

| Discretionary | Gateway |
|--|---|
| <p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input checked="" type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice <input type="checkbox"/> To engage internal ESG resources <input type="checkbox"/> Other - specify <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decisionmaking in & company related ESG issues <input type="checkbox"/> To enhance corporate practice or identify the need to enhance corporate practice <input type="checkbox"/> Other - specify | <p>Type of engagement</p> <ul style="list-style-type: none"> <input type="checkbox"/> Individual/ internal staff engagements <input type="checkbox"/> Collaborative engagements <input type="checkbox"/> Service provider engagements |

RI TRANSPARENCY REPORT

2019

Candriam Investors Group

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the reporting period specified above. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information.

PRI disclaimer

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OO 01.1 Select the services and funds you offer

| Select the services and funds you offer | % of asset under management (AUM) in ranges |
|--|---|
| Fund management | <input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50% |
| Fund of funds, manager of managers, sub-advised products | <input type="radio"/> 0% <input checked="" type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50% |
| Other | <input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50% |
| Total 100% | |

Further options (may be selected in addition to the above)

- Hedge funds
- Fund of hedge funds

OO 02.1 Select the location of your organisation's headquarters.

Luxembourg

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

555

OO 02.4 Additional information. [Optional]

Candriam has established management centres in Luxembourg, Brussels, Paris and London, and has client representatives in more than 20 countries throughout Continental Europe, the UK, the USA and the Middle East. Its investment solutions cover five key areas: fixed income, equities, absolute performances 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. Through conviction-driven investment solutions, Candriam has earned a reputation for delivering innovation and strong performance to a long-standing, diversified client base in over 20 countries.

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes

OO 03.2 List your subsidiaries that are separate PRI signatories and indicate if you would like to report their RI activities in your organisation's consolidated report.

| Name of PRI signatory subsidiary (Up to six subsidiaries may be reported) | RI implementation reported here on a consolidated basis |
|--|--|
| Candriam Belgium | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| Candriam France | <input checked="" type="radio"/> Yes <input type="radio"/> No |
| Candriam Switzerland | <input checked="" type="radio"/> Yes <input type="radio"/> No |

No

| | | | |
|-------|-----------|-----------------|---------|
| OO 04 | Mandatory | Gateway/Peering | General |
|-------|-----------|-----------------|---------|

OO 04.1 Indicate the year end date for your reporting year.

31/12/2018

OO 04.2 Indicate your total AUM at the end of your reporting year.

Total AUM
 114,895,131,096 EUR
 131,083,065,935 USD

OO 04.4 Indicate the total assets at the end of your reporting year subject to an execution and/or advisory approach.

Not applicable as we do not have any assets under execution and/or advisory approach

| | | | |
|-------|--|---------|---------|
| OO 05 | Mandatory to Report, Voluntary to Disclose | Gateway | General |
|-------|--|---------|---------|

OO 05.1 Provide an approximate percentage breakdown of your AUM at the end of your reporting year using the following asset classes and investment strategies:

| | Internally managed (%) | Externally managed (%) |
|--------------------------|------------------------|------------------------|
| Listed equity | 10-50% | <10% |
| Fixed income | >50% | <10% |
| Private equity | 0 | 0 |
| Property | 0 | 0 |
| Infrastructure | 0 | 0 |
| Commodities | 0 | 0 |
| Hedge funds | <10% | <10% |
| Fund of hedge funds | 0 | 0 |
| Forestry | 0 | 0 |
| Farmland | 0 | 0 |
| Inclusive finance | 0 | 0 |
| Cash | 0 | 0 |
| Money market instruments | 0 | 0 |
| Other (1), specify | 0 | 0 |
| Other (2), specify | 0 | 0 |

| | | | |
|-------|-----------|-------------|---------|
| OO 06 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

OO 06.1 Select how you would like to disclose your asset class mix.

- as percentage breakdown
- as broad ranges

OO 06.3 Indicate whether your organisation has any off-balance sheet assets [Optional].

- Yes
- No

OO 06.5 Indicate whether your organisation uses fiduciary managers.

- Yes, we use a fiduciary manager and our response to OO 5.1 is reflective of their management of our assets.
- No, we do not use fiduciary managers.

| | | | |
|-------|--|---------|---------|
| OO 07 | Mandatory to Report, Voluntary to Disclose | Gateway | General |
|-------|--|---------|---------|

OO 07.1 Provide to the nearest 5% the percentage breakdown of your Fixed Income AUM at the end of your reporting year, using the following categories.

| | | |
|--------------------|----|---------------------------|
| Internally managed | 47 | SSA |
| | 18 | Corporate (financial) |
| | 32 | Corporate (non-financial) |
| | 3 | Securitised |
| Externally managed | 44 | SSA |
| | 18 | Corporate (financial) |
| | 35 | Corporate (non-financial) |
| | 3 | Securitised |

| | | | |
|-------|--|---------|---------|
| OO 08 | Mandatory to Report, Voluntary to Disclose | Peering | General |
|-------|--|---------|---------|

Private

| | | | |
|-------|-----------|---------|---------|
| OO 09 | Mandatory | Peering | General |
|-------|-----------|---------|---------|

| | |
|---------|--|
| OO 09.1 | Indicate the breakdown of your organisation's AUM by market. |
|---------|--|

| | |
|----|-------------------|
| 95 | |
| 5 | Developed Markets |
| 0 | Emerging Markets |
| 0 | Frontier Markets |
| | Other Markets |

| | | | |
|-------|-----------|---------|---------|
| OO 10 | Mandatory | Gateway | General |
|-------|-----------|---------|---------|

| | |
|---------|---|
| OO 10.1 | Select the active ownership activities your organisation implemented in the reporting year. |
|---------|---|

| |
|----------------------------|
| Listed equity – engagement |
|----------------------------|

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors.

| |
|------------------------|
| Listed equity – voting |
|------------------------|

- We cast our (proxy) votes directly or via dedicated voting providers
- We require our external managers to vote on our behalf.
- We do not cast our (proxy) votes directly and do not require external managers to vote on our behalf

| |
|-------------------------------|
| Fixed income SSA – engagement |
|-------------------------------|

- We engage with SSA bond issuers on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with SSA bond issuers on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with SSA bond issuers on ESG factors. Please explain why you do not.

| |
|---|
| Fixed income Corporate (financial) – engagement |
|---|

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

| |
|---|
| Fixed income Corporate (non-financial) – engagement |
|---|

- We engage with companies on ESG factors via our staff, collaborations or service providers.

- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

Fixed income Corporate (securitised) – engagement

- We engage with companies on ESG factors via our staff, collaborations or service providers.
- We require our external managers to engage with companies on ESG factors on our behalf.
- We do not engage directly and do not require external managers to engage with companies on ESG factors. Please explain why you do not.

OO 11 Mandatory Gateway General

OO 11.1 Select the internally managed asset classes in which you addressed ESG incorporation into your investment decisions and/or your active ownership practices (during the reporting year).

Listed equity

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - SSA

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - corporate (non-financial)

- We address ESG incorporation.
- We do not do ESG incorporation.

Fixed income - securitised

- We address ESG incorporation.
- We do not do ESG incorporation.

Hedge funds

- We address ESG incorporation.
- We do not do ESG incorporation.

OO 11.2 Select the externally managed assets classes in which you and/or your investment consultants address ESG incorporation in your external manager selection, appointment and/or monitoring processes.

| Asset class | ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes |
|--------------------------------------|---|
| Listed equity | <p>Listed equity - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation |
| Fixed income - SSA | <p>Fixed income - SSA - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation |
| Fixed income - corporate (financial) | <p>Fixed income - corporate (financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process <input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process <input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process <input type="checkbox"/> We do not do ESG incorporation |

| | |
|--|--|
| Fixed income - corporate (non-financial) | <p>Fixed income - corporate (non-financial) - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p> |
| Fixed income - securitised | <p>Fixed income - securitised - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input checked="" type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input type="checkbox"/> We do not do ESG incorporation</p> |
| Hedge funds | <p>Hedge funds - ESG incorporation addressed in your external manager selection, appointment and/or monitoring processes</p> <p><input type="checkbox"/> We incorporate ESG into our external manager selection process</p> <p><input type="checkbox"/> We incorporate ESG into our external manager appointment process</p> <p><input type="checkbox"/> We invest only in pooled funds and external manager appointment is not applicable</p> <p><input type="checkbox"/> We incorporate ESG into our external manager monitoring process</p> <p><input checked="" type="checkbox"/> We do not do ESG incorporation</p> |

OO 11.3b If your organisation does not integrate ESG factors into investment decisions on your externally managed assets, explain why not.

