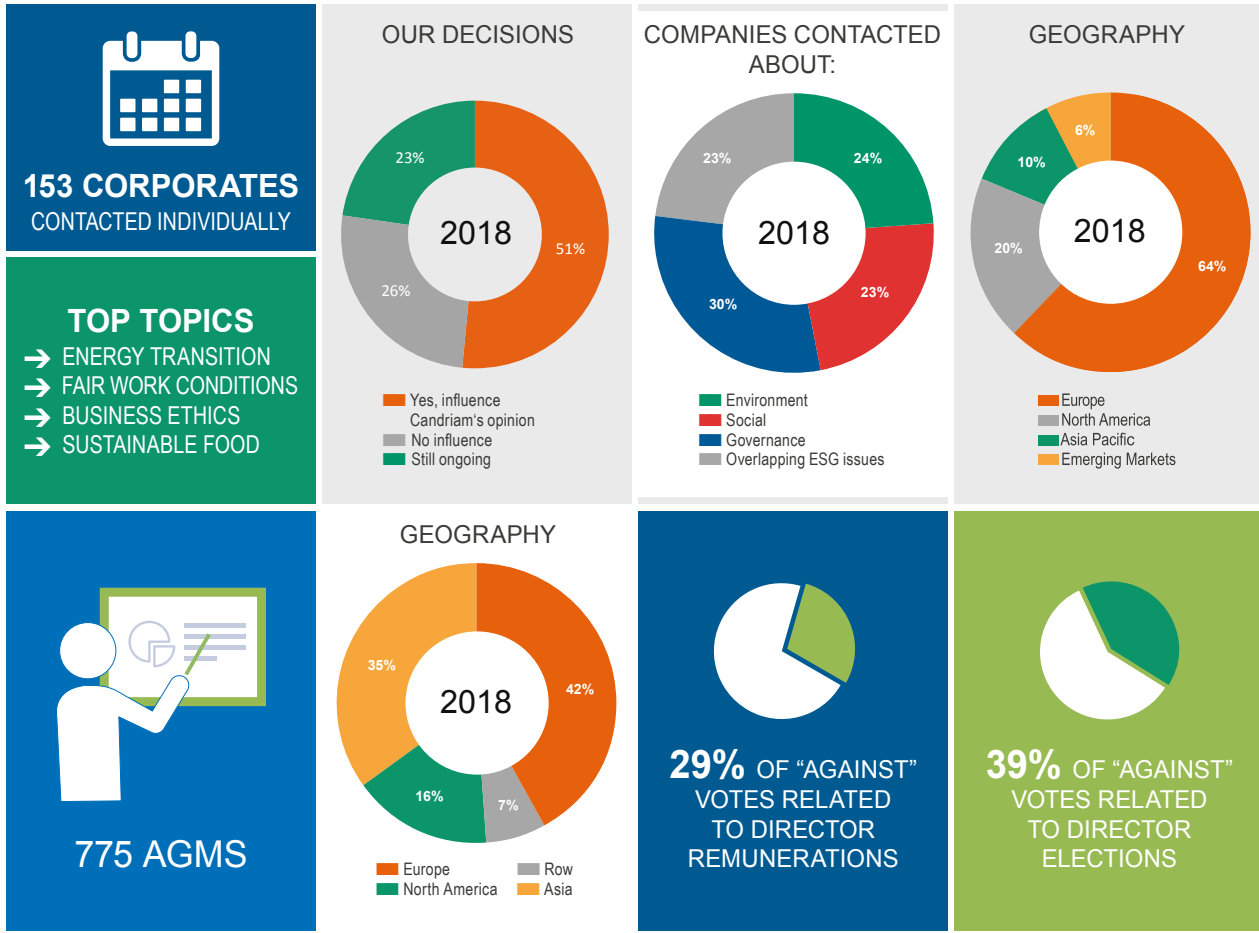
We are particularly active on the topic of Energy Transition, both in our direct and in our collaborative initiatives, and are, for example, very pleased to actively support the CA100+ initiative, which, by demanding more transparency on effective operational targets, has definitely helped to shift the lines on climate this year. But other initiatives such as those on Responsible Tax or Cybersecurity, both led by the PRI and which put more to the forefront emerging issues, are initiatives that companies have long been reluctant to speak on.

Engagement on financially material issues enhances the stability of, and confidence in, financial markets, long-term value creation and social good. It also progressively and definitely embraces the path of ESG integration, which is supported by new regulations such as the new EU Shareholder directive.

As part of our actions to further promote responsible investments, we continue our sponsorship of the research chair of FDIR (Finance Durable et Investissement responsable), first supported in 2007. Additionally, our [Candriam Academy](#), a year after its launch, has reached its 1000th member. Increasing the languages and learning modules, it is now set to expand from the UK, Germany and Italy into France, Belgium, the Netherlands, Switzerland and Spain.

2018 has been a year of exciting **challenges** and notable achievements, as our report demonstrates.

THE YEAR AT A GLANCE TO BE REVIEWED



WORKFORCE DISCLOSURE INITIATIVE



CORPORATE TAX RESPONSIBILITY
CYBER SECURITY
PRI-led initiatives

Signatory of: **PRI** Principles for Responsible Investment **A+**

UK STEWARDSHIP CODE
TIER 1 RATING



ANTIBIOTICS RESISTANCE & SUSTAINABLE PROTEIN

TABLE OF CONTENTS

FOREWORD	2
THE YEAR AT A GLANCE	3
TABLE OF CONTENTS	4
1. PREVALENT TOPICS OF ENGAGEMENT IN 2018	5
2. BUILDING DIRECT DIALOGUE WITH ISSUERS	10
2.1 Geographic and Sector breakdown of Dialogues	11
2.2 Context of dialogue	12
2.3 Dialogue topics	13
2.4 Dialogue Status & Outcome	14
3. JOINING COLLABORATIVE INITIATIVES	16
3.1 Candriam's sustainable commitments	16
3.2 Continued Collaborative Initiatives	18
3.3 New Collaborative Initiatives signed in 2018	19
3.4 Overview of targeted issuers	23
4. EXERCISING OUR VOTING RIGHTS	25
4.1 2018 Proxy Voting Overview	25
4.2 Shareholder Resolutions Overview	26
4.3 Proxy Voting Engagement	26
5. PROMOTING SUSTAINABLE DEVELOPMENT	27
5.1 Industry Associations & Responsible Investment Working groups	27
5.2 Other initiatives & events	28
6. ANNEX	30
6.1 Information on our collaborative initiatives	30
6.2 Overview of our direct dialogue	43
7. TO KNOW MORE	51

1. PREVALENT TOPICS OF ENGAGEMENT IN 2018

Candriam considers engagement activities as integral parts of its fiduciary duty, as they contribute to a better assessment of the ESG risks and opportunities faced by issuers, prompting improvement in the way they manage them¹.

Since 2015, Candriam has promoted three long-term engagement topics (our 'conviction topics'), namely:



The current chapter gives an overview of the engagement activities performed in relation to these conviction topics but highlights other important topics of dialogue, too, during the period under review.

ENERGY TRANSITION



This year took the momentum of 2017 even further: climate definitively entered the financial market arena. Collaborative initiatives related to climate are prevalent amongst those Candriam is involved in.

Without a doubt, 2018 was the year of the **Climate Action 100+** initiative. Launched by the PRI in collaboration with several networks, it engages with more than 200 of the world's largest corporate gas emitters. The initiative clearly helped (a) to push **scenario analyses** to the **top of the agenda** and (b) to **set up science-based targets, including** – when relevant – **Scope 3 targets**, with, among other things, several CA100+ investors making a public statement at the annual meetings.

During this **proxy season**, Candriam actually supported six out of the eight environmental resolutions submitted by shareholders². In practice, collaborative and individual dialogues are mutually supportive. **Royal Dutch Shell** (Energy, Europe) is a good example, since Candriam has engaged both collaboratively and individually with Shell through CA100+. In late 2017, the group actually released its Net Carbon Footprint ambition, targeting, by 2050, 50% fewer greenhouse gases per unit of energy when used by its customers. In the framework of our pre-AGM dialogues, and in support of the Follow This resolution, we demanded more transparency on effective operational targets and discussed with them the link between emissions targets and board remuneration.

For the 15th consecutive year, we renewed our support for CDP. We were lead investor for more than 40 corporations (for Climate/Water/Forest survey), encouraging, more specifically, 23 of them to answer the Climate questionnaire. About 30% of these answered our request positively, increasing the number of responsive issuers. Such **data** are all the more important to investors in that they **feed our systems**, enabling us to better **track our portfolios' footprint** and **adapt investment decisions**. They also help us to fulfil our **own commitments**, such as the **Investor Agenda** we joined in 2018 and the September-released new **Candriam Coal policy**.

¹ Please consult the Candriam Stewardship policy for more information on our engagement policy and missions <https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf>

² More detail in our voting report <https://www.candriam.co.uk/494b47/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxyvotingannualreview2018.pdf>

Besides, and boosted by other initiatives such as the **Decarbonisation Initiative** that we also support, over 480 global corporations, from 38 countries, have made science-based emissions-reduction commitments, an almost-40% increase from the previous year.

Energy transition was also one of our favourite conviction topics within direct dialogues, Energy/Utilities/Chemicals being the Top 3 target sectors.

Dominion Energy (Utilities, US) was hence part of our dialogue target, involving exchanges on climate governance & risk management, strategy and implementation as well as climate reporting. Following the completion of the Scana acquisition, given this latter's extensive coal exposure, we actually started discussions on its consequences for the group's strategy for lowering carbon dependency.

We **also continued to engage with the financial sector**, such as with **Standard Chartered** (Bank, Europe), whose CEO announced a review of the group's coal policy during its AGM. We asked for further alignment with what we consider as best practices: commitment to the prohibition of financing new coal projects and a time-bound plan to phase out existing exposure to thermal coal-related assets. In line with the *Statement of Investor Commitment to Support a Just Transition on Climate Change* that we signed in 2018, we also asked Standard Chartered to impose strict financing conditions on coal-exposed clients, such as fixing carbon emissions / carbon intensity performance-linked lending conditions and supporting the transition to lower carbon-intensive activities: such conditioned financing will help us better consider (and mitigate) consequences on the workforce and local communities of site closures or changes in activity.

In September, we commended Standard Chartered's new policy as it sent out positive signs about most of the concerns listed in our initial letter. We are, nevertheless, continuing the dialogue with the company to discuss further the associated timeline and lending / financing practices.

FAIR WORK CONDITIONS



Human capital is a company's core asset.

Respect of labour and fundamental human rights standards are, however, still an issue in many industries cross the globe, with high variations depending the industry or the region.

The three related collaborative engagement initiatives active in this field and that we were most involved in during 2018 are:

- The **Bangladesh Investor Initiative** (supported since 2013, ICCR-led)
- Labour Practices in the agricultural supply chain (supported since 2016, PRI-led)
- The **Workforce Disclosure Initiative** (supported since 2017, ICCR-led)

The main lesson learnt from these engagements is that perseverance is key and that **supply chain complexity is definitely slowing down the improvement process** in this field.

In the case of the **Bangladesh** initiative that we have supported for more than 10 years, the sustainability of The Accord on Fire & Building Safety's (The Accord) results are **at risk**. More than half the 1,679 garment factories covered have completed 90% remediation but the premature shutdown of The Accord would leave workers in unsafe circumstances and jeopardize companies' ability to source from a safe industry. This explains why we continue to actively fight to maintain the mechanisms in place.

The Workforce Disclosure Initiative confirms this: many of the difficulties highlighted by target companies when answering the questionnaire are linked to the **difficulty they have in reporting on data beyond Tier-1 suppliers and on influencing practices at this level**. While innovative and collaborative approaches exist, like global or local agreements with trade unions or NGOs, for instance, to work on improving practices, they remain a minority.

In our direct dialogue with companies, we continue to address the Fair Work Conditions topic. No one sector is specially targeted but consumer-oriented sectors remain the main targets. We, for instance, continued engaging with **Carrefour** (Food and Staples retailing, Europe) on their supply chain monitoring and chose to look more into details of the way they had practically dealt with the CP Food case when this supplier was accused of human trafficking. These exchanges enabled us to **better understand purchase department ESG-related procedures, as well as the criteria adopted by the Food & Staples retailer to maintain, exclude, suspend or readmit suppliers** into their approved sourcing list.

Even if Myanmar accounts for less than 1% of its revenues at the moment, we also exchanged with **UniCharm** (Food & Beverage, Asia Pacific) on its activities in this region of the world and the challenges they face under workers' and human rights' perspectives. We could thus handle the subject of their on-going human rights policy review as well as the projects under consideration to better monitor and improve the situation for **operations in countries considered non-democratic**.

In the US, as well, we contacted **BB&T** (Bank, US), in relation to **overtime compensation** rules and, more generally, over its associates' motivation and the measures in place for ensuring the **development and retention of collaborators**. This gave us the opportunity to discuss the internal human resources organisational structure as well as the recruitment and talent programmes in place, and to get a clearer view of the scope of past compensation claims and the impact of these on internal procedures.

When looking at the social resolutions we voted this year during the **proxy season**, most received our support. In particular, **Candriam supported all employment diversity, and Gender Pay Gap, shareholder resolutions**. In the case of Woolworth's (Food and Staples Retailing; Asia Pacific), on the contrary, Candriam decided to reject a resolution on Human Rights reporting as progress on labour rights risk management and active collaboration with industry bodies on the issues of underpaid workers were considered satisfactory by our analysts.

BUSINESS ETHICS



The materiality of Business Ethics is a reality for companies facing tougher enforcement of the law (US FCPA, UK Bribery act, EU settlements, OECD BEPS programme) and greater public scrutiny – the latter fed by a wide range of stakeholders. The potential cost of negligence may be heavy on reputation, operation and finance. Transparency and fairness are key.

Under this conviction topic, we decided, in 2017, to sign two collaborative initiatives addressing specific sensitive issues for corporates: **Corporate Tax Responsibility and the Engagement on Cybersecurity**, both led by the PRI.

As lead investors for these initiatives, we noticed a shared **apprehension on the part of target companies to disclose** more on these issues as they consider more transparency will place greater risk on their activity: the fear of weakening the protective shield in the case of cybersecurity and of losing competitive advantage when talking – in the case of tax – about country-by-country reporting, and above all, the fear of seeing figures and information misinterpreted.