Externally managed funds are not strategic assets for Candriam and represent less than 10 % of Candriam's assets. Hedge funds assets represent a marginal pourcentage of those.

OO 11.4 Provide a brief description of how your organisation includes responsible investment considerations in your investment manager selection, appointment and monitoring processes.

As a responsible asset manager, we ask our external managers to describe their ESG policies and to address ESG consideration in line with Candriam's ESG company-wide policy. If the portfolio that uses the selected fund follows an additional specific RI approach, the fund selected has to be in line with this approach. External manager that are selected are submitted to a due diligence process organized by the Risk Management and the dedicated team in charge of external management selection. The questionnaire that is part of the due diligence process combines ESG questions related to:

- the external manager's company practices: PRI membership, ESG philosophy, dedicated resources, stewardship policies and practices
- the specific fund process in the selection: ESG considerations and approach, controversial activities policies and exclusions

OO 12 **Mandatory** Gateway General

OO 12.1 Below are all applicable modules or sections you may report on. Those which are mandatory to report (asset classes representing 10% or more of your AUM) are already ticked and read-only. Those which are voluntary to report on can be opted into by ticking the box.

| | |
|---|--|
| Core modules | <p><input checked="" type="checkbox"/> Organisational Overview</p> <p><input checked="" type="checkbox"/> Strategy and Governance</p> |
| RI implementation directly or via service providers | <p>Direct - Listed Equity incorporation</p> <p><input checked="" type="checkbox"/> Listed Equity incorporation</p> <p>Direct - Listed Equity active ownership</p> <p><input checked="" type="checkbox"/> Engagements</p> <p><input checked="" type="checkbox"/> (Proxy) voting</p> <p>Direct - Fixed Income</p> <p><input checked="" type="checkbox"/> Fixed income - SSA</p> <p><input checked="" type="checkbox"/> Fixed income - Corporate (financial)</p> <p><input checked="" type="checkbox"/> Fixed income - Corporate (non-financial)</p> <p><input type="checkbox"/> Fixed income - Securitised</p> <p>Direct - Other asset classes with dedicated modules</p> <p><input type="checkbox"/> Hedge Funds and/or Fund of Hedge Funds</p> |
| RI implementation via external managers | |

| | |
|---|--|
| Indirect - Selection, Appointment and Monitoring of External Managers | |
| <input type="checkbox"/> | Listed Equities |
| <input type="checkbox"/> | Fixed income - SSA |
| <input type="checkbox"/> | Fixed income - Corporate (financial) |
| <input type="checkbox"/> | Fixed income - Corporate (non-financial) |
| <input type="checkbox"/> | Fixed income - Securitised |

| | |
|-------------------------------------|----------------|
| Closing module | |
| <input checked="" type="checkbox"/> | Closing module |

| | | | |
|----------|-----------|---------|---------|
| OO LE 01 | Mandatory | Gateway | General |
|----------|-----------|---------|---------|

| | |
|------------|---|
| OO LE 01.1 | Provide a breakdown of your internally managed listed equities by passive, active - quantitative (quant), active - fundamental and active - other strategies. |
|------------|---|

| Strategies | Percentage of internally managed listed equities |
|---|---|
| Passive | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Active - quantitative (quant) | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Active - fundamental and active - other | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% |
| Total 100% | |

| | |
|------------|------------------------------------|
| OO LE 01.2 | Additional information. [Optional] |
|------------|------------------------------------|

Candriam's equity management covers passive and active management. All our equity investments are banned to invest in companies exposed to controversial armament (cluster munitions, anti-personnel landmines, depleted uranium, biological and chemical weapons). Our in-house funds apply since end 2018 our exclusion policy related to coal and tobacco.

In active equity management, the European scope and some World thematic funds are managed with a fundamental approach while World and out-of-Europe scopes are managed based on in-house developed quantitative models.

Our fundamental European management follows an ESG integrated approach since 2012. This integration approach consists of an exclusion of companies for exposure to armament and for serious violations to Human & Labour rights, anti-corruption and damage to environment (UN Global Compact). This approach takes systematically into account in the financial selection process the company's stakeholders management and ESG issues in the company's business profile. The same approach is applied to other fundamental equities strategies.

Aside from the exclusion policy, our passive equity management excludes since 2010 companies in serious violations of the UN Global Compact Principles.

Our offer includes Low carbon solutions, an ETF range combining Smart beta and ESG Best-in-class strategies. In 2018, we launched a European fossil fuel free strategy.

| | | | |
|----------|-----------|---------|---------|
| OO FI 01 | Mandatory | Gateway | General |
|----------|-----------|---------|---------|

| | |
|------------|---|
| OO FI 01.1 | Provide a breakdown of your internally managed fixed income securities by active and passive strategies |
|------------|---|

| Type | Passive | Active - quantitative | Active - fundamental & others | Total internally managed fixed income security |
|-----------------------|---|---|---|--|
| SSA | <input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0% | <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |
| Corporate (financial) | <input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0% | <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |

| | | | | |
|---------------------------|---|---|---|-------------|
| Corporate (non-financial) | <input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> 0% | <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |
| Securitised | <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% | <input type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input checked="" type="radio"/> 0% | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |

OO FI 01.2 Additional information. [Optional]

Candriam Fixed income management expertise covers passive and active management. Since 2010 all our investments are banned from investments in companies exposed to controversial armament (cluster munitions, anti-personnel landmines, depleted uranium, biological and chemical weapons). Our in-house funds apply since end 2018 an exclusion policy related to coal and tobacco.

Candriam expertise in active Fixed Income covers a broad range of products : from the traditional investment in developed and emerging government and investment grade corporate issuers to high yield corporate bonds. Absolute returns approaches are also part of our offer. All the strategies reported are "long only" strategies.

Candriam offers a unique in-house developed approach to ESG assessment of companies and countries that is proposed in a large SRI product range offer covering Investment grades corporates, global High Yield and developed/emerging countries. This approach combines an assessment of companies exposure to global sustainability trends and of companies behaviour in the management of stakeholders. The "Best-in-class" selection resulting from this approach is completed by a final check of the compliance of companies to the UN Global Compact principles covering Human & Labour rights, environment and corruption/governance and of the compliance to our controversial activities policy. Candriam also developed an SRI approach in order to select countries that properly manage their sustainable development issues. To this end, the approach is based on the belief that investing in human capital (work, knowledge and health) while properly managing natural resources and social capital (legislation, institutions and social cohesion) and ensuring economic sustainability, allows the country to develop sustainably, leading to more robust economic growth over the long term. Minimum standards related to democracy and control of corruption are included in the assessment as well as an exclusion screening for exposure to highly oppressive regimes. Since end 2016, this approach also covers Emerging markets countries.

Our active investment process covering corporates initiated an integrated approach in 2014. This integration approach consists of systematically taking into account the issuer's stakeholder's management practices and to incorporate business model sustainability in the financial selection.

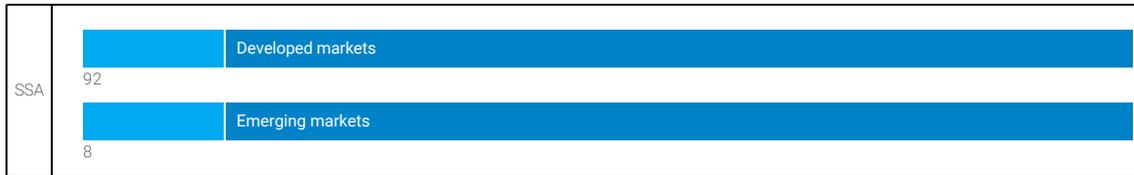
Aside from the ban of investments exposed to controversial armament, coal and tobacco, our passive management also excludes since 2010 investments

- in companies that are in serious violations of the UN Global Compact Principles
- in countries that are considered as 'non-free countries' based on Freedom in the World index and/or countries that have not signed and/or ratified 18 international treaties covering the main Human Rights conventions; the Conventions of the International Labour Organisation; the Ottawa Anti-Personnel Mine Ban Convention and the Convention on Biodiversity and Protocol on Biosecurity

Our ESG analysis of companies is accompanied by an active dialogue with companies.

OO FI 03 Mandatory Descriptive General

OO FI 03.1 Indicate the approximate (+/- 5%) breakdown of your SSA investments, by developed markets and emerging markets.



OO FI 03.2 Indicate the approximate (+/- 5%) breakdown of your corporate and securitised investments by investment grade or high-yield securities.

| Type | Investment grade (+/- 5%) | High-yield (+/- 5%) | Total internally managed |
|---------------------------|---|---|--------------------------|
| Corporate (financial) | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |
| Corporate (non-financial) | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |
| Securitized | <input checked="" type="radio"/> >50% <input type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | <input type="radio"/> >50% <input checked="" type="radio"/> 10-50% <input type="radio"/> <10% <input type="radio"/> 0% | 100% |

OO FI 03.3 Additional information. [Optional]

Candriam developed an expertise in emerging debt since 1996. Since then, our offer includes funds exposed to hard or local currencies that integrate ESG

factors in the financial selection process. In 2016, our offer has been expanded to an SRI Best-in-Universe emerging debt fund that combines financial and ESG expertises.

In 2017, our High Yield and ESG expertise have been combined to develop a SRI Global High Yield strategy based on our in-house developed Best-in-class approach.

| | | | |
|----------------|--|-------------|---------|
| OO SAM 01 | Mandatory to Report, Voluntary to Disclose | Gateway | General |
| <i>Private</i> | | | |
| OO HF 01 | Mandatory to Report, Voluntary to Disclose | Descriptive | General |
| <i>Private</i> | | | |

SG 01.1 Indicate if you have an investment policy that covers your responsible investment approach.

Yes

SG 01.2 Indicate the components/types and coverage of your policy.

| Policy components/types | Coverage by AUM |
|---|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach | <input type="radio"/> Applicable policies cover all AUM <input checked="" type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM |
| <input checked="" type="checkbox"/> Formalised guidelines on environmental factors | |
| <input checked="" type="checkbox"/> Formalised guidelines on social factors | |
| <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors | |
| <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties | |
| <input type="checkbox"/> Asset class-specific RI guidelines | |
| <input checked="" type="checkbox"/> Sector specific RI guidelines | |
| <input checked="" type="checkbox"/> Screening / exclusions policy | |
| <input checked="" type="checkbox"/> Engagement policy | |
| <input checked="" type="checkbox"/> (Proxy) voting policy | |
| <input type="checkbox"/> Other, specify (1) | |
| <input type="checkbox"/> Other, specify(2) | |

SG 01.3 Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4 Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

Candriam has always believed economic growth and profits can only be sustainable when businesses behave responsibly and look beyond the immediate present by giving appropriate consideration to ESG aspects. As a responsible asset manager, our commitment to our clients is to continuously further develop our leadership in SRI and enhance our large range of SRI products . We continuously push further the integration of ESG criteria into our investment processes and our active engagement and proxy voting policies contribute to promote ESG best practices among companies. Moreover to enhance sustainable investments' visibility we always offer our clients and prospective clients an SRI solution alongside the traditional investment solution. This is made possible as our SRI expertise covers all asset classes and regions.

Our dedicated SRI team continuously tracks new ESG trends and all ESG research and results are shared with portfolio managers.

As part of our fiduciary duties, our Responsible investment policy is approved by Candriam's Global Strategic and Executive Committees and monitored by the CSR Steering committee. We have adopted a company-wide exclusion policy and developed ESG integration in our investment processes. Promotion of ethical standards and good corporate practices are the cornerstones of our ESG integration promotion policy.

SG 01.5 Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

Policy

Candriam has updated its company-wide investment policy in September 2018 to extend the exclusion of controversial weapons to thermal coal and tobacco activities. On a medium to long term horizon, based on our in-house analysis, we considered those activities as the potentially most risky and stranded assets. This decision has been considered as part of our fiduciary duty towards our clients. This new exclusion policy is effective since end 2018 for all funds over which Candriam has the full discretion as management company and investment manager. Contact have been taken with clients to explain this new policy and ask if they agree to apply it. Our company-wide controversial activity policy has been published on our website <https://www.candriam.fr/48d37c/siteassets/medias/publications/190103-new-cap-final.pdf>.

The Eurosif Transparency Codes describing our SRI methodology and approach applies to all SRI funds (incl. the indexed funds).

Our ESG integration policy is based on our ESG analysis outcomes : stakeholder's management practices, exposure to global sustainability trends like climate change, normative exclusions related to serious violations to UN Global compact principles.

All our funds and AUM except hedge funds management are covered by our active engagement activities.

Coverage by AUM

In addition to the controversial armament exclusion filter which applies to all our assets under management we apply since end 2018 an exclusion of thermal coal and tobacco exposure to 53% of our internally managed AUM. 71 % of our AUM apply this screening and/or another RI screening (normative or other controversial activities).

We offer 7 different types of screening taking into account ESG factors :

1. *SRI corporate Best-in-Class screening - applied to all SRI AUM invested in corporates (Equity, Fixed Income including High Yield, ETFs)- 8.2 %/total AUM*

Candriam Core SRI funds and segregated accounts only invest in companies managing at best their sector-specific sustainability-related challenges. Our proprietary Best-in-Class analysis assesses companies' ability to manage sustainability-related challenges from two distinguishable but interlinked angles during the Macro and Micro analysis. The Macro analysis assesses a company's exposure to long-term trends (such as climate change, demographic evolution ...) that may strongly influence the business environment in which companies operate and may shape future market challenges and long-term growth opportunities. The Micro analysis evaluates a company's ability to take the interests of stakeholders (customers, employees ...) into account in their long-term strategies as they represents both risk and opportunity for businesses.

This Best-in-Class analysis is followed by a norms-based check designed to exclude those companies for which there is definite proof of systematic breaches of one or more of the ten principles set out in the United Nations Global Compact that covers human rights, labour standards, the respect for the environment and anti-corruption. Finally, our SRI analysis excludes all companies involved in the armament industry and checks other controversial activities' exposure.

For Emerging markets company's analysis : the lack of transparency, lower standards in terms of disclosure, language barriers and limited access to unbiased information are source of incomplete or insufficient data for our micro analysis. This has been compensated by stricter screenings in the Norms-based and Controversial activities assessment of companies and a specific corporate governance screening.

A fossil fuel free version of this approach has been developed in 2018 and implemented for the European Equities and Corporates strategies. This applies an additional exclusion of companies exposed to fossil fuel reserves and/or active in the extraction of fossil fuels and/or generating electricity based on fossil fuels.

2. *SRI country Best-in-Universe screening - applied to all SRI AUM invested in sovereign bonds (2.5%/total AUM)*

3. *Equity integration approach - applied to all our Fundamental European, World Thematics and Emerging Equity AUM (with or without SRI Best-in-class screening) (22 %/total AUM)*

This approach integrates in financial valuation of companies factors related to stakeholders management as part of quality management and those related to business model assessment as part of the business growth financial valuation. during the financial analysis of issuers.

4. *Fixed Income integration approach - applied to all active managed funds invested in corporate bonds (with or without SRI Best-in-class screening) (29 %/total AUM)*

This approach takes systematically into account Governance factors in the financial selection process as well as ESG issues in the business profile of the corporate issuers.

5. *Norms-based filter only - applied to all passive management AUM (Equity and Fixed Income)(3,5 %/total AUM)*

6. *Tailor-made Norms-based screening only - applied to dedicated insurance portfolios (12%/total AUM)*

This approach consists of exclusion of companies that violated seriously human rights, labour rights and/or caused severe damages to environment. Companies exposed to controversial armaments and tobacco are also excluded from investments.

7. *Tailor-made Low carbon screening (2.7 %/total AUM)*

This screening combines an armament filter (controversial weapons) with the norms-based check and dedicated low carbon screening.