In the dialogue with companies, it was thus crucial to explain why, for an investor, more information is expected on these topics considered as potential risks and on how this information helps to better understand companies' internal organisational structure on these subjects as well as the related challenges they face. Our exchanges suggest possible paths for improvement, navigating between investors' needs and companies' practical reluctance or deadlocks.

The fight against **corruption** remained otherwise high on our engagement agenda, with, for instance, continued engagement with **Novartis** (Pharmaceuticals, Europe), following the announcement in early 2018 of the investigation in Greece into the company's alleged involvement in bribing senior Greek officials. While no comment could obviously be made on ongoing internal/official investigations, exchanges offered us the opportunity **to discuss the company's shift from rules-based to principles-based compliance**, as well as the potential need for culture changes, **debating on how processes can drive misconduct**.

Focusing on another area, which shows how diverse topics of exchange can be when dealing with Business Ethics, we continued dialogue this year with **Tesla** (Automotive, US), as we definitively thought it was time to move towards a **governance structure** enabling the avoidance of risks arising from an accumulation of responsibilities and functions. After Tesla's announcement of governance changes, we continued exchanging with the company, discussing operational challenges and the further **risks and opportunities brought by the new technologies** involved in Tesla's vehicles. Indeed, while recall risks may be reduced thanks to the possibility of remote software updates, the protection of personal data (with an on-board camera, for instance) is also a big challenge for the business.

The 2018 **proxy voting** season is also a key moment during which to address companies' political contributions and lobbying activities: **Candriam voted in favour of all 18 resolutions on the AGM agenda**.

SUSTAINABLE FOOD, BIODIVERSITY & PROTECTION OF RESOURCES



The combined pressure of population growth and climate change are jeopardizing our natural and limited resources at a level never reached before. In parallel, the globalisation of diets high in energy, saturated fat and simple sugars is putting at risk our health. Sustainable food appears to be a major positive trend factor when dealing with these two issues.

In that respect, and for the past 2 years, Candriam has decided to sharpen the focus on this topic, insisting on the need for improved traceability, a healthier-oriented product strategy and social & environmental impacts at supply-chain level for the whole consumer industry.

In addition to the two FAIRR-led collaborative initiatives on **Sustainable Protein** and **Antibiotic Use**, Candriam this year joined the **Investor Collaboration on Farm Animal Welfare (BBFAW)**. While we have already used BBFAW assessment in our ESG analysis of companies, our interest in this initiative has been driven by recurring food scandals & traceability/quality concerns at operations or supply level, tightening regulatory requirements on animal welfare and on food safety and quality, as well as growing consumer interest.

The **Plastics** issue also gained **momentum** this year, with strong community, media and investor interest. Alongside the partnership with As You Sow and other investors, we contributed to the launch of the **Plastic Solution Investor Alliance (PSIA)**, targeting several consumer companies and building on the experience of As You Sow in the United States in this field. The aim of PSIA is actually to challenge companies and prioritize actions on reduced-use-of-plastic goals, on more reusable/recyclable plastic packaging and on the development of alternatives, while broadening producer responsibility. This initiative will work in close relationship with the New Plastics Economy Global Commitment launched by the Ellen MacArthur Foundation.

In much the same vein as the above, and because current production levels are putting inadequate pressure on earth-limited natural resources, we joined phase II of the **PRI-led engagement initiative on Water risks**, targeting the retailing, textile and food industries.

And lastly, **within our direct framework dialogue** and alongside our support for the **Access to Nutrition Index**, Candriam launched a **dedicated engagement campaign on sugar**.

Indeed, as sugar is mainly responsible for the spread of obesity and other metabolic syndrome diseases, national governments have started considering policies and regulations to reduce sugar consumption, and consumer patterns are slowly evolving towards lower sugar content diets.

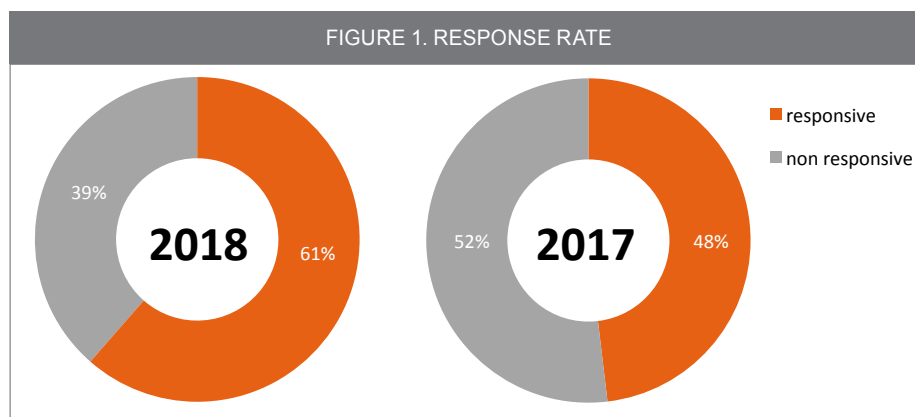
We contacted some twenty global food & beverage companies to discuss this paradigm shift, how they are adapting and/or anticipating change, all of this with an agricultural chain under strong economic & environmental pressure. The discussion paper, including the outcomes of the aforementioned campaign, will be published on our website at the beginning of quarter 2, 2019.

2. BUILDING DIRECT DIALOGUE WITH ISSUERS

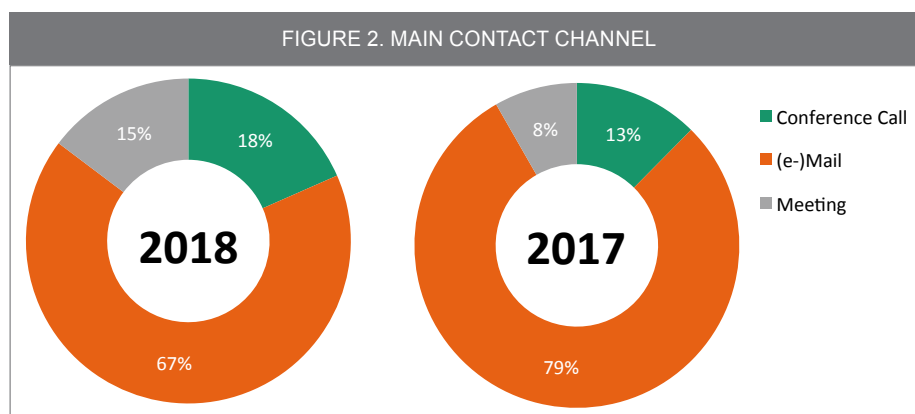
Direct engagement is part of Candriam’s sustainability analysis process (Best-in-Class, Norms-Based and/or Controversial-Activity analysis). It takes the form of a dialogue among sustainability analysts, company representatives and other stakeholders. The goal is to increase a company’s awareness as well as its transparency on specific sustainability-related themes but also to possibly influence corporate operational practices.

In 2018, Candriam engaged, via (e-)mail, meeting or conference call, with 153 companies (vs 133 in 2017), which represents 163 dialogues (vs 145 in 2017, same scope).

Engagement is a long-winded and time-consuming activity for both investors and corporates. However, while the number of issuers remains comparable to last year, we enjoyed a higher response rate, which jumped from 48% last year to 61% in 2018: 94 companies agreed to enter into dialogue. This can be explained by a more selective approach in our questions to issuers, putting forward the risks & opportunities considered at stake.

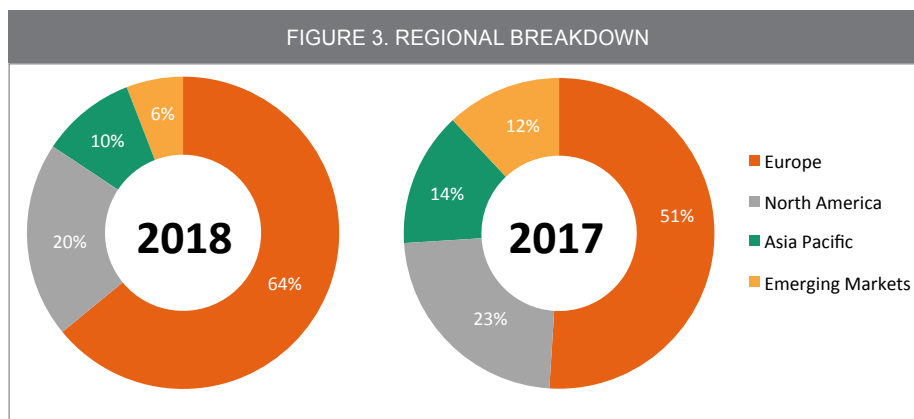


As shown in the figure below, taking all dialogues into account, most contacts and exchanges continued to be via e-mail even if the share of meetings and calls proportionally increased.

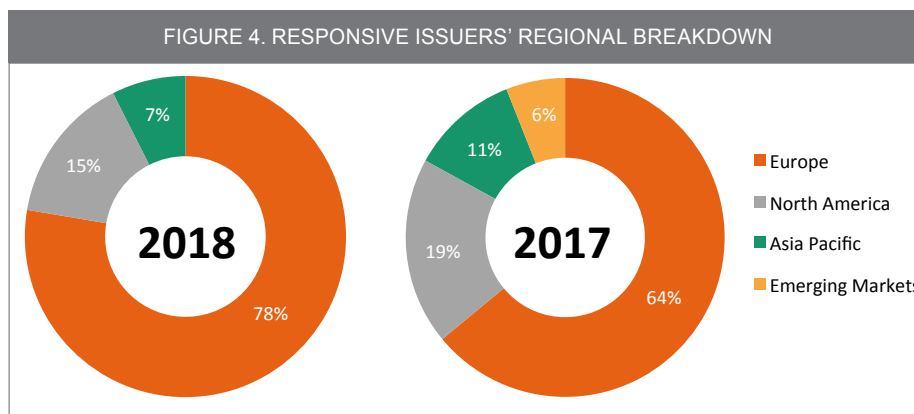


2.1 Geographic and Sector breakdown of Dialogues

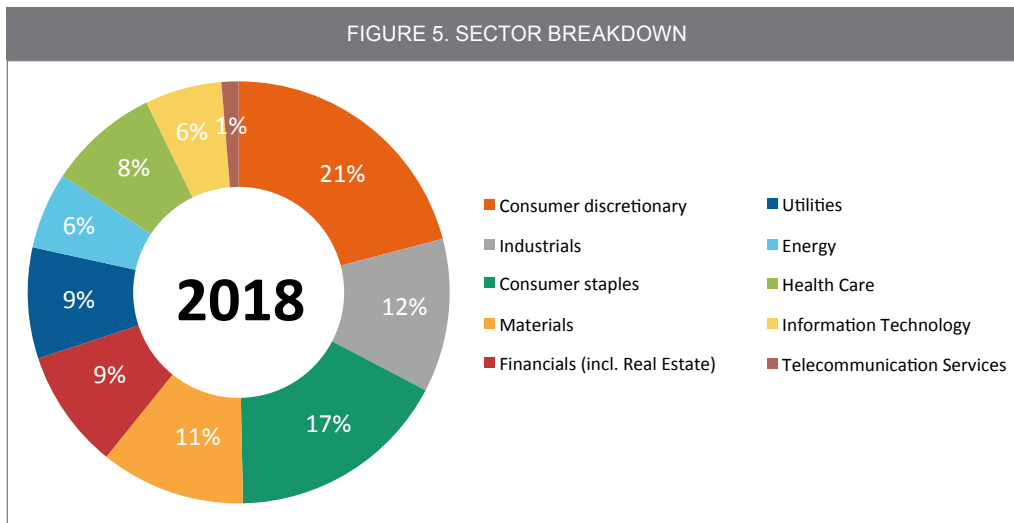
With 64% of our engagements, European companies account again this year for the lion's share of our target corporates, followed respectively by North American, Asian Pacific and Emerging companies. This breakdown is driven by our AUM exposure and, to a lesser extent, by our 2018 cycle of cross-regional sector reviews.



When focusing on responsive issuers, we observe that 78% of the responsive companies were European – not surprising when we consider the historic interest of European companies in ESG issues and their greater openness to dialogue and willingness to allocate time and resources to our requests.

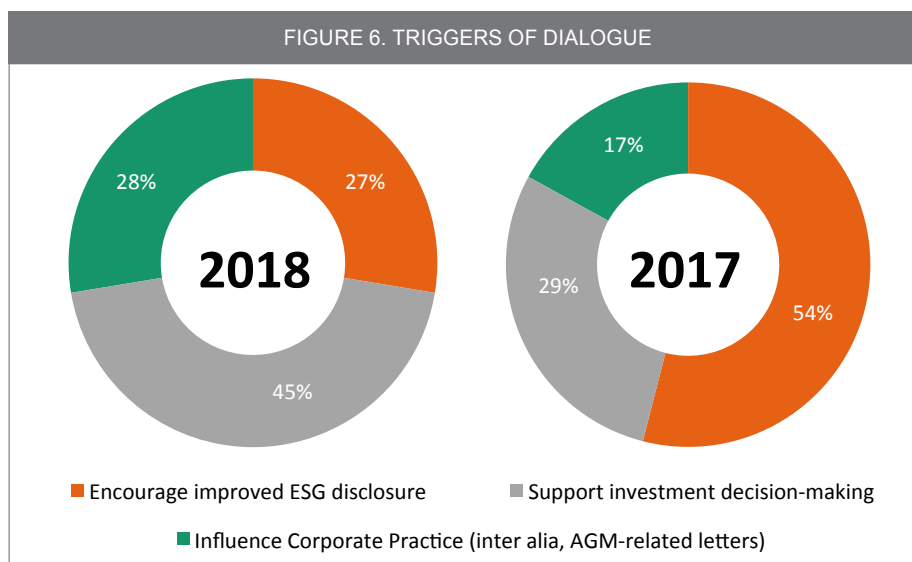


More than half our contacts are targeting 3 sectors: Consumer Discretionary, Consumer Staples and Industrials, with 76 issuers in total contacted.