No

| SG 01 CC | Voluntary | Descriptive | General |
|--|---|-------------|---------|
| SG 01.6 CC | Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon. | | |
| <p>For an asset manager, climate-related risks are identified at corporate level (financial/reputational risks) and at investment side (financial, transitional, physical and operational). Opportunities can be found at the investment side in investment in activities /services offering solutions to Climate change related issues : energy efficiency, clean energy and all related products/services in favour of green energy/economy all along the value chain. Regulatory changes and pressure from the stakeholders are key in the materiality of those risks and opportunities.</p> <p>The transition to a low/ neutral carbon economic world will for sure put pressure on fossil fuel energies. Among the most risky assets, the most carbon – intensive energies and activities will be the first targeted by regulators and /or the less competitive/profitable. As a consequence, fossil fuels –and especially coal - are the most risky and potential so-called 'stranded assets'. In line with the IEA 2 degree scenario, we recognise the role of natural gas for power generation in the path towards a lower carbon economy. At the same time, progressively new cleaner energies technologies to generate power and to favour better use of energies are becoming effective and profitable alternatives.</p> <p>Based on the analysis done, the time horizon of those identified risks/opportunities is for the majority of our assets (listed equities and corporate bonds) medium to long-term, That's the reason why the decision has been taken in September 2018 to expand our company-wide exclusion policy to directly exposed investee companies to thermal coal (coal extraction, coal-related power generation and new developed activities). This is the first step of our company-wide climate policy. At this stage, indirectly exposed investee companies like the financial sector are targeted by our engagement activities.</p> <p>Aside from this company-wide policy, our SRI strategies apply since 2008 an approach that takes into account the climate-related risks and opportunities of all investee companies, based on sector specific models. Those models factor the climate-related risks and opportunities at business-model level and at investee's strategies/performances level in function of the (today's and expected) materiality for the sector. Models are forward-looking (5 years time horizon) and help us to identify the companies that are the best positioned in their sector and region. Those strategies cover all asset classes (equities,bonds, asset allocation) and all regions (incl. emerging markets) and target a decarbonisation path. Since 2015, carbon footprint data are computed at portfolio level and low carbon strategies have been developed. In 2018, a fossil fuel free version of our SRI European Equities and Euro corporates strategies have been launched.</p> | | | |
| SG 01.7 CC | Indicate whether the organisation has assessed the likelihood and impact of these climate risks? | | |
| <p><input checked="" type="checkbox"/> Yes</p> | | | |
| SG 01.8 CC | Indicate the associated timescales linked to these risks and opportunities. | | |
| <p>Based on our in-house developed ESG models, as explained, the first identified step has been to tackle the short/medium-term risks related to the exposure to thermal coal. This has been concretely implemented in our company-wide exclusion policy. Divestment from thermal coal exposure in the extractive and power generation exposed companies is effective since December 2018 for all funds over which Candriam has the full discretion as management company and asset manager as well as segregated accounts for which the final client has agreed.</p> | | | |
| <p><input type="radio"/> No</p> | | | |
| SG 01.9 CC | Indicate whether the organisation publicly supports the TCFD? | | |
| <p><input checked="" type="checkbox"/> Yes</p> | | | |

No

SG 01.10 CC Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

| Describe |
|---|
| <p>The Global Strategic Committee oversees the company-wide strategies inclusive those related to climate change issues. The CIO and ESG teams are responsible for steering the integration of ESG and climate aspects into investment strategies and acts as the Executive Office of the Global Strategic Committee.</p> <p>The dedicated ESG research team is made of 13 ESG analysts (as of December, 2018). Climate-related issues are of course a core-aspect of our in-house developed ESG analysis, on the basis of the above-mentioned principles: review of risks and opportunities, targeted issues per industry / sector, life-cycle approach, qualitative and absolute assessment of investment opportunities. Based on the sector model and assessment of companies, they score companies and can provide a decision on the material climate risks associated. During this process, analysts also consider the potential for engagement to encourage improved management of climate-related risks and opportunities. Indeed, since 2015, Energy Transition is one of our 3 conviction topics in the dialogue with companies. In 2018, Energy transition was also one of our favourite conviction topics within direct dialogues, Energy/Utilities/Chemicals being the Top 3 target sectors.</p> <p>During regular Investment Committee, ESG analysts present the results of the assessed ESG material factors, including climate ones and the companies final evaluation. Individual portfolio managers are responsible for constructing portfolios taking into account the applied ESG approach (exclusion, Best-in-class, integration, thematic) and for segregated mandates, client-specific objectives, including ESG and climate ones.</p> <p>Since 2015, we use Trucost carbon-related data and they are available to portfolio managers. We also use EBoard, a carbon footprint calculator platform provided by Trucost. A quarterly report is published for all SRI funds and each year the scope of funds/ mandates is enlarged. A yearly report is prepared for funds/ mandates that are part of the French Art 173. Those reports contain the following data relating to climate change:</p> <ul style="list-style-type: none">- Portfolio carbon footprint "in CO2 equivalent (in tonnes) per €1 million in sales" in comparison with its benchmark- Portfolio carbon footprint "in CO2 equivalent (in tonnes) per €1 million invested" in comparison with its benchmark- Analysis of the contribution of the different sectors to the carbon footprint of each portfolio- Analysis of sector contribution of the issuer investees to the carbon footprint of each portfolio- Analysis of a set of indicators of the contribution to energy transition at the portfolio level- 2 degree IEA scenario- Exposure to fossil fuel reserves |

No

SG 1.12 CC Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

SG 02 **Mandatory** **Core Assessed** **PRI 6**

SG 02.1 Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.

- Policy setting out your overall approach

| URL/Attachment |
|--|
| <input checked="" type="checkbox"/> URL https://www.candriam.co.uk/4ac218/siteassets/medias/publications/brochure/corporate-brochures-and-reports/csr-report/csr2018.pdf |
| <input type="checkbox"/> Attachment (will be made public) |
- Formalised guidelines on environmental factors

| URL/Attachment |
|--|
| <input checked="" type="checkbox"/> URL https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf |
| <input type="checkbox"/> Attachment (will be made public) |
- Formalised guidelines on social factors

| URL/Attachment |
|--|
| <input checked="" type="checkbox"/> URL https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf |
| <input type="checkbox"/> Attachment (will be made public) |
- Formalised guidelines on corporate governance factors

| URL/Attachment |
|----------------|
|----------------|

- URL
<https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf>
 - Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Sector specific RI guidelines

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf |
| <input type="checkbox"/> Attachment (will be made public) | |
- Screening / exclusions policy

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/controversial-activity/controversial-activity-policy-en-2017.pdf |
| <input type="checkbox"/> Attachment (will be made public) | |
- Engagement policy

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf |
| <input type="checkbox"/> Attachment (will be made public) | |
- (Proxy) voting policy

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.co.uk/49636e/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy-voting-policy_2018.pdf |
| <input type="checkbox"/> Attachment (will be made public) | |
- We do not publicly disclose our investment policy documents

SG 02.2 Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.fr/4ac218/siteassets/medias/publications/brochure/corporate-brochures-and-reports/csr-report/csr2018.pdf |
| <input type="checkbox"/> Attachment | |
- Your investment objectives that take ESG factors/real economy influence into account

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf |
| <input type="checkbox"/> Attachment | |
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.fr/4ac218/siteassets/medias/publications/brochure/corporate-brochures-and-reports/csr-report/csr2018.pdf |
| <input type="checkbox"/> Attachment | |
- ESG incorporation approaches

| | URL/Attachment |
|---|---|
| <input checked="" type="checkbox"/> URL | https://www.candriam.fr/4ac218/siteassets/medias/publications/brochure/corporate-brochures-and-reports/csr-report/csr2018.pdf |

Attachment

Active ownership approaches

| URL/Attachment |
|--|
| <input checked="" type="checkbox"/> URL https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf |
| <input type="checkbox"/> Attachment |

Reporting

| URL/Attachment |
|--|
| <input checked="" type="checkbox"/> URL https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf |
| <input type="checkbox"/> Attachment |

Climate change

| URL/Attachment |
|--|
| <input checked="" type="checkbox"/> URL https://www.candriam.co.uk/en/professional/market-insights/topics/sri/candriam-divests-from-coal-and-tobacco/ |
| <input type="checkbox"/> Attachment |

Understanding and incorporating client / beneficiary sustainability preferences

We do not publicly disclose any investment policy components

SG 02.3 Additional information [Optional].

Climate-related issues are part of our statement related to French Article 173 Law Transition. This dedicated corner on our website (www.candriam.com) is available in French and has been translated in English (2019 updated version will be available soon) .

Our ESG reports have been extended to disclose investments ESG impact indicators :

- A description can be find here

<https://www.candriam.fr/en/professional/market-insights/assets-class/sri/candriam-and-the-impact-indicators-that-underlie-its-investment-choices/>

- An example of SRI fund factsheet is provided following this link https://www.candriam.fr/fr/professional/telechargement-fichier/TEQvNTIPeVk0SmsrY3Q2T0pvdXRpdz09/CandriamSRIEquityWorld_Rep_L_C_20190228_EN_AC_1762.pdf

SG 03 Mandatory Core Assessed General

SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

Candriam has put in place a code of ethics, a policy for identifying, preventing and managing conflicts of interest and has created an independent compliance department. Candriam staff may not, as part of their business activities, manage portfolios for their own account or for the account of members of their family, unless authorization from the compliance officer. For such transactions, they must go through the appropriate channels available to clients.