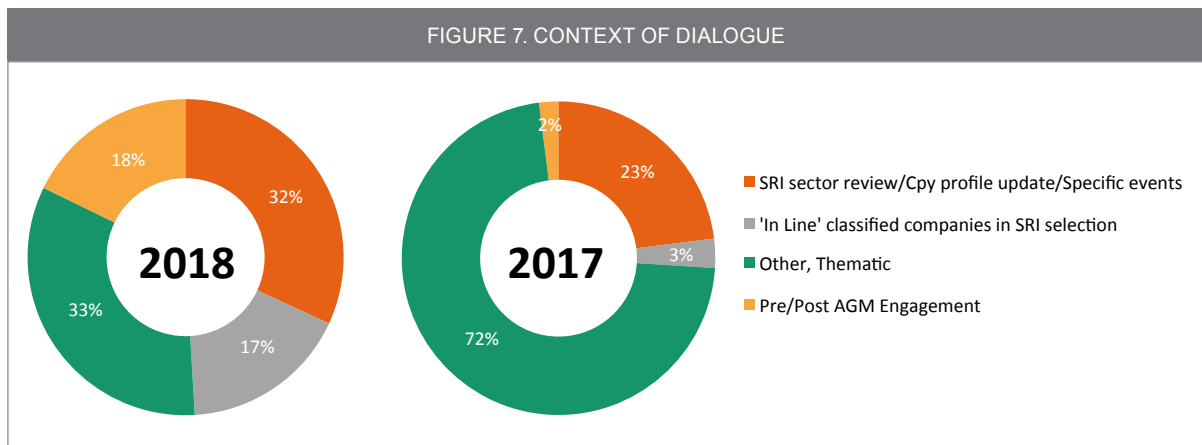


2.2 Context of dialogue

Referring to our three pillars of engagement, we can see that the picture becomes even more balanced year on year. ‘Support investment decision-making’ now accounts for 45% of our objectives when entering into dialogue with companies, while 28% of dialogues were motivated by our wish to ‘Influence Corporate practices’. This last increase is in part explained by the increase in the number of our pre-/post-AGM engagement contacts, which represents 18% of our contacts.

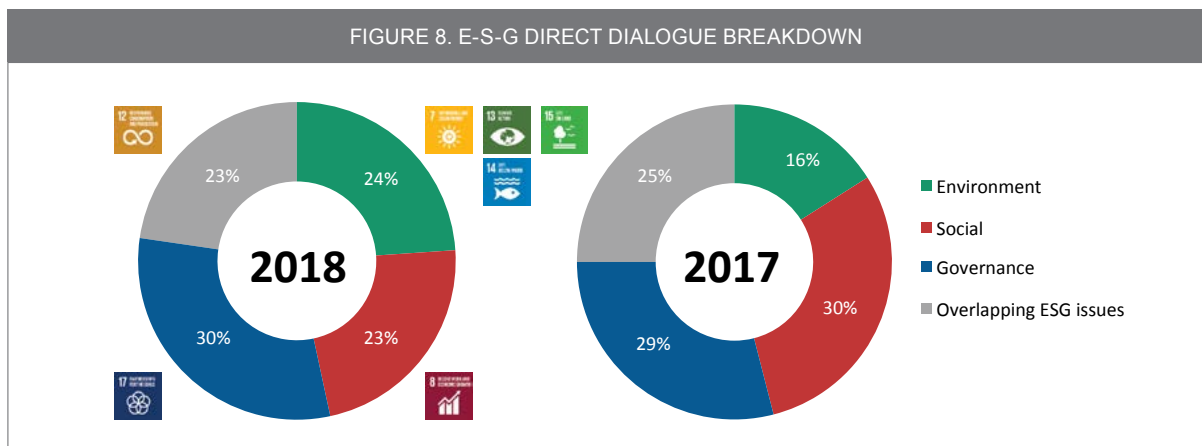


Sector reviews or the reaction to impacting event and thematic contacts still explain, each, about one-third of our initial contacts, the latter strongly decreasing.

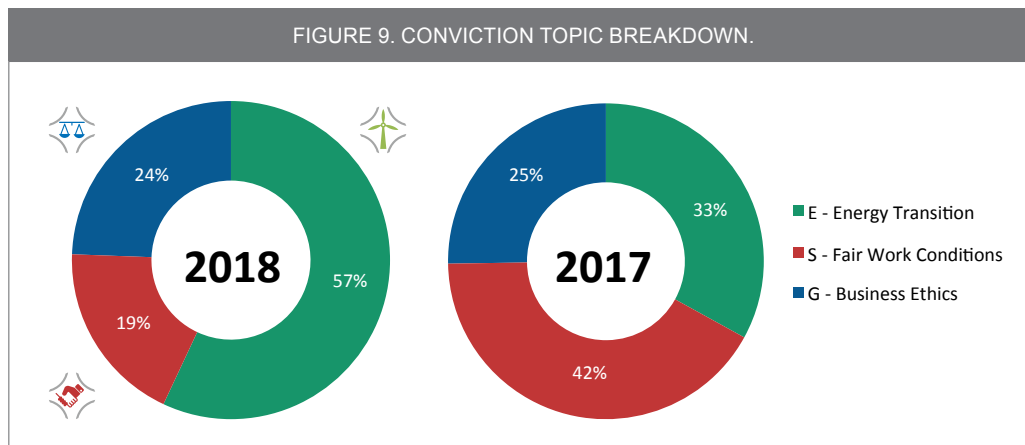


2.3 Dialogue topics

The E-S-G breakdown of contacts appears more balanced than in previous years, with Environment accounting for a larger share than in 2017 (from 16% to 24%) and Governance, at 30%, securing its position. The share of dialogues dealing with overlapping ESG issues is slightly above 20%, as we keep focusing on reducing the number of topics per dialogue.

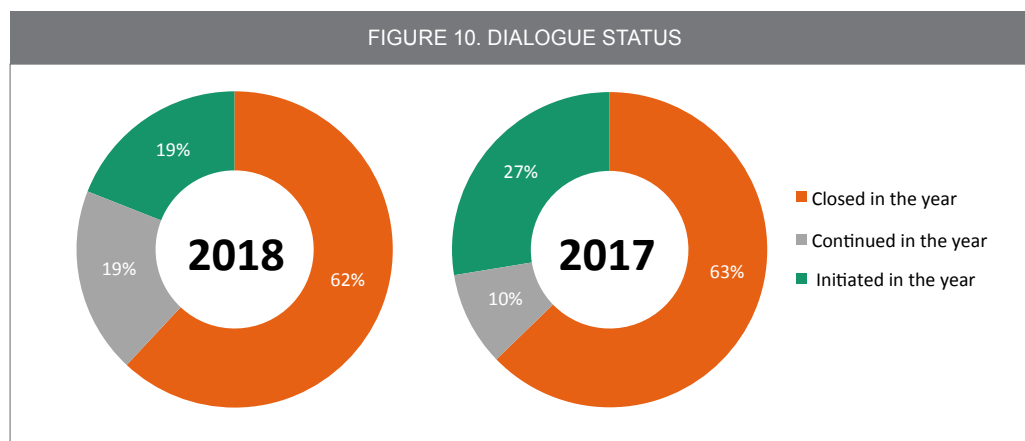


Our Conviction Topics are involved in more than half our dialogues (85 out of 163). Energy transition remains our favourite conviction topic for engaging with corporates, and in a more pronounced proportion than last year.

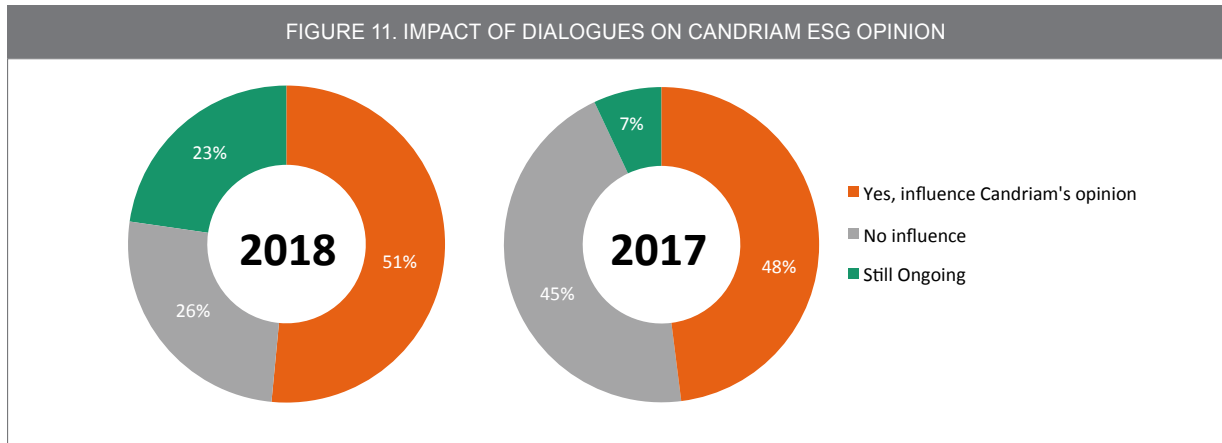


2.4 Dialogue Status & Outcome

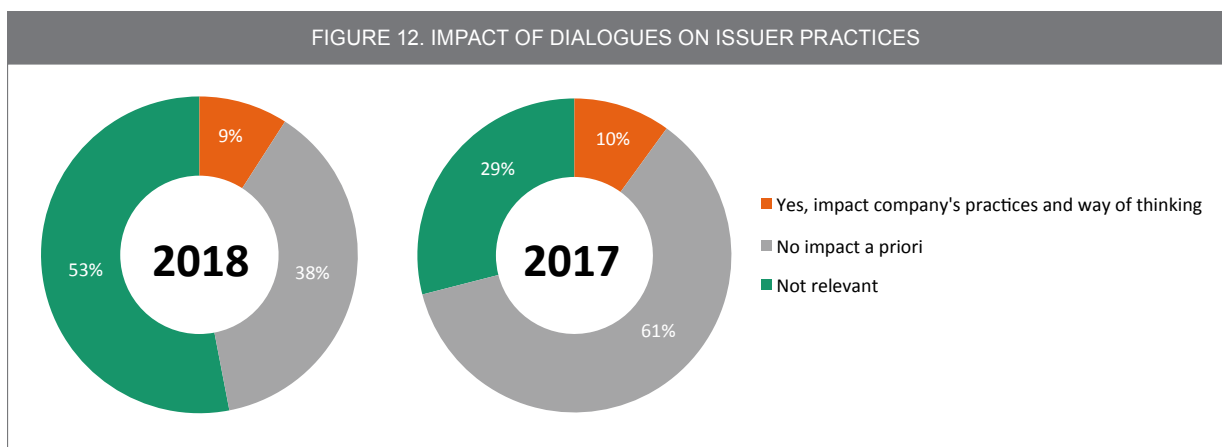
By the end of 2018, of the 163 dialogues we engaged in during the year, 62% had been closed, 19% continued and 19% initiated.



Aside from the newly initiated dialogues during the year, more than half the dialogues influenced Candriam opinion: either the company's answer vindicated the analyst's decision, or the company's failure to provide an answer obliged the analyst to refer solely to insufficient public disclosure.



Within the same scope, but now focusing on dialogue aiming at improving ESG disclosure or changing practices, i.e., 9% of the 132 closed & continued dialogues, delivered a positive outcome. The evolution compared to 2017 is mostly explained by the greater importance of dialogues undertaken to support our decision and not by requesting better ESG transparency or a change in practices.



Many factors help to improve public disclosure and influence corporate practices – none more so than our dialogues with companies.

In 8% of cases, companies confirmed to us that they would use our exchanges for improving their public disclosure or that they would effectively change practices in their operations. When companies agree to answer our questions in greater detail than in their public documentation but maintain their preference for providing such detail on demand only, we consider the dialogue as having 'no impact'.












Please refer to our annex 6.2 for further details on individual dialogues.

3. JOINING COLLABORATIVE INITIATIVES

Candriam, as an investor or as a company, undertakes to behave in a responsible way. We also join forces with other investors to secure greater leverage when calling on stakeholders to act responsibly. These collaborative engagements have increased and will continue to increase in importance, as the financial community's ESG awareness is gaining momentum and issuers are facing numerous similar requests. Collective initiatives, indeed, look more powerful when strong changes in company practices are at stake.

3.1. Candriam's sustainable commitments

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

COMMITMENTS		E-S-G	JOINED IN/ SIGNED IN	DESCRIPTION	CANDRIAM'S COMMITMENTS
PRI - Principles for Responsible Investment		ESG	2006	PRI	PRI Public Transparency report Top A+ PRI score for our RI approach & policies
UNGC Call to Action on anti-corruption		G	2014	UNGC Call to action on anti-corruption	
G20 Energy Efficiency Investor Statement		E	2015	G20 Energy Efficiency Statement	
Montreal Carbon Pledge		E	2015	Montreal Carbon Pledge	Montreal Carbon Pledge - Statement
Paris Pledge for Action		E	2015	Paris Pledge for Action	
UK Stewardship code		ESG	2016	Financial Reporting Council - FRC	The UK Stewardship Code Tier 1 rating
Investor Statement on ESG credit ratings		ESG	2017	Statement on ESG credit ratings	
Adhesion to Green and Social Bond Principles		ES	2017	Green and Social Bond Principles	
Tobacco-Free Finance Pledge		S	2018	The Tobacco-Free Finance Pledge	
The investor Agenda		E	2018	The Investor Agenda	Controversial Activity Policy
Commitment to support a just transition on climate change		ESG	2018	Climate change the just transition	

The 2018 newly signed initiatives related to our newly adopted Controversial Activities policy, which extended our exclusion policy to thermal coal and tobacco, two activities that Candriam considers as not in line with sustainable and responsible development and as potential stranded assets.

The Investor Agenda was set up for the global investor community to accelerate and scale up actions critical to tackling climate change and achieving the goals of the 2015 Paris Agreement. It was developed by seven partner organizations, among them CDP, PRI and UNEP Finance Initiative. The Investor Agenda provides comprehensive guidance for investors on transitioning the world's financial capital to low-carbon opportunities and requires them to make the related commitment. The initiative appears a logical follow-up to several initiatives we have already signed (including Climate Action 100+ and the Investors' Global Statement on Climate) and is aligned with TCFD recommendations.

The Tobacco-Free Finance Pledge seeks to address the financing of tobacco companies across lending, insurance and investment. The finance sector can play a positive role in addressing such health issues. Founded by Tobacco Free Portfolios, the objectives of the initiative are to highlight the leadership of financial institutions that have implemented tobacco-free finance policies, encourage others to follow suit, and help financial institutions reconsider their business relationships with the tobacco industry.

The Just Transition is a new and emerging agenda for investors. This statement, based on the output of the Investing in a Just Transition project, led by the Grantham Research Institute at LSE and the Initiative for Responsible Investment at Harvard, highlights the increasing recognition of the social dimension as key to the transition on climate change.