As a general rule, operators of Candriam shall avoid any situation in which a conflict of interest arises between the management of their private assets and their business activities. Account managers and asset managers must carry out their activities exclusively in the interests of their clients or the investment funds. They may not carry out on behalf of their customers transactions in which they have a personal interest. If they find themselves in a situation in which there might be a potential conflict of interest, they must refuse to carry out the transaction and, before the situation arises, inform the management board and the compliance officer of Candriam about it in writing.

No

SG 03.3 Additional information. [Optional]

In all circumstances Candriam employees shall be required to behave in a responsible manner as though they were managing their own investments.

Regarding sustainable investing any potential conflict of interest is avoided thanks to a two-step investment process that first of all calls for the definition of the eligible investment universe, followed by a financial selection from within this eligible universe. The eligible universe is delivered each month by Candriam's independent and dedicated SRI analysis team. Any investment outside the SRI universe is prohibited.

As far as **voting activities** are concerned, in case a potential conflict of interest is identified, the Candriam's voting guidelines will be applied without possible intervention from the analyst in charge of the voting activities.

The Candriam's policy for identifying, preventing and managing conflicts of interest revolves around the following principles:

- identifying and preventing conflicts of interest;
- managing conflicts of interest;
- drafting, implementing and maintaining an effective conflict-of-interest management policy;
- keeping a register of potential conflict-of-interest situations;
- informing clients of conflicts of interest not "managed"/manageable by Candriam

At Candriam, each individual department is responsible for detecting and preventing the conflicts of interest inherent to its particular activity.

Any potential conflicts of interest identified are consolidated by Compliance in register, where they are listed by category. This register is reviewed at least every two years.

Any new conflict-of-interest situation is brought to the attention of the management bodies (Management Committees,...); in cases where Candriam is unable to manage a conflict-of-interest situation, investors will be duly informed.

Potential conflict-of-interest situations are described, analysed and drafted by all the departments concerned, with (if necessary) the help of Compliance.

The conclusions of the analysis are then submitted to Compliance.

The final decision regarding the inclusion in (or exclusion from) the register will be taken by Compliance.

To manage these potential conflict-of-interest situations, Candriam has implemented a series of structural measures for the processing of specific conflict-of-interest situations.

The practical drafting, implementation and application of these measures is the responsibility of the business line/department in question.

Compliance is responsible for monitoring and controlling their implementation, application and effectiveness.

Should Candriam fail to manage a specific conflict of interest, it will inform investors accordingly in a durable material, in compliance with the applicable regulations.

Structural measures in place

1. The Code of Ethics imposes obligations of discretion and confidentiality with respect to any and all information related to client transactions. It also imposes the need to demonstrate fairness and loyalty in dealings with stakeholders (clients, external counterparties, suppliers).

Integrity, loyalty, impartiality, the observance of professional secrecy and the safeguarding of clients' interests are vital elements in the list of rules that staff are obliged to respect.

Two measures mentioned in The Code of Ethics should be particularly monitored:

- the need for staff to always act in the best interests of the client and to preserve market integrity;
- the need to respect their obligations in relation to information concerning their clients. Such information is not to be used in staff's own interests or for the benefit of any of their clients. Due to the private nature of this information, it has to be governed by measures imposed at entity and at group level, to prevent its widespread circulation. It is incumbent upon staff members to adhere to these rules wholeheartedly.

2. Any confidential (or private) information flows likely to generate conflicts of interest are forbidden. CANDRIAM has implemented a series of measures designed to prevent the inappropriate exchange or use of information . Accordingly, information flows have to be managed.

These rules are summarised both in the data protection policy and in the operational procedures applicable to the entities (in particular, with respect to electronic and physical access).

3. Similarly, entities have to be organised in such a way as to prevent undue influence.

The entity, its constituent departments and the clients have to be able to take decisions with the requisite level of autonomy. Consequently, each member of staff has to be sure that he is fully independent in his dealings with clients or counterparties and does not run the risk of influence or conflict-of-interest. Any persons involved in activities subject to potential conflicts of interest should exercise these activities independently of one another. Each manipulation or attempt to influence them should be avoided.

4. Candriam provides staff with regular training on Compliance matters, particularly with respect to the prevention of conflicts of interest. General information on conflicts of interest and global instructions are available to staff and to management (definition of conflicts of interest, ways of detecting conflicts of interest, management of conflicts of interest, ...) via Candriam intranet .

5. Compensation of employees is in line with Candriam's compensation policy.

6. A Candriam procedure describes the conditions and requirements to be fulfilled by salaried officers for them to be able to occupy positions or engage in any subsidiary activities.

Indeed, particular attention has to be paid to the strict separation of Candriam interests and the private interests of company staff, in order to avoid situations in which the staff member agrees to undertake a subsidiary activity or to exercise a profession that could lead to conflict of interest.

| | | | |
|-------|-----------|-------------|---------|
| SG 04 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

| | |
|---------|---|
| SG 04.1 | Indicate if your organisation has a process for identifying and managing incidents that occur within portfolio companies. |
|---------|---|

- Yes
- No

| | |
|---------|---|
| SG 04.2 | Describe your process on managing incidents |
|---------|---|

In conjunction with our SRI analysis sector reviews and sustainability analysis approaches, Candriam SRI analysts conduct continual news/issue monitoring of all companies/countries/institutions within the identified investable and sustainable universes (both bonds and equities). This allows for the information capture and analysis of sustainability-related events (e.g. environmental incidents, social conflicts, and governance problems). Based on the nature of the news item, an alert will be launched about the organisation and the company/country/institution will be placed on a 'watch' list (where Candriam monitors any developments that could impact either positively or negatively an organisation's rating). Mergers & acquisitions (M & A) are one type of incident which can result in changes in investable universe constituents. As such, the resultant new entity needs to be assessed against all four Sustainability Analysis approaches. In some instances, M & A activity, in addition to certain divestments and spin-offs, will warrant the launch of the 'Alert' system for additional details. In addition, this monitoring allows us to start an engagement with the companies involved in a controversial event, mostly in order to require some clarification from the issuer and thus allows the sustainability analyst to better assess the event.

Two types of alert can be issued:

- SRI Alert
- SRI Monitoring Alert

The difference between these two types of alert is based on the analysis of the events:

- An SRI Alert means a communication from the SRI team warning that substantial news have emerged on a specific issuer. As a consequence, a specific SRI screening will be re-done on it within 6 months with an important probability of exclusion or inclusion from the authorized universe;

- An SRI Monitoring Alert means a communication from the SRI team warning that news have emerged on a specific issuer. As a consequence, the SRI analyst will have to decide whether to modify the current company analysis within 6 months. The event is not likely to lead to the exclusion or inclusion of the company/country/institution from the sustainable universe. SRI alerts on issuer lead to the ban on further investment by the portfolio managers. If the closure of the alert concludes that the issuer is no more eligible, divestment has to take place following the rules defined by the Candriam SRI Policy (within 3 months).

Alerts on issuers and related dialogue are part of regular institutional clients reports. If related to an important part of Candriam's assets, they are also communicated on our website.

| SG 05 | Mandatory | Gateway/Core Assessed | General |
|---------|---|-----------------------|---------|
| SG 05.1 | Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities. | | |
| | <input checked="" type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad-hoc basis <input type="radio"/> It is not set/reviewed | | |
| SG 05.2 | Additional information. [Optional] | | |
| | <p>At Candriam, we have a longstanding culture of sustainability. Since 1996, we have been working on SRI, building up a dedicated team of investment managers, an in-house analysis department and an adapted management process. SRI, we say, is in our DNA. However, the acquisition of a leading position in SRI is, of course, not Candriam's sole commitment as a responsible asset manager. To ensure the successful realisation of the various objectives we defined in our corporate social responsibility action plan, we have embedded sustainability into our uniquely client-centred business model, focused on balancing responsible behaviour towards our stakeholders with the synergies between our SRI and our traditional investment activities, and with environmental and societal stewardship. We commit to taking into account, in our strategic business choices, the global trends shaping tomorrow's world. We are well aware that commitment at all levels of Candriam, from the top down, is essential. Hence our Global Strategic and Executive Committees regularly assesses the relevant sustainability challenges to determine how Candriam should manage its stakeholder relations and how it should attune its business model and practices to global long-term challenges. This has led, for instance, to the development of pension fund solutions, duly incorporating ALM and LDI considerations, to meet the long-term trends of ageing populations and developing populations and more recently the promotion of low-carbon solutions.</p> <p>Each year the SRI analyst teams present a Business plan to the Executive Committee covering the year's achievements (SRI funds performances, scope of screenings, AUM,...) and the new projects/objectives for the next year related to SRI screening methodology, scope of application, new SRI products and processes, engagement and proxy voting activities, communication plan (incl. the SRI events organized for clients and participation to external events) and in-house training about SRI approaches/specific ESG topics. A quarterly report of progress is delivered to the Executive Committee.</p> <p>Ad-hoc meetings are planned with the Global Strategic committee in order to present new trends in ESG and discuss further new strategic orientations at company level.</p> <p>We have also set out a clear corporate social responsibility guidance procedure:</p> <ul style="list-style-type: none"> - a quarterly CSR Steering Committee composed of members of the Executive committee and representatives of all relevant business units within the organisation pilots Candriam's corporate social responsibility action plan. Among the stakeholder's management policies, this Committee follows the initiatives related to Candriam's responsibility in its investments like ESG integration efforts, engagement activities, corporate statements related to ESG ... - an annual comparison, based on publicly available information, of Candriam's sustainability policies and performances vis-à-vis its peers, allows us to put our own CSR efforts in perspective. Additionally, our SRI analysts also calculate Candriam's own SRI score based on Candriam in-house methodology like for other sector's companies. - an annual Sustainability report, published in June, outlines the efforts and initiatives deployed by Candriam in the course of the year. | | |