3.2. Continued Collaborative Initiatives

The table shows collaborative initiatives active in 2018 but that Candriam had started to support in previous years, their impact and Candriam specific contributions.

COLLABORATIVE INITIATIVES Initiatives for a call to action	E-S-G	JOINED IN/ SIGNED IN	IMPACT	OUR CONTRIBUTION	
CDP - Carbon Disclosure Project (incl. Climate Change, Water and Forest programs)	E	2004	2018: over 7,000 companies responded	Lead investor on over 40 companies to encourage them to fill in the questionnaire.	
Sustainable Stock Exchanges	ESG	2010	Engagement with IOSCO, the International Organization of Securities Commissions, which released a statement on disclosure of ESG matters by issuers in January 2019.	<ul style="list-style-type: none"> Support to SSE during engagement with IOSCO 	
Access to Medicine (AtM)	S	2010	20 of the world's largest research-based pharmaceutical companies analysed and ranked : 2018 AtM index launch.	<ul style="list-style-type: none"> Letters' co-signer & Lead for one target company Active exchanges with companies 	
Access to Nutrition	S	2013	<ul style="list-style-type: none"> Release of the 2018 Global Access to Nutrition Index and the first US Spotlight Index Start of the related engagement campaign 	<ul style="list-style-type: none"> Letters' co-signer & Lead for one target company Active investor for 1 extra company on Breast Milk Substitutes marketing practices 	
Bangladesh Initiative on garment industry	S	2013	<ul style="list-style-type: none"> Improvement of local practices at garment practices (The Accord) Support to The Accord for mission's continuity 	<ul style="list-style-type: none"> Statements' & Letters' co-signer to companies, OECD and authorities Active engagement with 15 companies to encourage them to join or support The Accord 	
Sustainable Palm Oil practices	E	2015	Investor letter to the Roundtable on Sustainable Palm Oil (RSPO) in March 2018 regarding the need for a more transparent and responsive complaints mechanism to uphold its labor standards.	Signatory	
Labour practices in agricultural supply chain	S	2016	Disclosure improvement at several target companies. Areas of improvement clearly remain however. Initiative to be completed in 2019.	<ul style="list-style-type: none"> Co-lead investor for two corporates, supporting investor for one. 	
Fiduciary Duty in the 21st Century	ESG	2017	<ul style="list-style-type: none"> Report publications 	Signatory	
Engagement on antibiotics overuse in livestock supply chains"	ES	2017	<ul style="list-style-type: none"> Number of target companies doubled since 2016 ; 80% of these has a publicly available policy on antibiotics. 	Letters co-signer.	
Sustainable Protein Engagement	E	2017	Growing understanding of the issue but only few companies with a clear and structured strategy.	<ul style="list-style-type: none"> Letters co-signer. Co-lead investor for 2 corporates 	
Global Investor Statement on climate Change	E	2011	Letters	Signatory	
Workforce Disclosure Initiative	S	2017	Extension of target scope, increased support to companies for filling the questionnaire.	<ul style="list-style-type: none"> Letters co-signer. Co-lead investor for 7 corporates 	
Banking on a Low Carbon Future	E	2017	Regional deep dive	<ul style="list-style-type: none"> Letters co-signer. Participation to group calls 	
Engagement on Cybersecurity	SG	2017	More than 60% of the 64 initial target companies accepted to engage.	<ul style="list-style-type: none"> Letters co-signer. Lead investor on 1 corporate Participation to exchanges with several corporates 	

Expectations on Corporate Climate Lobbying		E	2017		Signatory	
Decarbonisation Initiative (incl. RE100 & EP100 Engagement)		E	2017	60 additional companies targeted. Positive evolution for one third of the 150 companies involved.	Letters co-signer.	
Combating Child Labour in Cocoa Supply Chains		S	2017	Progress report release. 3 companies committing to elimination of child labour in cocoa production.	<ul style="list-style-type: none"> • Statement' co-signer to companies and related stakeholders • Active investor for 1 company 	
Corporate Tax Responsibility		G	2017	50% of the 39 targeted companies accepted to engage.	<ul style="list-style-type: none"> • Letters co-signer. • Lead investor on 2 corporates • Participation to exchanges with several corporates 	
Climate Action 100+		E	2017	Over 250 focus company engagements have taken place	Active supporting investor for 5 corporates	

For details of the above-listed engagement initiatives we were particularly active in, please refer to the Annex 6.1 of the present report.

3.3. New Collaborative Initiatives signed in 2018

In 2018, we joined 10 new collaborative initiatives as described in the table below, five of which are then described in greater detail.

COLLABORATIVE INITIATIVES Initiatives for a call to action		E-S-G	IMPACT
Climate change transition for oil and gas		E	Affiliated with the Climate Action 100+ with an exclusive focus on oil & gas companies.
BBFAW Investor Collaboration on Farm Animal Welfare		ES	Engagement with the 110 companies covered by the Business Benchmark on Farm Animal Welfare (BBFAW) to recognize the importance and materiality of the topic to encourage companies to use the benchmark.
PRI Water risks in agricultural supply chains		E	Encourage companies to implement appropriate policies and measures to migrate water risks and impacts and promote public disclosure.
Plastic Solutions Investor Alliance		E	Call global consumer companies for a reduced usage of plastics, improved collection and recycling channels, and development of sustainable alternatives to plastic packaging.
UK Living Wage Engagement Campaign		S	Initiative to encourage all FTSE 100 companies to apply Living Wage standards in their UK operations. Focus on UK companies and low-paid staff.
PRI supported engagement on responsible sourcing of cobalt		ES	Seek to improve companies' performance and impact in terms of human right risk assessment and impact monitoring including ground remediation.
Corporate Accountability for Digital Rights		SG	Calls on the 22 ICT companies covered by the Ranking Digital Rights (RDR) Corporate Accountability Index to respect human rights and refer to that index to help them improve their governance systems.
Investor Statement to EU Policymakers on the future of Corporate Reporting		ESG	Call on EU policymakers to implement a fit-for-purpose framework of corporate reporting that is consistent with investor information needs.
Investors call on power companies to accelerate decarbonisation and support ambitious climate policy		E	Letter sent to power companies to encourage them to accelerate decarbonisation and support ambitious climate policy within the Climate Action 100+ initiative.
Open Letter to index providers on controversial weapons exclusions		SG	Letter sent to index providers asking them to exclude controversial weapons from global indices.

INITIATIVE	Water Risks in Agricultural supply chains	
TOPIC	Environment - Water - E	
SDG		
WEB LINK	https://collaborate.unpri.org/group/pri-coordinated-engagement-phase-2-water-risks-in-agricultural-supply-chains-3073	

Agriculture and intensive farming are two of the main reasons behind the increasing demand for global fresh water, as they are responsible for 70% of the world’s water consumption. In 2014, the PRI launched the first phase of an engagement focusing on water risks in agricultural supply chains. The objective was to improve the disclosure of water risks, as well as risk management practices in 32 companies across the agricultural products, apparel and luxury goods, food & beverages, and retail sectors. By the end of the first phase, last June, 84% of the companies engaged had improved their disclosure and reached most goals.

The PRI therefore decided to launch phase 2 of the engagement. Based on phase 1 outcomes, this second phase focuses only on 20 laggard companies. The objectives are now to:

- ➔ Ensure companies identify and show knowledge of water risks and impacts in their agricultural supply chains
- ➔ Encourage companies to implement appropriate policies and measures to migrate water risks and impacts
- ➔ Promote public disclosure by companies

Candriam is a leading investor in one company from the Food & Beverage sector.




INITIATIVE	Plastic Solutions Investor Alliance	
TOPIC	Environment - E	
SDG	  	
WEB LINK	https://www.asyousow.org/our-work/waste/ocean-plastics	

This initiative was launched in mid-2018. It is convened by As You Sow and calls for a reduced usage of plastics, improved collection and recycling channels, and the development of sustainable alternatives to plastic packaging.

Plastic remains essential to our society and, in some cases, irreplaceable. However the unprecedented growth in the production and use of plastics, especially for single-use packaging, has led to excesses. While plastic production accounts for 20% of oil consumption, plastic pollution is now a threat not only to biodiversity, with hundreds of species endangered, but also to our health. For businesses, and especially consumer brands, it is fast becoming a reputation and regulatory risk that should compel them to rethink product packaging, with impacts at supply, production and consumer-relationship level.

The initial statement constitutes the framework for future engagement with global consumer players. Candriam helped draft that statement.

Candriam has also joined the initiative as an active participant in the engagement, targeting several global consumer companies.

INITIATIVE	UK Living Wage Engagement Campaign	
TOPIC	Working Conditions - S	
SDG	 	
WEB LINK	https://shareaction.org/living-wage/	

The Living Wage is the minimum hourly wage necessary to provide housing, food and other basic needs for an individual and their family. In the UK, the Living Wage Foundation ensures its calculation and also delivers accreditation to companies applying a Living Wage to direct employees and onsite contractors.

Since 2011, ShareAction has co-ordinated this collaborative investor initiative to encourage all FTSE 100 companies to apply Living Wage standards in their UK operations (The Investor Collaborative for the Living Wage). At the present time, the initiative is still UK-focused.

There are currently 34 accredited companies in the FTSE 100 and a further 10 which state they are compliant with the Living Wage for all of their operations, but are not yet accredited.

In 2018, ShareAction chose a targeted approach, focusing on sectors with the highest levels of low-paid staff.

Candriam joined that initiative by signing all letters. Participation in this initiative will secure more knowledge of the topic and provide opportunities to discuss, with other investors, its possible extension to other regions.

INITIATIVE	Investor Statement to EU Policymakers on the future of Corporate Reporting	
TOPIC	Corporate - ESG	
SDG	 	
WEB LINK	https://www.cdp.net/en/articles/media/european-investors-urge-eu-policymakers-to-upgrade-corporate-reporting-rules	

Despite significant progress, corporate information and data on how businesses affect, and are affected by, climate change and environmental issues are not reaching financial market participants at the level of comprehensiveness and comparability required. CDP launched this initiative in the context of the EU Action plan on Sustainable Finance and, more specifically, at a time when the content of the non-financial disclosure directive was being discussed. CDP is calling on EU leaders and legislators to implement a framework of corporate reporting that is consistent with investor information needs by addressing the following issues:

- ➔ Mitigate financial risk: corporate reporting should be in line with TCFD recommendations
- ➔ Create a level playing field across the EU: oversights and monitoring are to be considered, as well as enforcement and verification mechanisms similar to those in financial reporting
- ➔ Standardize sector-specific metrics: this would enable companies to benefit from clarity on what is material and meaningful for their investors
- ➔ Policy coherence between investor duties and corporate reporting: addressing shortcomings in the European corporate reporting legislative framework.

Candriam was among the first signatories of the open statement.

INITIATIVE	Responsible Sourcing of Cobalt	
TOPIC	Product responsibility – Supply Chain - ES	
SDG	 	
WEB LINK	https://collaborate.unpri.org/group/pri-supported-engagement-on-responsible-sourcing-of-cobalt-3194	

This initiative follows a series of systemic human rights violations in cobalt supply chains originating in the mines of the Democratic Republic of Congo (DRC). These violations have become a risk for companies that rely on cobalt for their products, in terms of regulation, reputation, consumer expectations and the potential negative impact on operations.

In line with the OECD Due Diligence Guidance, the initiative has the following objectives:

- ➔ Identify and assess existing corporate practices;
- ➔ Encourage enhanced communications and reporting;
- ➔ Support improved performance and impact on the part of target companies.

The engagement dialogues will seek to improve companies' performance and impact in several key areas, such as:

- ➔ Human rights risk assessment and comprehensive due diligence efforts;
- ➔ Impact monitoring and corrective action, including on-the-ground remediation;
- ➔ Collaboration on systemic issues.

Candriam chose to be leading investor on one company from the automobile sector.

INITIATIVE	Corporate Accountability for Digital Rights	
TOPIC	Human Rights - Technology - SG	
SDG	 	
WEB LINK	https://investorsforhumanrights.org/actions/campaigns/information-and-communication-technology-ict	

The investor statement related to Corporate Accountability for Digital Rights is an initiative of the Investor Alliance for Human Rights. It calls on Internet, Mobile, and Telecommunications (ICT) companies to respect human rights and refers to the Ranking Digital Rights (RDR) Corporate Accountability Index as a tool to help them improve their governance systems.

The RDR evaluates 22 of the world's most powerful ICT companies on their disclosed commitments and policies affecting freedom of expression and privacy, such as through massive data breaches and manipulation of social media platforms. Investors therefore ask them to align their policies and practices with the RDR by conducting human rights due diligence, reporting on human rights and collaborating with investors.

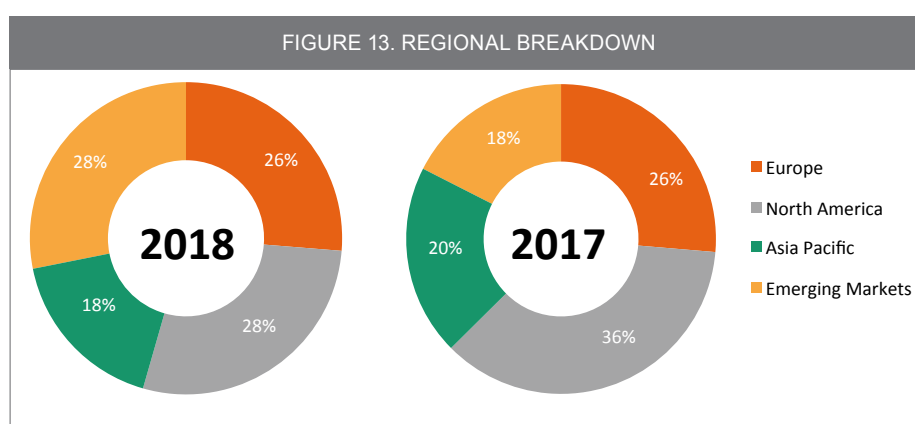
By signing this statement, investors commit to raising awareness among the investor community as well as promoting respect for digital rights in their dialogues with companies, for instance by pushing them to make public commitments to respect users' freedom of expression and right to privacy, and by disclosing their policies on the matter. Investors also commit to using and developing the RDR Index in their analysis.

Candriam is co-leading investor with two companies from the ICT sector.

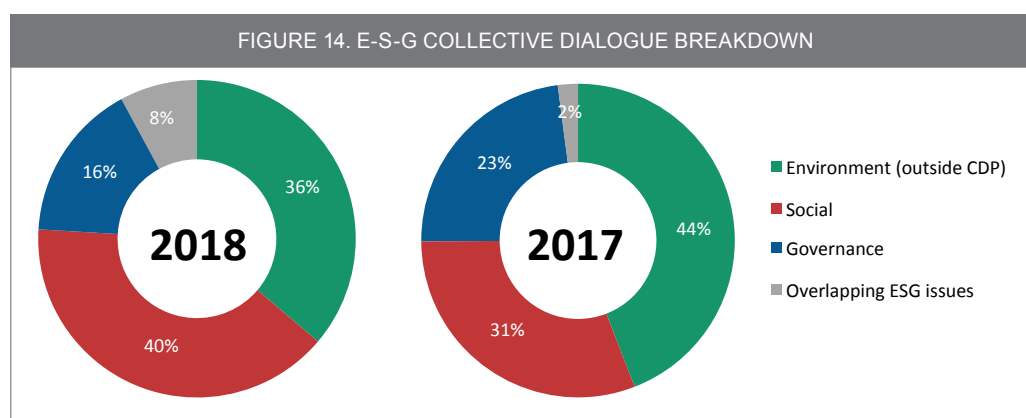
3.4 Overview of targeted issuers

When looking at our investment scope, the collaborative initiatives Candriam supports targeted 3341, of which 86% by the Carbon Disclosure (Climate/Water/Forest) only.

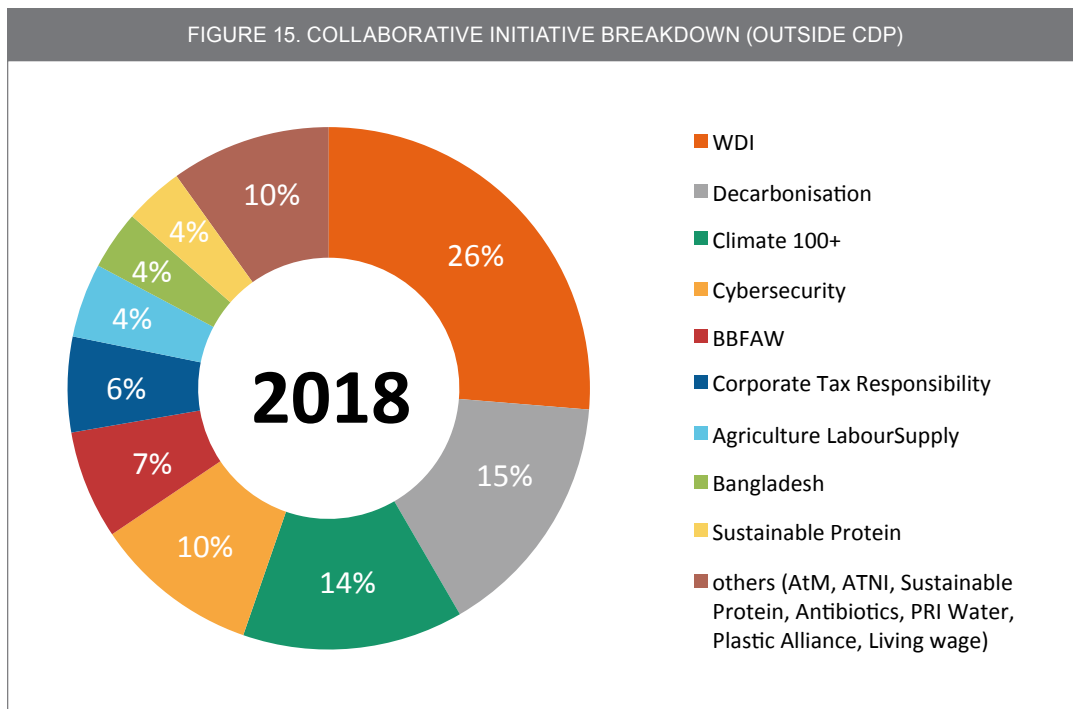
Compared to last year, the geographic breakdown of target companies appears better balanced, with a great increase in the number of emerging market companies covered at the proportional expense of the Northern America and Asia Pacific regions. This breakdown completes our direct dialogue regional breakdown (chapter 4), where European companies account for the lion's share. In that sense, collaborative initiatives continue to open doors for us to companies and regions more difficult to access as an individual asset manager.



When focusing on the 478 target companies outside the CDP initiative, social-related initiatives account for 40% of the total involved, close to Environment (36%).



As described more in detail below, this increase in social-related collaborative dialogues is mainly due to the increased action scope of the *Workforce Disclosure initiative*, while the BBAW initiative supported the growing share year-on-year of initiatives involving overlapping E-S-G issues.

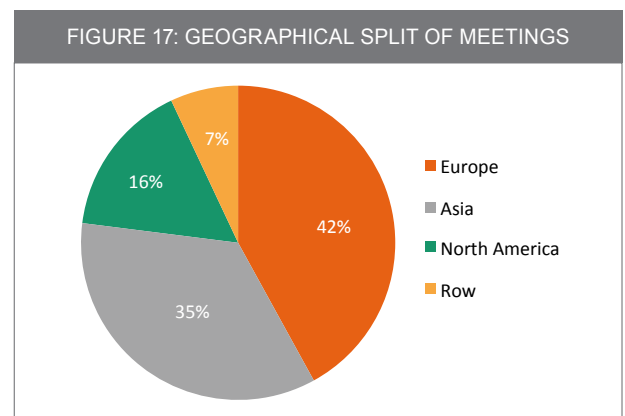
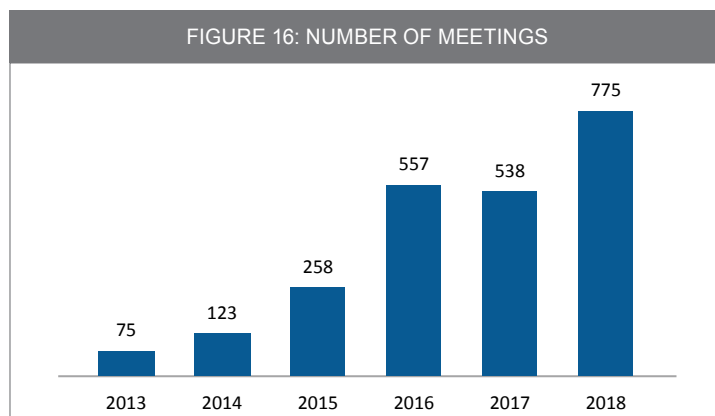


4. EXERCISING OUR VOTING RIGHTS

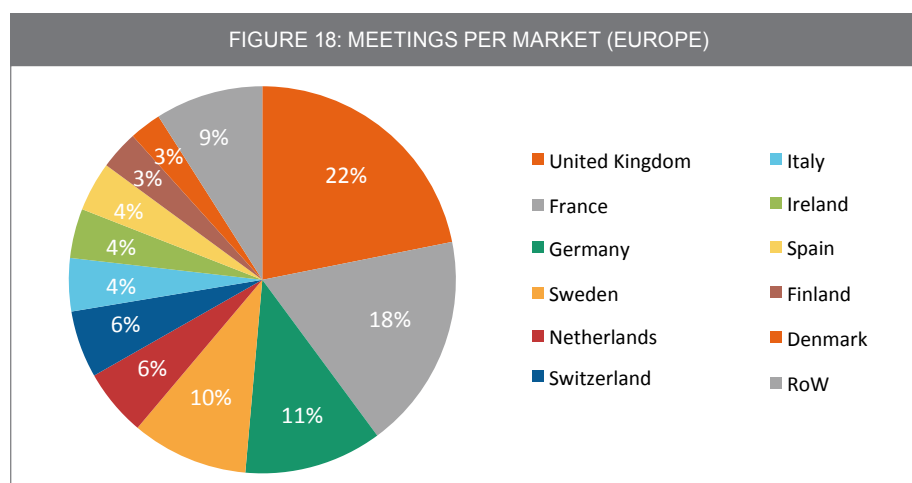
Candriam – convinced that sound corporate governance practices deliver long-term shareholder value – pays particular attention to the corporate governance policies, structures and practices of the companies in which it invests on behalf of its customers.

4.1. 2018 Proxy Voting Overview

In 2018, Candriam participated in 775 ordinary and extraordinary general meetings (Figure 16) and voted on 11432 resolutions. Candriam participated in 326 meetings of European companies (42% of our scope) and 449 meetings of “international” companies; North America accounted for 16% of the meetings, Asia (China, South Korea, Singapore and Japan) for 35% (Figure 17).³

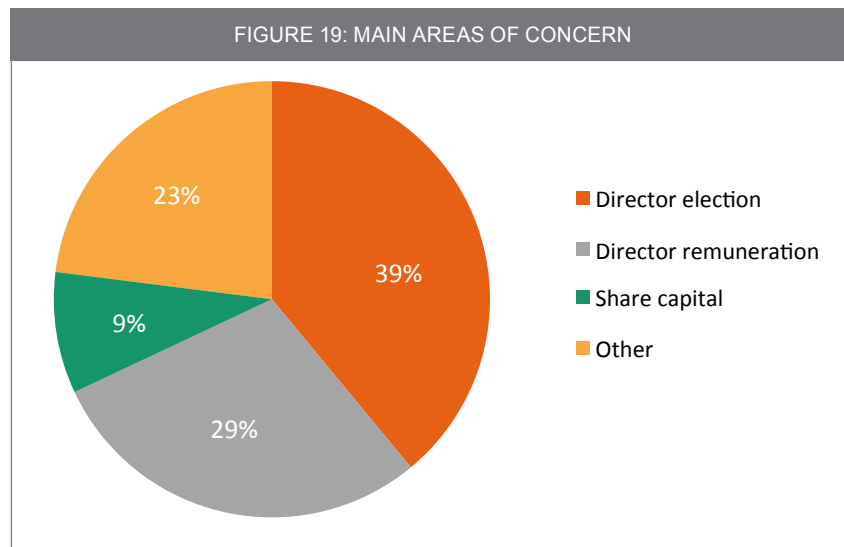


In Europe, the markets in which Candriam had the most annual or extraordinary meetings were the United Kingdom (22% of general meetings), France (18%) and Germany (11%), as shown in the chart below.



³ For more information, see our [Annual Proxy Voting Report](#).

Contentious issues, representing 13% of agenda resolutions, unsurprisingly revolved around three broad themes: director elections, remuneration and share capital issues.



4.2. Shareholder Resolutions Overview

As a responsible investor, Candriam takes into account shareholder proposals based on ESG issues and decides on their merits after a thorough analysis of the company. In 2018, there was a total of 243 shareholder resolutions, 26 of which dealt specifically with Environmental and Social (E&S) issues.

As expected, support for greater disclosure on climate change was still noticeable in 2018. Among the resolutions, that calling on Royal Dutch Shell to set long-term targets towards a zero-emission energy system received our support. It is the second year in a row that Candriam voted in favour of that resolution.

Regarding social shareholder resolutions, Candriam cast 18 votes, most dealing with executive remuneration linked to ESG criteria, the gender pay gap, anti-discriminatory measures and reporting on Human Rights Standards.

4.3. Proxy Voting Engagement

In 2018, Candriam contacted 24 companies on governance issues to express our concern or explain our voting decisions. Candriam focused on remuneration and board issues. These letters are useful in that they serve as a basis for engagement before the 2019 AGM season, as companies have expressed their willingness to discuss matters further before their forthcoming AGM.

5. PROMOTING SUSTAINABLE DEVELOPMENT

Candriam advocates sustainable development on the financial markets by sharing its SRI expertise with its clients, the media and the investment community at large.

5.1. Industry Associations & Responsible Investment Working groups

Candriam is actively involved in a large number of associations that promote the integration of sustainable development within the investment industry.

	NAME OF ASSOCIATION	Joined in
SRI WORKING GROUPS WITHIN ...	BEAMA Belgian Asset Managers Association	2002
	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
	FNG Forum Nachhaltige Geldanlagen (Germany, Switzerland & Austria)	2010
	SSF Swiss Sustainable Finance (Switzerland)	2014
	FIR Forum pour la Finance Responsable (French SIF FIR)	2014
	FFS Forum per la Finanza Sostenibile (Italy)	2015
	UKSIF United Kingdom Sustainable Investment Forum	2016
	US SIF United States Forum for Sustainable & Responsible Investment	2016
SUSTAINABLE DEVELOPMENT INFORMATION CENTRES	ABIS Academy of Business in Society	2005

2018 was a new year of a plethora of projects and new developments, both at national and at European level. Candriam welcomes and answers to the various related consultations, either directly or via the working groups and asset manager associations.



End-2016, the EU Commission appointed the High Level Expert Group on Sustainable Finance (HLEG) to help build a sustainable finance strategy for the EU. Based on the final report of the HLEG published in January 2018, the EU Commission launched the Sustainable Finance Action Plan made up of 10 initiatives targeting: the reorientation of capital flows towards sustainable finance, mainstreaming sustainability into risk management and fostering transparency and long-termism. During 2018, the Commission work focused on Non-financial disclosure, Low-carbon benchmarks, the EU Eco-label and EU Taxonomy on climate change adaptation and other environmental activities.

Candriam participated in the various consultations the Commission launched related to those initiatives, including, during the year, the following:

- ➔ The public consultation on institutional investors' and asset managers' duties regarding sustainability, aimed at collecting the views and opinions of interested parties on the integration of ESG factors into investors' fiduciary duties.
- ➔ The consultation of a possible EU taxonomy on sustainable activities: the European Commission Technical Expert Group is seeking feedback on possible EU regulatory initiatives on taxonomy.

Other opportunities were given to our ESG experts to share views and discuss further developments of Responsible Investments.



**Integrating Climate Change into Institutional Investment:
Challenges and Opportunities**



Survey on barriers to ESG investments



New Quality Standard for Belgian Sustainable Financial Products

5.2. Other initiatives & events

Apart from our in-house research papers, which we make publicly available on our website, external SRI research is also actively sponsored through, for instance, the research chair "Finance Durable et Investissement Responsable" (FDIR), initially set up by the AFG (Association Française de la Gestion financière) in 2007. Candriam has been sponsoring the FDIR since then. The main research topics for the 2016-2018 period were:

- ➔ Project 1: "How governance affects firm value"
- ➔ Project 2: "Institutional investors as active owners"
- ➔ Project 3: "ESG factors and the performance of small and mid-caps"
- ➔ Project 4: "The measurement of ESG performance and risk: qualitative ratings or quantitative metrics"
- ➔ Project 5: "Sovereign credit ratings and interest rates"

In November 2018, the Chair celebrated its 10th birthday by organizing a roundtable including researchers and partners who discussed long-term investment strategies. On this occasion, [Cahiers Louis Bachelier](#) presented recent work carried out by Chair Academics.