| SG 06 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|
|-------|-----------|-------------|---------|

| SG 06.1 | List the main responsible investment objectives that your organisation set for the reporting year. | | | | | |
|---|---|--|--|---------------------------|---|--|
| | Responsible investment processes | | | | | |
| | <input checked="" type="checkbox"/> Provide training on ESG incorporation | | | | | |
| | <table border="1"> <thead> <tr> <th>Key performance indicator</th> </tr> </thead> <tbody> <tr> <td>- number of investment process integrating ESG factors - number of presentation of ESG reports and research - number of joint research made by Financial and SRI</td> </tr> </tbody> </table> | | | Key performance indicator | - number of investment process integrating ESG factors - number of presentation of ESG reports and research - number of joint research made by Financial and SRI | |
| Key performance indicator | | | | | | |
| - number of investment process integrating ESG factors - number of presentation of ESG reports and research - number of joint research made by Financial and SRI | | | | | | |
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| Progress achieved | | | | | | |
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from portfolio managers for their meetings with companies based on a specific questionnaire prepared by SRI analysts

Following the 2016-2017 campaign on Corruption, Energy Transition is now our favourite topic as more than half of our direct dialogues are related to this, backed in part by our new coal exposure policy.

- European equity portfolio managers participate to the proxy voting activities and selected individual dialogues with companies.

- Since Autumn 2016, the dedicated ESG analysts coordinate and strengthen those activities :153 companies contacted in 2018 (159 in 2017), more active participation in collaborative initiatives.

- We organized working meeting with Access to Medicine and pharmaceutical analysts at Candriam (SRI, traditional, thematic investments). The objective was a better integration of AtM criteria of analysis into our investment processes.

Improved communication of ESG activities within the organisation

Key performance indicator

- news related to ESG activities published on our intranet - meetings with portfolio managers on ESG issues - new SRI database to feed Candriam knowledge platform sharing

Progress achieved

- All SRI initiatives are announced on our intranet (ex. participation to collaborative initiatives, portfolio carbon footprint calculation, roadshow/events on ESG topics)
- All ESG sector reviews results and alert on ESG issues impacting companies sent to all portfolio managers
- Quarterly SRI ambassador meetings to discuss ESG issues, research and projects.
- The new SRI database has been delivered.
- Launch of Candriam Academy (online training module for financial advisers) and incentive to staff members to follow the training

Improved engagement to encourage change with regards to management of ESG issues

Key performance indicator

. further elaborate Candriam's method to track engagement activities . more focused dialogue and increase dialogue with impact . participate more actively to collaborative initiatives.

Progress achieved

1. The team in charge of engagement monitors engagement activities and takes the lead in collaborative initiatives in function of ESG topics and AUM.
2. The active ownership module of our new SRI database project will be delivered by end Q1 2019 (platform sharing).
3. More focused dialogue :
-the last two years, more than 50 % of our direct dialogue are related to our conviction topics
- special engagement program focused on the last 15 % companies of our 50 % ESG selection. We initiated 4 years ago a special focus in our direct dialogue with those companies. By end 2018, all selected companies were contacted. From now this engagement topic is a systematic focus of dialogue during ESG sector reviews.
4. Effective impact of our dialogue : in 2018, our dialogue with companies impacted our analysis in 51% of cases (48 % in 2017). In 9 % of our dialogues, companies confirmed they will use our questions/remarks to improve public disclosure or change practices.
5. Annual reporting on targeted companies via collaborative initiatives since 2018.
6. Lead investor in collaborative initiatives for 71 target companies (of which 40 for CDP initiatives), incl. 5 within the 10 newly signed initiatives.

Improved ESG incorporation into investment decision making processes

Key performance indicator

- Specific research related to ESG factors - Further work on ESG integration policy

Progress achieved

1. Launch of research related to the performances of ESG factors by the SRI analysis team in collaboration with academics : done for the Emerging markets Equity ESG selection
2. Various research on portfolio decarbonisation launched between SRI analysis team and the quantitative equity team led to one Low carbon strategy on AM League platform (2017) and to the introduction of a carbon factor in Quant Equities process (implemented in the course of 2019)
3. Launch of a working group headed by CIO to define a common ESG Integration policy : Fundamental Equities processes (Europe, World Thematics, Emerging) completed, Fixed Income process started
4. Review company-wide exclusion policy (thermal coal,tobacco) based on medium-term most potential material stranded assets

Other, specify (1)

Broaden our SRI product range

Key performance indicator

- New investment processes taking ESG factors in consideration - New fund launched

Progress achieved

1. Our SRI fund range has been extended in 2018 to Fossil Fuel Free European Equity/Bond strategies.
2. Further extension of our World Thematic fund range to ESG thematics

Other, specify (2)

other description (2)

Further promote excellence in SRI funds practices

| | |
|-------------------------------------|---|
| | Key performance indicator |
| | - New ESG portfolio reporting extended to a broader funds scope - Apply for the French SRI label |
| | Progress achieved |
| | <p>1. A new ESG reporting has been designed in 2017. This includes ESG qualitative indicators as well as 10 impact indicators covering the 3 pillars E-S-G. Among those indicators : carbon and water footprint, 2 degrees scenario analysis. The ESG portfolio reporting of our institutional dedicated funds/mandates includes ESG impact indicators and portfolio carbon footprint of all our SRI funds and portfolios submitted to French Art 173. The scope of funds is progressively expanded to non-SRI ones.</p> <p>2. 5 funds of the Candriam SRI fund have been granted the SRI French label of which the last launched SRI Global High Yield one.</p> |
| <input type="checkbox"/> | Other, specify (3) |
| <input type="checkbox"/> | None of the above |
| | Financial performance of investments |
| <input checked="" type="checkbox"/> | Increase portfolio performance by consideration of ESG factors |
| | Key performance indicator |
| | -further integrate ESG criteria into traditional investment processes (incl. hedged funds) -follow-up of portfolios ESG performances |
| | Progress achieved |
| | <p>- discuss the SRI funds performance attribution and against peer groups funds with fund managers during Fixed Income monthly meetings and Quarterly Fundamental European Equity meetings.</p> <p>- reduce risk by optimising portfolio decarbonisation (result of our quant/SRI research)</p> <p>- develop quantitative financial selection sector models based on financial and carbon factors (World Equities process)</p> <p>- calculate portfolio carbon footprint for non SRI portfolios and promote their use by portfolio managers</p> <p>- computing ESG scores for hedged funds (French Art 173 scope).</p> |
| <input type="checkbox"/> | Other, specify (1) |
| <input type="checkbox"/> | Other, specify (2) |
| <input type="checkbox"/> | Other, specify (3) |
| <input type="checkbox"/> | None of the above |
| | ESG characteristics of investments |
| <input checked="" type="checkbox"/> | Over or underweight companies based on ESG characteristics |
| | Key performance indicator |
| | number of investment processes applying such rules |
| | Progress achieved |
| | - approach implemented for SRI Fixed Income funds (corporate and government issuers) where maximum issuer weights are defined in function of the combination of ESG and Financial scores. |
| <input type="checkbox"/> | Improve ESG ratings of portfolio |
| <input checked="" type="checkbox"/> | Setting carbon reduction targets for portfolio |
| | Key performance indicator |
| | - Further coverage portfolio carbon footprint computing - Develop integration of carbon data in investment process - Start exclusion of the most potential stranded assets: thermal coal |
| | Progress achieved |
| | <p>1. portfolio carbon footprint are computed for all SRI funds/ mandates, funds/mandates submitted to the French Art 173 Law Transition and has been extended in 2018 to a selection of traditional funds/mandates, computed on request for institutional clients.</p> <p>2. carbon footprint data by issuer are available to all portfolio managers</p> <p>3. monitoring of SRI portfolio carbon footprint (Montreal Carbon Pledge) via ESG selection and portfolio carbon optimisation</p> <p>4. implementation of company-wide exclusion of thermal coal exposure (max. 10 % of turnover for extraction and electricity generation, no new expansion project) – policy announced in September 2018 and effective by December 2018</p> |
| <input type="checkbox"/> | Other, specify (1) |
| <input type="checkbox"/> | Other, specify (2) |
| <input type="checkbox"/> | Other, specify (3) |
| <input type="checkbox"/> | None of the above |
| | Other activities |
| <input checked="" type="checkbox"/> | Joining and/or participation in RI initiatives |
| | Key performance indicator |
| | Participate to additional collaborative initiatives and be more active |
| | Progress achieved |
| | - review newly launched initiatives |

- 10 newly signed collaborative initiatives in 2018, 5 in which Candriam takes an active role.