More information on the FDIR: [here](#).

One year after the launch of [Candriam Academy](#), the world's first free-access accredited training platform for Sustainable and Responsible Investing (SRI), the platform celebrated its 1000th member. In the meantime, the Academy was launched in Germany and Spain and now benefits from a new partnership with Deutsche Bank, who selected the platform to train its Private Bankers on SRI. Next, Candriam Academy will be launched in France, Belgium, the Netherlands and Switzerland.



Welcome to the Candriam Academy

The world's first free-to-access accredited training platform for sustainable and responsible investing.

The Candriam Academy aims to raise the awareness, education and knowledge of financial intermediaries on the topic of sustainable and responsible investing via an innovative online platform of inspiring and actionable content and materials.

The Candriam Academy is free of charge and open to all (though has been conceived with the needs of intermediaries in mind).

[MORE INFO >](#)




[START NOW >](#)



Every year, we organize, for our clients, thematic conferences at which we present and discuss our view of the latest SRI market trends and some of our expertise. Private events – requested by our clients, by New York Life or by our teams – are also organized. Candriam strives to ensure that ESG issues and sustainable investments are brought to the fore. This was the case when Candriam organized in June 2018 its Annual Investor Seminar focused on “Sustainable Growth” and its International Media Seminar in October 2018. In addition to these, and besides press interviews, Candriam shares its SRI expertise as a regular speaker at key SRI conferences in Europe and abroad. The main public events we took part in as speakers in 2018 are listed below.



ORGANISATION ENTITY	Country	Date	Subject
THE EUROPEAN SUSTAINABLE INVESTMENT FORUM	France	Mar-18	The search for Growth. Wealth, Investments and Regulation
GENEVA FORUM FOR SUSTAINABLE INVESTMENT	Switzerland	May-18	Impact Investing Conference Roundtable: Impact investing and dialogue with companies: demystification of impact's measures
BUSINESS & CLIMATE SUMMIT	United Kingdom	Oct-18	Managing climate risks and capitalizing on opportunities
EFAMA ASSET MANAGEMENT INVESTMENT FORUM	Belgium	Nov-18	Roundtable: Sustainable finance and the role of asset managers
ABIS ANNUAL COLLOQUIUM	Belgium	Nov-18	17th abis Annual Colloquium <i>Sustainability as a Business Opportunity</i>
INSTITUT DES RÉVISEURS D'ENTREPRISES	Belgium	Nov-18	The Award for Best Belgian Sustainability Reports Workshop: <i>Non Financial Information Reporting, lessons learned from the new regulation</i>



6. ANNEX



6.1 Information on our collaborative initiatives

Decarbonisation initiative (IDI)		 
https://shareaction.org/decarbonise/	Supported since : 2017 Status : Continued	Candriam 2018-specific involvement Letters co-signer
<p>Summary</p> <p>The Investor Decarbonisation initiative is coordinated by ShareAction to bring together institutional investors and encourage companies to set bold and credible climate targets.</p> <p>The initiative aims to secure commitments from companies to set science-based targets (SBTs) in line with the goals of the Paris Agreement and to set complementary energy targets in support of the development and delivery of these, namely:</p> <ul style="list-style-type: none"> - RE100: source 100% renewable electricity for global operations - EP100: double energy productivity within 25 years, cutting out energy waste, owning and operating energy-smart buildings - EV100: publicly commit to electric vehicle uptake <p>Targeted Sectors: power generation, cement, automotive, food & beverage, retail, building and construction, steel and IT.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>In 2018, engagement targeted 60 additional companies.</p> <p>By the end of 2018, around one-third of the 150 companies targeted since 2017 had made positive efforts towards proactive emissions reductions, agreed to sign up to one or more of the RE100/EP100/EV100 initiatives, started or completed the process to set CO₂ emission science-based targets.</p> <p>On average, RE100 members are currently sourcing more than 30% of their electricity from renewables.</p>		
<p>Next Step</p> <p>Follow-up of ongoing engagements and the extension of the engagement scope, focusing on SBTs.</p>		



<p>CDP – Formerly Carbon Disclosure Project (including Climate Change, and Water and Forest programmes)</p>		<p>ESG</p> 
<p>https://www.cdp.net/en/investor/signatories-and-members</p>	<p>Supported since : 2004 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Signatory to the main disclosure request to +6000 corporations • Lead investor for more than 40 corporations worldwide – Non-Disclosure Campaign
<p>Summary</p> <p>CDP is an independent and global system through which thousands of companies measure, disclose, manage and share vital environmental information.</p> <p>This data is currently shared with Investor signatories and members.</p> <p>The insights offered by the data CDP collects on climate change, and on water and deforestation risk management, enables investors notably to make informed decisions about mitigating the risks of environmental issues whilst capitalizing on the opportunities that a responsible approach presents.</p> <p>Targeted Sectors: all.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>In 2018, over 7,000 companies with 50% of global market capitalization disclosed environmental data through CDP, responding to investor and/or supply chain disclosure requests.</p> <p>The 2018 Non-Disclosure Campaign was responsible for an overall increase in new submissions of 293, i.e., 23% above the predicted increase. Climate and Water saw the greatest increase (+21% and +48% respectively).</p>		
<p>Next Step</p> <p>2019 CDP Non-Disclosure campaign.</p>		



<p>Child Labour in Cocoa Supply Chain</p>		<p>ESG</p> 
<p>https://www.sustainalytics.com/esg-research/corporate-benchmark-cocoa-investor-expectations-3/</p>	<p>Supported since : 2017 Status : Ongoing</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Statement co-signer to companies and related stakeholders • Active investor for 1 company
<p>Summary</p> <p>Following the release of the report “Combating child labour in cocoa – investor expectations and corporate good practice” issued by GES International (now Sustainalytics), this initiative aimed at strengthening efforts made across the cocoa supply chain by the industry, governments and other actors.</p> <p>Two main areas for further improvements were set out, namely:</p> <ul style="list-style-type: none"> • Combating cases of child labour through identification and remediation; and • Efforts being made to provide a living income to cocoa-growing farmers. <p>Seven cocoa and chocolate companies were engaged in relation to the issue of child labour. Engagements will continue with the companies in 2019.</p> <p>Targeted Sectors: Food & Beverages.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>In November 2018, a progress report, including a benchmark, was released.</p> <p>The cocoa engagement has seen good progress in terms of cocoa and chocolate companies increasing efforts to combat child labour and working towards a living income for cocoa-growing farmers. Serious concerns, however, remain, as there is no evidence that child labour in absolute terms is decreasing in cocoa.</p> <p>There is a growing consensus regarding the establishment of a living income for farmers. Companies have initiated ways to measure impacts and some have even disclosed data on farmer income as a result of their initiatives: filling the gap between current income levels and living incomes is becoming a more and more important topic of discussion.</p> <p>More generally, three companies have committed to eliminating child labour in cocoa production and to decreasing poverty by 2030 at the latest.</p>		
<p>Next Step</p> <p>Monitoring of companies’ commitments.</p>		



<p>Access to Medicine (AtM)</p>		
<p>https://accesstomedicinefoundation.org/</p>	<p>Supported since : 2010 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Letters co-signer & Lead investor for 1 company in support of the 2018 data collection process of 2018 AtM Index • Active exchanges with several pharmaceuticals at 2018 Index launch event
<p>Summary</p> <p>The Access to Medicine Foundation’s mission is to stimulate and guide pharmaceutical companies to do more for the people living in low- and middle-income countries without access to medicine.</p> <p>To that end, the Access to Medicine Index analyses 20 of the world’s largest research-based pharmaceutical companies with products for high-burden diseases in low- and middle-income countries. It ranks them on their efforts to improve access to medicine in seven areas of corporate behaviour and identifies best practices, highlights where progress is being made and uncovers where critical action is still required. The Index is published every 2 years.</p> <p>As an investor, we support this initiative not only for its long-term positive impact on communities but also because we think the way pharmaceutical companies manage access-to-medicine risks and opportunities can have significant impacts on their financial performance.</p> <p>Targeted Sectors: Pharmaceuticals.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>Companies’ in-depth answers and release of pharmaceutical company profiles, plus launch of the 6th Access to Medicine Index. The Index found that, while 5 companies handle more than 60% of the most urgently needed R&D projects, the industry continues to mature in its approach to access to medicine. These companies have more projects in the pipeline targeting global health priorities than they did two years ago.</p> <p><i>NB.: In 2018, Candriam organized a working meeting with ATMF and people involved in Pharmaceutical analysis within Candriam (SRI, traditional, thematic investments). The objective was a better integration of ATMF analysis criteria into our investment processes. We explored and discussed how to best use ATMF capabilities and the valuable insights they provide into companies’ governance structures, R&D pipelines, IP management, pricing strategies, marketing practices and/or innovative business models.</i></p>		
<p>Next Step</p> <p>Support to engagement with pharmaceutical companies based on the 2018 Access to Medicine Index and provide investor input during the Index methodology update.</p>		




<p>Access to nutrition</p>		<p>ESG</p> 
<p>www.accesstonutrition.org</p>	<p>Supported since : 2013 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Letters co-signer & Lead investor for 1 company • Active investor for a dialogue targeting one specific company on Breast Milk Substitutes marketing practices
<p>Summary</p> <p>The aim of ATNI is to encourage companies to increase access to healthier products and responsibly exercise their influence on consumer choice and behaviour.</p> <p>The Access to Nutrition Index was designed through an extensive, multi-stakeholder consultative process. This was done to ensure that the Index would be a useful tool for different stakeholder groups (including the <i>World Health Organisation</i>, academia, civil society organisations, industry and investors) and that it would reflect the latest thinking and practices related to the private sector's role in nutrition.</p> <p>Targeted Sectors: Food & Beverage (F&B).</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>Release of both the ATN Global Index 2018 and the US Spotlight Index 2018.</p> <p>The 2018 Index shows that the world's biggest F&B companies have stepped up their efforts to encourage better diet, mostly through new and updated nutrition strategies and policies, improved commitments on affordability and accessibility, better performance on nutrition labelling and health and nutrition claims, and more disclosure of information across categories. Serious concerns remain about the healthiness of the world's largest global F&B manufacturers' product portfolios.</p> <p>Launch of the engagement campaign with investors based on index findings, to discuss with companies the path to improvement, depending on their profile.</p>		
<p>Next Step</p> <p>Follow-up of the engagement campaign.</p> <p>Potential evolution of ATNI methodology, including on companies' nutritional product profile, as it was first included in the 2018 Index and widely discussed by companies.</p>		



<p>Bangladesh Investor Initiative</p>		<p>ESG</p> 
<p>https://www.iccr.org/our-issues/human-rights/protecting-worker-rights-garment-workers</p>	<p>Supported since : 2013 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Statements & Letters co-signer to companies, OECD and authorities • Active investor for 15 companies, encouraging them to join or support The Accord
<p>Summary</p> <p>Coordinated by the ICCR, this initiative was launched after the 2013 Rana Plaza disaster and the deaths of 1,134 workers, which spurred international retailers to address health & safety issues in their Bangladesh contracted garment factories. In May 2013, Candriam and other global investors appealed to the Bangladeshi retailing & garment industries to implement systemic reforms that would ensure workers' safety and welfare, and to adopt zero-tolerance policies on global supply-chain abuses. More specifically, we urged them to join <i>The Accord on Fire and Building Safety</i> (hereafter <i>The Accord</i>), a 5-year, independent, legally binding agreement between trades unions, brands, retailers and their suppliers.</p> <p>The High Court of the Supreme Court of Bangladesh ruled in June 2018 that The Accord's approval to operate would expire at the end of November 2018, its missions handed over to a national safety regulatory body (Remediation Coordination Cell) by 30 November 2018. Investors support brands and trade union members of The Accord who do not believe the government has the capacity to take on The Accord's work and oversee workplace safety in the Bangladeshi garment industry. The premature shutdown of The Accord would leave workers in unsafe circumstances and jeopardize companies' ability to source from a safe industry.</p> <p>Targeted Sectors: Retailing, Textiles.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>Of the 1,679 garment factories covered by The Accord, 174 factories completed initial remediation, including 7 that completed all remediation. More than 90% remediation was completed at 934 factories and 1.5 million workers have been informed about workplace safety, including the complaints mechanism.</p>		
<p>Next Step</p> <p>Extended support to The Accord, in the perspective of the April 2019 Supreme Court hearing to decide whether The Accord will have authorization to continue its programme.</p>		


<p>Labour practices in agricultural supply chain</p>		<p>ESG</p> 
<p>https://www.unpri.org/esg-issues/social-issues/employee-relations</p>	<p>Supported since : 2016 Status : Continued (to be completed in 2019)</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Co-lead investor for two corporates, supporting investor for one
<p>Summary</p> <p>Improving supply chain labour standards can help mitigate operational, legal/regulatory and reputational risks, as well as present opportunities to benefit from innovative suppliers, access to more markets and contracts, loyal customers, productive/committed employees and secure supplier relationships.</p> <p>Coordinated by the PRI, this engagement initiative aims at identifying and assessing existing corporate practices in terms of supply chain labour management, encouraging enhanced communication and reporting in this field, supporting improved performance & impact by the 35 target companies.</p> <p>Targeted Sectors: Food & Beverages.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>After 3 years of engagement, most companies improved not only their disclosure and level of awareness, but also their sourcing practices, notably in terms of communicating their own commitments and expectations to suppliers, together with the risks incurred when failing to meet the latter.</p> <p>Health & Safety-, forced labour- and migrant worker-related risks remain major concerns.</p> <p>While a good number of corporates started to implement processes and practices in line with the <i>United Nations Guiding Principles</i> on Business and Human Rights, the proper identification and management of risks at global level remains challenging, given the often small-sized tier-n suppliers.</p> <p>The availability and accessibility of grievance mechanisms and level of reporting around the monitoring of companies' performance in relation to labour practices in their supply chains are also identified as clear areas for improvement.</p> <p>The 2019 final outcome report will give more precise insights on these.</p>		
<p>Next Step</p> <p>Final company evaluation & final outcome report.</p>		




<p>Antibiotics' overuse in livestock supply chains</p>		
<p>http://www.fairr.org/investor-engagements/antibiotics-overuse-livestock-supply-chains/</p>	<p>Supported since : 2016 Status : Continued</p>	<p>Candriam 2018-specific involvement • Letters co-signer</p>
<p>Summary</p> <p>The overuse of antibiotics for farm animals bred from intensive livestock production methods is more controversial than their overuse in human medicine. Although practices vary from country to country, approximately 50% of the antibiotics used in the UK and 80% of those used in the US are given to farm animals. In certain parts of the world, medically important antibiotics are used not just to fight disease, but as growth promoters. In addition, less intensive farming methods, coupled with improved animal welfare standards, have been identified as capable of reducing the need for antibiotics.</p> <p>Coordinated by FAIRR, this collaborative engagement is focused on improving antibiotics stewardship in the global fast food and restaurant sector by phasing out the routine use of antibiotics in food supply chains. Company performance is assessed based on a number of criteria that assess policy scope and implementation, including whether there are clear targets and timelines in place as well as third-party auditing across all relevant species and markets.</p> <p>Targeted Sectors: Food & Beverages.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>Since 2016, the number of companies engaged on this topic has doubled from 10 to 20.</p> <p>In Phase 2 of the engagement, 16 of 20 (80%) have a publicly available policy on antibiotics. This is a remarkable shift from the start of the engagement in early 2016, when only one company had a regional policy on antibiotics use.</p> <p>However, policies differ in strength of commitment and there is little discussion of antibiotics use in farmed fish.</p>		
<p>Next Step</p> <p>Continuous support to the 2019 engagement campaign. Phase 3 results of the engagement will be released at the end of April 2019.</p>		

<p>Sustainable Protein</p>		
<p>http://www.fairr.org/investor-engagements/sustainable-protein-supply-chains/</p>	<p>Supported since : 2017 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Letters co-signer • Co-lead investor for 2 corporate
<p>Summary</p> <p>The livestock sector accounts for more than 14% of global GHG emissions. The demand for animal-based products needs to reduce radically if the world is to stand a chance of keeping to the temperature-change targets set by the Paris Climate Conference in 2015. In this respect, large-scale food retailers and multinational food companies are central to the modern food system and well positioned to encourage a shift towards more sustainable diets.</p> <p>The call for sustainable protein supply chains is not a demand for ruling out animal products entirely but rather a call for diversification of the protein range on offer or a call to move away from the dominant position of meat & dairy in our menus. Coordinated by FAIRR, this collaborative engagement is focused on encouraging corporates to publicly report on how a company integrates protein diversification into risk reduction, business growth planning, product development and investment decisions.</p> <p>Targeted Sectors: Food & Beverages, Food & Staples Retailing.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>While there is a growing understanding of the issue on the corporate side, effective protein diversification is often a response to an expressed demand from their customer base, themselves motivated by health or affordability reasons. Only a few companies, often leveraging knowledge from smaller and specialized acquired businesses, have adopted a clear and structured strategy towards a more systematic diversification try.</p> <p>In terms of target-setting and reporting, it remains poor. However, as carbon emissions' Scope 3 is involved, and as corporates devote growing efforts to better understanding it, progress is strongly expected.</p>		
<p>Next Step</p> <p>Continuous support for the 2019 engagement campaign. Phase 3 findings to be published in May 2019.</p>		

<p>Workforce Disclosure Initiative (WDI)</p>		<p>ESG  </p>
<p>https://shareaction.org/wdi/</p>	<p>Supported since : 2017 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Letters co-signer • Co-lead investor for 7 corporate
<p>Summary</p> <p>This initiative, coordinated by ShareAction, brings institutional investors together to secure comparable workforce reporting from listed companies on an annual basis. The data requested cover employees in companies' global operations and workers in their supply chains.</p> <p>The WDI involves an annual investor-led survey of multinational companies. As at March 2019, over 120 institutional investors, from 14 countries, supported the WDI.</p> <p>Its ultimate goal is to improve the quality of jobs in multinational companies' operations and supply chains.</p> <p>Targeted Sectors: All.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>This year, 90 companies answered the survey, up from 34 in the pilot year of 2017.</p> <p>In total, the initiative had exchanges with over 240 companies headquartered in 23 countries.</p> <p>The most commonly encountered problem is the difficulty companies have in collecting appropriate and accurate data on the wide range of themes covered by the WDI survey.</p>		
<p>Next Step</p> <p>WDI 2018 findings will be published in March 2019 and provide an insight into how companies across all 11 sectors invited to participate in the WDI are approaching the measurement, reporting and improvement of workforce policies, practices and outcomes.</p>		

<p>Climate Action 100+ (CA100+)</p>		<p>ESG</p> 
<p>http://www.climateaction100.org/</p>	<p>Supported since : 2017 Status : Continued</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Active supporting investor for 5 corporates
<p>Summary</p> <p>This collaborative engagement is a five-year initiative launched by the PRI in collaboration with several other networks – Asia Investor Group on Climate Change (Asia), Ceres Investor Network on Climate Risk and Sustainability (North America), Investor Group on Climate Change (Australia/New Zealand) and the Institutional Investor Group on Climate Change (Europe). By engaging with more than 100 of the world’s largest corporate gas emitters, the aim is to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change risks.</p> <p>The Climate Action 100+ founding signatories have agreed on a common agenda for discussion with companies. Investors supporting the initiative will request the boards and senior management of these companies to:</p> <ul style="list-style-type: none"> • Implement a strong governance framework that clearly articulates the board’s accountability and oversight of climate change risks and opportunities; • Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement’s goal of limiting the global average temperature increase to well below 2 degrees Celsius above pre-industrial levels; • Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, when applicable, sector-specific GIC Investor Expectations on Climate Change. The objective is to enable investors to assess the robustness of companies’ business plans against a range of climate scenarios, including the well-below 2-degrees Celsius scenario, and improve investment decision-making. <p>Targeted Sectors: All.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>Over 250 focus-company engagements were reported to have taken place. A quarter of these have reached company board level and a similar level of C-Suite level engagement.</p> <p>More than half the engagements focused on TCFD-aligned exposure, with scenario analysis as a top priority. Several statements were made at AGMs in 2018.</p>		
<p>Next Step</p> <p>Engagement follow up, as well as potential actions at 2019 AGMs, including co-filing or official support to climate-related resolutions.</p>		
































<p>Cyber security</p>		<p>ESG</p>
<p><i>PRI & Cyber Security issue</i></p> <p><i>Stepping up Governance on Cyber Security</i></p> <p><i>Investor-company Dialogue on Cyber Security: five emerging findings</i></p>	<p>Supported since : 2017</p> <p>Status : Continued (to be completed in 2019)</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Letters co-signer • Lead investor on 1 corporate • Participation in exchanges with several corporates
<p>Summary</p> <p>This initiative, coordinated by PRI, provides an opportunity for investors to encourage enhanced corporate disclosure on cyber security and facilitate a better understanding of the underlying cyber risks and vulnerabilities.</p> <p>This engagement aims at:</p> <ul style="list-style-type: none"> • Building investors' understanding of how their portfolio companies are positioned in terms of their policies and governance structures to demonstrate cyber resilience; • Seeking to improve the level of company disclosure on cyber risks and their management. <p>Targeted Sectors: Consumer, Healthcare and Financial sectors.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>More than 60% of the 64 initial target companies agreed to engage on the topic.</p> <p>While poor disclosure seems to be a recurring theme, many companies appear to already have cyber-related policies and procedures in place and most would agree that this is a business-critical issue.</p> <p>Through the engagement process, access to cyber security experts within companies, such as CISOs and Digital Directors, provided involved investors a better understanding of the policy, strategy and implementation, and how the three are interlinked.</p>		
<p>Next Step</p> <p>Engagement follow-up and release of the outcomes final report.</p>		

















<p>Corporate Tax responsibility</p>	 <p>Principles for Responsible Investment</p>	 
<p><u>PRI & Tax Avoidance issue</u></p> <p><u>Evaluating and Engaging on Corporate Tax Transparency</u></p> <p><u>Investor Recommendations on Corporate Income Tax Disclosure</u></p>	<p>Supported since : 2017</p> <p>Status : Continued (to be completed in 2019)</p>	<p>Candriam 2018-specific involvement</p> <ul style="list-style-type: none"> • Letters co-signer • Lead investor on 2 corporates • Participation in exchanges with several corporates
<p>Summary</p> <p>This PRI-coordinated initiative aims to improve corporate disclosure on tax policy, governance and risk management, and reporting areas at portfolio companies in the healthcare and technology sectors. Indeed, opaque and aggressive tax practices can lead to reputational and legal risks, and therefore have an impact on long-term shareholder value.</p> <p>As regulation is globally moving towards the reinforcement of legal frameworks to prevent tax evasion, companies involved in aggressive tax policies have to face greater media and tax authority scrutiny.</p> <p>Themes of the engagement include, inter alia: disclosure of a tax policy signed by a board-level representative outlining the company's approach to taxation and how this approach is aligned with its business and sustainability strategy; information on tax governance and management of the tax policy and related risks; and transparency on tax strategies, tax-related risks and country-by-country activities.</p> <p>Targeted Sectors: Healthcare and technology sectors have been selected due to their heavy reliance on intellectual property assets.</p> <p>Targeted Regions: Global.</p>		
<p>Achievements</p> <p>Around 50% of the 39 targeted companies agreed to engage on the topic.</p> <p>Although companies seem to have robust governance systems in place related to tax, public disclosure is lagging and investors are pushing for increased transparency to ensure better oversight of companies' internal control mechanisms. Research has shown that tax policies vary greatly in maturity and are mainly compliance-driven, while very few companies have published a global policy. The legal requirement under the UK Finance Act 2016 has created momentum, so investors are pushing for it. In addition, while companies usually remain reluctant to publicly disclose their Country-by-Country Report, often referring to competition risks, they seem to be ready to disclose it at regional level, and understand investors' need for more narrative to avoid misinterpretations.</p>		
<p>Next Step</p> <p>Engagement follow-up and release of the outcomes final report.</p>		

6.2 Overview of our direct dialogue













































ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
Glanbia Plc	Europe	Consumer staples	Thematic	S		Initiated	
Wessanen	Europe	Consumer staples	Thematic	S		Continued	
ACCIONA SA	Europe	Utilities	Pre/Post AGM	G		Closed	No
Aeroports de Paris	Europe	Industrials	Pre/Post AGM	G		Closed	No
Airbus SE	Europe	Industrials	SRI sector review & assim.	G		Closed	No
Altice NV Class A	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
AMADEUS IT GROUP SA	Europe	Information Technology	SRI sector review & assim.	ESG		Closed	Yes
ANHEUSER BUSCH INBEV NV	Europe	Consumer staples	Pre/Post AGM	G		Closed	No
ASSOCIATED BRITISH FOODS	Europe	Consumer staples	Thematic	S		Continued	
AstraZeneca	Europe	Health Care	Thematic	ESG		Closed	Yes
ATLANTIA	Europe	Industrials	Pre/Post AGM	G		Closed	No
ATLANTIA	Europe	Industrials	SRI sector review & assim.	SG		Continued	
ATOS SE	Europe	Information Technology	SRI sector review & assim.	ESG		Closed	Yes
Axel Springer SE	Europe	Consumer discretionary	Thematic	G		Closed	Yes
BANKIA	Europe	Financials	Thematic	G		Closed	Yes
BARRY CALLEBAUT	Europe	Consumer staples	Thematic	S		Continued	
BAYER	Europe	Health Care	SRI sector review & assim.	ES		Closed	Yes
BAYERISCHE MOTOREN WERKE AG	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
BIOMERIEUX	Europe	Health Care	Pre/Post AGM	G		Closed	No
BOLLORE SA	Europe	Industrials	Pre/Post AGM	G		Continued	
BURBERRY GROUP	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes

ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
CAIXABANK SA	Europe	Financials	Pre/Post AGM	G		Closed	No
CARREFOUR	Europe	Consumer staples	SRI sector review & assim.	S		Closed	No
CASINO GUICHARD	Europe	Consumer staples	SRI sector review & assim.	G		Closed	Yes
CENTRICA	Europe	Utilities	In Line	E		Closed	Yes
Chr. Hansen Holding A/S	Europe	Materials	Thematic	S		Closed	Yes
CNH Industrial NV	Europe	Industrials	Pre/Post AGM	G		Closed	No
CO. FIN. RICHEMONT B	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
Compagnie Plastic Omnium	Europe	Consumer discretionary	In Line	G		Closed	No
Compagnie Plastic Omnium	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
Compagnie Plastic Omnium	Europe	Consumer discretionary	In Line	E		Closed	Yes
CONTINENTAL	Europe	Consumer discretionary	Thematic	EG		Initiated	
Covestro	Europe	Materials	Thematic	E		Closed	Yes
Croda	Europe	Materials	Thematic	ESG		Closed	Yes
DAIMLER AG	Europe	Consumer discretionary	In Line	ES		Initiated	
Danone	Europe	Consumer staples	Thematic	S		Continued	
DASSAULT SYSTEMES	Europe	Information Technology	Pre/Post AGM	G		Closed	No
DIAGEO	Europe	Consumer staples	Thematic	S		Closed	Yes
EnBW Energie Baden-Wuerttemberg AG	Europe	Utilities	Thematic	E		Initiated	
ENI	Europe	Energy	SRI sector review & assim.	ESG		Closed	Yes
EQUINOR ASA	Europe	Energy	SRI sector review & assim.	ESG		Closed	Yes

ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
EssilorLuxottica	Europe	Health Care	SRI sector review & assim.	ESG		Closed	Yes
Eurofins	Europe	Health Care	Thematic	SG		Closed	Yes
EVONIK INDUSTRIES AG	Europe	Materials	Thematic	E	  	Closed	Yes
EVRAZ PLC	Europe	Materials	SRI sector review & assim.	S	  	Continued	
FAURECIA S.A.	Europe	Consumer discretionary	In Line	G	 	Continued	
Fiat Chrysler Automobiles N.V.	Europe	Consumer discretionary	SRI sector review & assim.	ES	   	Closed	No
Fiat Chrysler Automobiles N.V.	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
FORTUM OYJ (FIM20)	Europe	Utilities	Thematic	E	 	Initiated	
FRESENIUS MEDCARE STA	Europe	Health Care	Pre/Post AGM	G		Closed	No
GEBERT	Europe	Industrials	Thematic	E	 	Closed	Yes
Gecina	Europe	Real Estate	SRI sector review & assim.	ESG	  	Closed	No
GENERALI (ASSICURAZION)	Europe	Financials	SRI sector review & assim.	EG	  	Continued	
GlaxoSmithKline	Europe	Health Care	Thematic	ESG	  	Closed	Yes
Glencore PLC	Europe	Materials	Thematic	E	 	Continued	
GPE BRUXELLES LAMBERT	Europe	Financials	Pre/Post AGM	G		Continued	
HARGREAVES LANSDOWN	Europe	Financials	Thematic	G		Continued	
HERMES INTERNATIONAL	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
HUGO BOSS	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
IBERDROLA SA (EUR3)	Europe	Utilities	SRI sector review & assim.	E	 	Closed	Yes
ILIAD	Europe	Telecommunication Services	Pre/Post AGM	G		Closed	No

ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
INFINEON	Europe	Information Technology	SRI sector review & assim.	S		Continued	
ING GROEP NV	Europe	Financials	SRI sector review & assim.	G		Continued	
INNOGY SE	Europe	Utilities	SRI sector review & assim.	E		Closed	Yes
Kering	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
KONE CORP -B	Europe	Industrials	Pre/Post AGM	G		Closed	No
KONINKLIJKE DSM NV	Europe	Materials	Thematic	ES		Closed	Yes
LINDT N	Europe	Consumer staples	Thematic	S		Initiated	
LUXOTTICA GROUP	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
LVMH	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
LVMH	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
MAN STA	Europe	Industrials	Pre/Post AGM	G		Closed	No
MARKS & SPENCER GROUP	Europe	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
MEDIASET	Europe	Consumer discretionary	Thematic	G		Initiated	
NATIONAL GRID TRANSCO	Europe	Utilities	In Line	E		Continued	
NESTLE R	Europe	Consumer staples	Thematic	S		Continued	
NIBE INDUSTRIER AB	Europe	Industrials	Thematic	ES		Closed	Yes
NOVARTIS AG RS	Europe	Health Care	SRI sector review & assim.	G		Continued	
NOVARTIS AG RS	Europe	Health Care	Thematic	ESG		Closed	Yes
PEUGEOT SA	Europe	Consumer discretionary	In Line	ES		Initiated	
PUBLICIS GROUPE	Europe	Consumer discretionary	Pre/Post AGM	G		Closed	No
Reckitt Benckiser	Europe	Consumer staples	Thematic	S		Continued	



ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
RENAULT	Europe	Consumer discretionary	SRI sector review & assim.	ES		Initiated	
Roche Holdings AG	Europe	Health Care	Thematic	G		Closed	Yes
ROYAL DUTCH SHELL B	Europe	Energy	SRI sector review & assim.	E		Closed	Yes
ROYAL DUTCH SHELL B	Europe	Energy	Pre/Post AGM	EG		Closed	Yes
Rtl Group(New)	Europe	Consumer discretionary	Thematic	G		Closed	Yes
Sanofi	Europe	Health Care	Thematic	ESG		Closed	Yes
SAP SE	Europe	Information Technology	SRI sector review & assim.	ESG		Closed	Yes
SCOR	Europe	Financials	Pre/Post AGM	G		Closed	No
SOLVAY	Europe	Materials	In Line	ES		Closed	No
STANDARD CHARTERED PLC	Europe	Financials	SRI sector review & assim.	E		Continued	
TELEFONICA DEUTSCHLAND HOLDI	Europe	Telecommunication Services	Pre/Post AGM	G		Closed	No
TELENET GROUP HOLDING	Europe	Consumer discretionary	Pre/Post AGM	G		Continued	
TENARIS	Europe	Energy	Pre/Post AGM	G		Closed	No
TOTAL	Europe	Energy	SRI sector review & assim.	ESG		Closed	Yes
TOTAL	Europe	Energy	Pre/Post AGM	G		Closed	Yes
UBS Group AG	Europe	Financials	In Line	G		Closed	No
Unibail Rodamco Westfield	Europe	Real Estate	SRI sector review & assim.	ESG		Closed	Yes
UNILEVER NV CVA	Europe	Consumer staples	Thematic	S		Initiated	
VESTAS WIND SYSTEM (DK)	Europe	Industrials	Thematic	ESG		Closed	Yes
VINCI	Europe	Industrials	Thematic	G		Closed	No

ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS		STATUS	IMPACT ON CANDRIAM OPINION
Vinci	Europe	Industrials	Thematic	G			Closed	Yes
WACKER CHEMIE AG	Europe	Materials	Thematic	ES			Closed	Yes
WORLDLINE SA/FRANCE	Europe	Information Technology	SRI sector review & assim.	ESG			Closed	Yes
YARA INTERNATIONAL	Europe	Materials	In Line	E		 	Initiated	
ZARDOYA-OTIS (ESP70)	Europe	Industrials	Pre/Post AGM	G			Closed	No
AMPHENOL CORP	US/CAN	Information Technology	In Line	S			Closed	Yes
Apache Corp.	US/CAN	Energy	In Line	E		 	Initiated	
Ball Corporation	US/CAN	Materials	SRI sector review & assim.	ESG			Closed	Yes
Barrick Gold Corp.	US/CAN	Materials	Thematic	E			Continued	
BB&T Corp.	US/CAN	Financials	In Line	S			Closed	Yes
Boeing Company	US/CAN	Industrials	SRI sector review & assim.	S			Closed	Yes
Campbell Soup Company	US/CAN	Consumer staples	Thematic	S		  	Continued	
Coca-Cola Co/The	US/CAN	Consumer staples	Thematic	S		  	Initiated	
Conagra Brands Inc	US/CAN	Consumer staples	Thematic	S		  	Initiated	
CUMMINS INC	US/CAN	Industrials	In Line	E		  	Continued	
Deere & Company	US/CAN	Industrials	In Line	E		  	Initiated	
Dominion Energy Inc	US/CAN	Utilities	In Line	E		 	Closed	Yes
DOMINION ENERGY INC	US/CAN	Utilities	Thematic	E			Continued	
Edison International Inc	US/CAN	Utilities	In Line	E			Initiated	
Entergy Corp.	US/CAN	Utilities	Thematic	E			Initiated	

Engagement Report

Annual Review 2018

ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
Freeport-McMoRan Inc	US/CAN	Materials	Thematic	E		Continued	
General Mills Inc	US/CAN	Consumer staples	Thematic	S		Continued	
GOODYEAR TIRE & RUBBER	US/CAN	Consumer discretionary	In Line	G		Closed	No
International Flavours & Fragrances	US/CAN	Materials	In Line	ES		Continued	
Kellogg Company	US/CAN	Consumer staples	Thematic	S		Initiated	
Kraft Heinz Co/The*	US/CAN	Consumer staples	Thematic	S		Initiated	
LILLY (ELI) & CO	US/CAN	Health Care	Pre/Post AGM	G		Continued	
Magna International Inc	US/CAN	Consumer discretionary	In Line	G		Initiated	
McCormick & Company Inc	US/CAN	Consumer staples	Thematic	S		Initiated	
PENNEY (J.C) CO	US/CAN	Consumer discretionary	SRI sector review & assim.			Closed	Yes
Pepsico Inc	US/CAN	Consumer staples	Thematic	S		Initiated	
Pioneer Natural Resources Company	US/CAN	Energy	In Line	E		Initiated	
SEI INVESTMENTS CO	US/CAN	Financials	In Line	G		Initiated	
TD AMERITRADE HOLDING CO	US/CAN	Financials	In Line	G		Initiated	
Tesla Inc	US/CAN	Consumer discretionary	SRI sector review & assim.	ESG		Continued	Yes
Tyson Foods Inc	US/CAN	Consumer staples	SRI sector review & assim.	S		Closed	Yes
United Technologies Corp.	US/CAN	Industrials	SRI sector review & assim.	S		Closed	Yes
Ajinomoto	Asia/Pacific	Consumer staples	Thematic	S		Continued	
BHP BILLITON LTD	Asia/Pacific	Materials	Thematic	ESG		Closed	Yes
CIMIC Group Ltd	Asia/Pacific	Industrials	SRI sector review & assim.	G		Closed	Yes
DENTSU	Asia/Pacific	Consumer discretionary	In Line	S		Closed	Yes

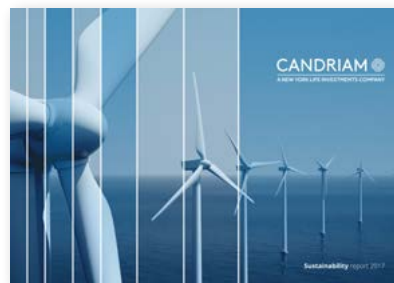
ISSUER	REGION	SECTOR	CONTEXT OF DIALOGUE	E-S-G	CONVICTION TOPICS	STATUS	IMPACT ON CANDRIAM OPINION
HOLLYSYS AUTOMATION TECHNOLO	Asia/Pacific	Information Technology	SRI sector review & assim.	ES	 	Closed	No
HONDA MOTOR	Asia/Pacific	Consumer discretionary	SRI sector review & assim.	SG		Closed	No
INCITEC PIVOT	Asia/Pacific	Materials	In Line	E	 	Initiated	
ISRAEL CHEMICALS	Asia/Pacific	Materials	In Line	E	  	Closed	Yes
MITSUBISHI MOTORS CORP	Asia/Pacific	Consumer discretionary	SRI sector review & assim.	E		Closed	Yes
NGK SPARK PLUG	Asia/Pacific	Consumer discretionary	In Line	E		Initiated	
Suntory Beverage & Food Ltd.	Asia/Pacific	Consumer staples	Thematic	S	  	Continued	
The Kansai Electric Power Co., Inc.	Asia/Pacific	Utilities	Thematic	E		Initiated	
Tokyo Electric Power Co. Holding Inc.	Asia/Pacific	Utilities	Thematic	E		Initiated	
TOYOTA MOTOR	Asia/Pacific	Consumer discretionary	In Line	E		Initiated	
UNI-CHARM CORP	Asia/Pacific	Consumer staples	SRI sector review & assim.	S	  	Closed	Yes
Apollo Hospitals Enterprise	Emerging Market	Health Care	SRI sector review & assim.	S		Closed	Yes
Bangkok Dusit Med Service	Emerging Market	Health Care	SRI sector review & assim.	S	 	Closed	Yes
BEC WORLD PUBLIC CO LTD	Emerging Market	Consumer discretionary	SRI sector review & assim.	SG	  	Closed	Yes
BYD CO LTD-H	Emerging Market	Industrials	SRI sector review & assim.	S	  	Closed	Yes
CHAROEN POKPHAND FOODS PUB (CP Foods)	Emerging Market	Consumer staples	SRI sector review & assim.	S	 	Closed	Yes
EDP - Energias do Brasil SA	Emerging Market	Utilities	Thematic	E	 	Initiated	
PETRO CO TRIN/TOBAGO LTD	Emerging Market	Energy	SRI sector review & assim.	G		Closed	Yes
PETRONAS CAPITAL LTD	Emerging Market	Energy	SRI sector review & assim.	S	  	Closed	Yes
ZTE CORP-H	Emerging Market	Information Technology	SRI sector review & assim.	G		Closed	Yes

7. TO KNOW MORE

All publications are available on our corporate website, at www.candriam.com. Under the Resources tab, you will in particular obtain access to all our SRI publications, including our own:



SRI brochure



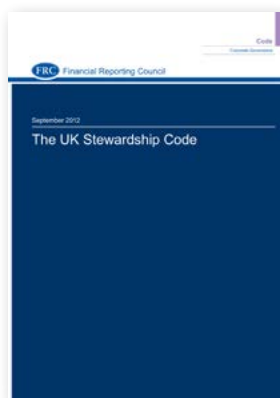
CSR report



**European SRI
transparency code**



**Controversial
Activity Policy**



**The UK Stewardship
Code**



**Proxy Voting report
& Cast Votes**



**Our Responsible Investor report
on the PRI website**



If you would like to provide feedback on this report, please request further information on our approach or contact our SRI team. Do not hesitate to contact us using the form available on our corporate website: www.candriam.com

FOLLOW US:



About CANDRIAM

CANDRIAM is a European multi-specialist asset manager with a 20-year track record. **CANDRIAM** manages around EUR 115 billion of assets under management¹ as of the end of December 2018 with a team of more than 500 professionals. It operates management offices in Luxembourg, Brussels, Paris, and London, and has client representatives in more than 20 countries throughout continental Europe, the United Kingdom, the United States and the Middle East. **CANDRIAM** offers investment solutions in several key areas: bonds, equities, absolute performance strategies, and asset allocation. **CANDRIAM** is also a pioneer and leader in sustainable investments with, since 1996, a broad and innovative range covering all its asset classes.

CANDRIAM is a New York Life Company. New York Life Investments² ranks among the world's largest asset managers³.

Candriam stands for "*Conviction And Responsibility in Asset Management*": conviction-based investment decisions and a sense of responsibility to our clients influence everything we do. Our Sustainable & Responsible Investing (SRI) research team is one of the largest in continental Europe, enabling us to provide a broad range of SRI strategies across geographic regions and asset classes (equity, fixed income and asset allocation).

DISCLAIMER

This document is provided for information purposes only, it does not constitute an offer to buy or sell financial instruments, nor does it represent an investment recommendation or confirm any kind of transaction, except where expressly agreed. Although Candriam selects carefully the data and sources within this document, errors or omissions cannot be excluded a priori. Candriam cannot be held liable for any direct or indirect losses as a result of the use of this document. The intellectual property rights of Candriam must be respected at all times, contents of this document may not be reproduced without prior written approval.

Warning: Past performances of a given financial instrument or index or an investment service, or simulations of past performances, or forecasts of future performances are not reliable indicators of future performances. Gross performances may be impacted by commissions, fees and other expenses. Performances expressed in a currency other than that of the investor's country of residence are subject to exchange rate fluctuations, with a negative or positive impact on gains. If the present document refers to a specific tax treatment, such information depends on the individual situation of each investor and may change.

¹ As of 31 December 2018. 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.

² New York Life Investments is a service mark used by New York Life Investment Management Holdings LLC and its subsidiary New York Life Investment Management LLC. New York Life Investment Management LLC is a wholly-owned indirect subsidiary of New York Life Insurance Company

³ Source: New York Life Investments ranked 30th among the world's largest money managers within *Pensions & Investments*, May 28, 2018. Rankings are based on total worldwide institutional assets under management for the year-end 2017. New York Life Investments assets include assets of affiliated investment advisors.