Encouraging others to join a RI initiative

| | |
|---------------------------|--|
| Key performance indicator | - Events organised to promote RI initiatives - Promote RI initiatives via client reportings |
| Progress achieved | - Global Head of Responsible Development member of the PRI French advisory committee, organization of a French side-event during 2018 PRI IN PERSON - collaborative initiatives participations mentioned in regular client's reports - introduce PRI to our clients /prospects and in all events we organize / participate to as speaker |

Documentation of best practice case studies

| | |
|---------------------------|---|
| Key performance indicator | Participate to the PRI WG SDGs' engagement |
| Progress achieved | - Draft of a business case on Sustainable food engagement |

Using case studies to demonstrate engagement and ESG incorporation to clients

| | |
|---------------------------|--|
| Key performance indicator | Organise clients events to demonstrate the benefits of ESG incorporation and active ownership |
| Progress achieved | - organisation of different events/roadshow for clients (distributors, pension funds, HNWI) in different countries (Belgium, Italy, Spain) in order to promote the incorporation of ESG and best practices in the field - participate to a roundtable on ESG and sustainable finance organized by one of our client - introduction to SRI at client's Board meetings - some workshops on our ESG expertise are systematically proposed to clients during our annual Institutional Investor seminar - organisation of a roundtable dedicated to 'Impact investing & dialogue with companies' during the 2018 Geneva Forum Sustainable Investing |

Other, specify (1)

| | |
|---------------------------|---|
| other description (1) | Offer SRI solutions tailored to different types of clients |
| Key performance indicator | - number of new SRI mandates - number of new SRI solutions offered to clients |
| Progress achieved | -In 2018, we further promote low carbon tailor-made solution for some institutional clients and developed a fossil fuel free strategy for some clients. We also won some important mandates in France, The Netherlands and Belgium for which ESG tailor-made solution were developed . -Further implementation of French ART 173 gave us the opportunity to help lot of our French clients to address ESG considerations and climate issues in their investments approach. |

Other, specify (2)

| | |
|---------------------------|--|
| other description (2) | Candriam Academy, a ESG training certificate for Financial advisors |
| Key performance indicator | - Number of members - Number of countries covered |
| Progress achieved | The first modules were launched in 2017 (https://academy.candriam.com/) for Italy and have been extended to UK, Switzerland and Germany. More than 1000 members by end 2018. |

Other, specify (3)

None of the above

| | | | |
|-------|-----------|---------------|---------|
| SG 07 | Mandatory | Core Assessed | General |
|-------|-----------|---------------|---------|

SG 07.1 Indicate the internal and/or external roles used by your organisation, and indicate for each whether they have oversight and/or implementation responsibilities for responsible investment.

Roles

- Board members or trustees
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment

- No oversight/accountability or implementation responsibility for responsible investment
- Internal Roles (triggers other options)

| Select from the below internal roles | | | | | | | | | | | |
|--------------------------------------|---|-----------------------|--|--------------------------------------|--|-------------------------------------|---|-------------------------------------|--|--------------------------|---|
| <input checked="" type="checkbox"/> | Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Other Chief-level staff or head of department, specify <ul style="list-style-type: none"> Heads of all processes <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Portfolio managers <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Investment analysts <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Dedicated responsible investment staff <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Investor relations <ul style="list-style-type: none"> <input type="checkbox"/> Oversight/accountability for responsible investment <input checked="" type="checkbox"/> Implementation of responsible investment <input type="checkbox"/> No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
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| Other description (1) | | | | | | | | | | | |
| Proxy voting committee and execution | | | | | | | | | | | |
| <input type="checkbox"/> | Oversight/accountability for responsible investment | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Implementation of responsible investment | | | | | | | | | | |
| <input type="checkbox"/> | No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
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| Other description (2) | | | | | | | | | | | |
| Risk management department | | | | | | | | | | | |
| <input checked="" type="checkbox"/> | Oversight/accountability for responsible investment | | | | | | | | | | |
| <input type="checkbox"/> | Implementation of responsible investment | | | | | | | | | | |
| <input type="checkbox"/> | No oversight/accountability or implementation responsibility for responsible investment | | | | | | | | | | |
| <input type="checkbox"/> | External managers or service providers | | | | | | | | | | |

SG 07.2 For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.

Candriam is functionally organized as follows: • The Strategic Executive Committee and the Executive Committee are in charge of the company's global strategy, inclusive the responsible investment one; • The investment management (traditional management) and alternative management departments are in charge of managing all funds and clients assets; • The Client Relations and Solution department manages the relationship with all clients and is in charge of bringing the best solutions to their needs • Five business units act as support centers for the previously mentioned departments: (1) Finance, Secretary General and Product Range Management; (2) Global Risk Management; (3) Operations, Client Servicing and IT; (4) Human Resources Management (5) Audit and compliance. The marketing and communication department make sure that the company's strategy is properly communicated internally and externally.

The **SRI teams** are within the traditional investment department. The SRI analysis department is headed by Wim Van Hyfte, Global Head of SRI. With his team of analysts, they are responsible for implementing our SRI analysis, determining and delivering on a monthly basis the SRI universe for all asset classes and for tailor-made screenings. They also are responsible for the daily monitoring of analysed issuers and have direct contact with companies they analyse. Engagement policy and activities, voting policy and CSR policies are the responsibility of the 'Responsible Development' department, headed by Isabelle Cabie. Both department work in strong collaboration and are also responsible for the promotion of SRI. Each year, they present the SRI business plan to the Executive Committee for approval and the progress in action plans is presented on a quarterly basis.

The **portfolio managers and investment analysts** are responsible for integration of ESG factors to their investments selection for the funds and portfolios they manage. Heads of units responsible for investment processes and dedicated SRI portfolio managers are also responsible for the promotion of the SRI products/processes and management of their portfolios in line with the ESG selections. European Equities portfolio managers are also part of the Proxy voting process.

The SRI analysis teams participate to regular meetings with the different business units in charge of the investment processes. A quarterly meeting is organized with SRI ambassadors (CIO, Global Heads of SRI and Responsible Development, a representative of clients solutions, Heads of investments processes, SRI portfolio managers of each investments process) in order to present and discuss new projects, ESG issues.

Client relations teams are the first contact with our clients. As our SRI funds and solutions are part of our core strategies we want to promote, they present each year targets related to sustainable investments AUM per country and they are asked to always offer our clients an SRI solution alongside the traditional investment solution. They also have to organize clients events on ESG topics and to participate to events to promote RI practices and our SRI expertise.

The **Proxy voting committee** is composed of 5 members of which two are independent. Among the Candriam's representatives, we can mention : one member of the Strategic Executive Committee, the Global Head of Responsible Development, one SRI analyst expert in corporate governance and the Head of operations in charge of proxy voting implementation. This Committee monitors and develops Candriam's Proxy voting policy, he is also responsible for the implementation of its principles. An operational unit and the external service provider ensure that Candriam's votes are exercised. Regular meetings are organised with them to discuss operational flows and implementation of voting guidelines.

The **Risk management department** ensures that portfolio managers only invest in SRI 'compliant' issuers. They are supervising and monitoring the constraint server that ensure any breach takes place in the management of portfolios (pre-trade constraint). Daily reports are delivered by the tool that are analysed and facilitate the post-trade control.

| | |
|---------|--|
| SG 07.3 | Indicate the number of dedicated responsible investment staff your organisation has. |
|---------|--|

38

| | |
|---------|------------------------------------|
| SG 07.4 | Additional information. [Optional] |
|---------|------------------------------------|

This number relies on the SRI teams, SRI ambassadors and ESG portfolio managers.

| SG 07 CC | Voluntary | Descriptive | General |
|------------|---|-------------|---------|
| SG 07.5 CC | Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues. | | |
| | Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee | | |
| | <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues | | |
| | Other Chief-level staff or head of department | | |
| | <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues | | |
| | Portfolio managers | | |
| | <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues | | |
| | Investment analysts | | |
| | <input type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues | | |
| | Dedicated responsible investment staff | | |
| | <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input checked="" type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues | | |
| | Investor relations | | |
| | <input checked="" type="checkbox"/> Oversight/accountability for climate-related issues <input type="checkbox"/> Assessment and management of climate-related issues <input type="checkbox"/> No responsibility for climate-related issues | | |
| | Other role, specify (1) | | |
| | Other description (1) | | |
| | Other role, specify (1) | | |
| | Other role, specify (2) | | |

| | |
|------------|---|
| | Other description (2) |
| | Other role, specify (2) |
| SG 07.7 CC | For the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved. |
| | <p>Following the requirements of FR ART 173 and TCFD recommendations, end 2016, a dedicated SRI operational committee has been launched gathering 2 members of the Global Strategic committee (CIO traditional investment and COO), SRI teams, representatives of client relations and solution department, operational desk in charge of reporting. This committee meets on a two-month basis and oversees and monitors progress in follow up of requests, resources needed (data, workload, reportings, publication).</p> <p>The assessment and management of climate related issues are part of the daily activities of</p> <ul style="list-style-type: none"> - ESG analysts teams in charge of the selection of companies in function of the climate change impact. This factor is part of the ESG assessment model for all sectors since 2008. They also are in charge of engagement activities related to climate change issues. - Portfolio managers in charge of piloting climate change targets in the portfolios they manage : targets are explicit in low carbon strategies and they have to favour less climate impacting issuers in others. They evaluate the impact of decision on portfolio carbon footprint <p>Climate-change issues and targets are discussed during Investment meetings with Heads of Investments processes and representatives of ESG team.</p> <ul style="list-style-type: none"> - Data management and reporting officers have to deliver the portfolio reports related to climate change (carbon footprint, 2 degrees scenario, % exposure to coal, energy mix). Part of those have been outsourced to the environmental service provider Trucost. <p>Candriam is signatory of Montreal Carbon Pledge and publish each year the carbon footprint of the SRI product range and progress made. Candriam France is submitted to FR ART 173 and Candriam provides compliant tailor-made reports for their clients submitted to.</p> <ul style="list-style-type: none"> -Our annual Montreal Carbon Pledge statement <p>https://www.candriam.co.uk/en/professional/market-insights/topics/sri/montreal-carbon-pledge-candriam-discloses-its-carbon-footprint-2018/</p> <ul style="list-style-type: none"> -Our statement and dedicated FR ART 173 webcorner (available in French, and translated in English with some delay) <p>http://www.candriam.com</p> |

| | | | |
|----------|--|---------------------|---------|
| SG 08 | Voluntary | Additional Assessed | General |
| SG 08.1 | Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element. | | |
| | Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Operating Officer (COO), Investment Committee | | |
| SG 08.1a | RI in objectives, appraisal and/or reward | | |
| | <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | | |
| SG 08.1b | RI in personal development and/or training plan | | |
| | <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | | |
| | Other C-level staff or head of department | | |
| | Heads of all processes | | |
| | Portfolio managers | | |
| SG 08.1a | RI in objectives, appraisal and/or reward | | |
| | <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | | |
| SG 08.1b | RI in personal development and/or training plan | | |
| | <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | | |
| | Investment analysts | | |
| SG 08.1a | RI in objectives, appraisal and/or reward | | |
| | <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | | |

| | |
|--|---|
| SG 08.1b | RI in personal development and/or training plan |
| <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | |

Dedicated responsible investment staff

| | |
|--|---|
| SG 08.1a | RI in objectives, appraisal and/or reward |
| <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input checked="" type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | |

| | |
|--|---|
| SG 08.1b | RI in personal development and/or training plan |
| <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | |

Investor relations

| | |
|---|---|
| SG 08.1a | RI in objectives, appraisal and/or reward |
| <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | |

| | |
|--|---|
| SG 08.1b | RI in personal development and/or training plan |
| <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | |

Other role (1) [from SG 07]

Proxy voting committee and execution

| | |
|---|---|
| SG 08.1a | RI in objectives, appraisal and/or reward |
| <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | |

| | |
|--|---|
| SG 08.1b | RI in personal development and/or training plan |
| <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | |

Other role (2) [from SG 07]

Risk management department

| | |
|---|---|
| SG 08.1a | RI in objectives, appraisal and/or reward |
| <input checked="" type="checkbox"/> Responsible investment KPIs and/or goals included in objectives <input checked="" type="checkbox"/> Responsible investment included in appraisal process <input type="checkbox"/> Variable pay linked to responsible investment performance <input type="checkbox"/> None of the above | |

| | |
|--|---|
| SG 08.1b | RI in personal development and/or training plan |
| <input checked="" type="checkbox"/> Responsible investment included in personal development and/or training plan <input type="checkbox"/> None of the above | |

SG 08.3 Provide any additional information on your organisation's performance management, reward and/or personal development processes in relation to responsible investment.

The Board of directors involvement in SRI is reflected in Candriam's corporate presentations where SRI is described as strategic and a "distinguished feature". Moreover the annual "management report" to the Board of directors always comment on SRI positioning and CSR efforts. During our annual Institutional investors seminar, some Board of directors are present and participate to the one or more workshops with a special focus on our SRI expertise. Finally, our communication and marketing departments make a broad diffusion in the company and to the external world of our SRI expertise and publications. All this contributes to develop and maintain Candriam' employees' skills and knowledge in relation to responsible investment.

More specifically for the people directly in charge of responsible investments and of its promotion, here are some details of the elements that are part of their personal development process and annual performance assessment :

- the ESG analysis team : the quality of the SRI selection and its financial contribution to funds and mandates, new projects to promote ESG integration and to elevate ESG standards and best practices in the field of ESG (internal trainings, reports, communication) and participation to events or press communication related to ESG issues are key objectives that are directly related to reward and personal development processes.

- ESG analysts dedicated to the development of active ownership activities: the promotion of RI policies internally and the participation to consultations, events and press communications related to ESG issues and active ownership are key in the reward and personal development process of the team.
- Heads of investment processes and portfolio managers in charge of SRI management and RI responsible staff: the performance of SRI funds and portfolios, the net new cash collected in those and participation to the promotion of SRI as well as their efforts to integrate further ESG factors in traditional investment processes are key in their personal development and financial reward processes.
- Portfolio managers : progress made in ESG factor integration including piloting climate change issues.
- Investor relations : promotion of SRI via participation to local national SIFs, offering SRI solutions and gaining new mandates and AUM in SRI solutions/funds are part of their annual objectives that are related to their annual reward.

| | | | |
|-------|-----------|---------------|---------|
| SG 09 | Mandatory | Core Assessed | PRI 4,5 |
|-------|-----------|---------------|---------|

| | |
|---------|---|
| SG 09.1 | Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played. |
|---------|---|

Principles for Responsible Investment

| | |
|--|--|
| | Your organisation's role in the initiative during the reporting period (see definitions) |
|--|--|

Moderate

| | |
|--|--|
| | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

Besides being a signatory to the PRI since 2006, Candriam's Global Head of Responsible Development is also a member of the PRI-led UN SDG Active Ownership working group and of the Francophone Advisory Committee.

- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- AFIC – La Commission ESG
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

| | |
|--|--|
| | Your organisation's role in the initiative during the reporting period (see definitions) |
|--|--|

Moderate

| | |
|--|--|
| | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

Signatory and non-disclosure campaign lead investor for 23 companies.

CDP Forests

| | |
|--|--|
| | Your organisation's role in the initiative during the reporting period (see definitions) |
|--|--|

Moderate

| | |
|--|--|
| | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

Signatory and non-disclosure campaign lead investor for 1 company.

CDP Water

| | |
|--|--|
| | Your organisation's role in the initiative during the reporting period (see definitions) |
|--|--|

Moderate

| | |
|--|--|
| | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

Signatory and non-disclosure campaign lead investor for 19 companies.

- CFA Institute Centre for Financial Market Integrity
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- ESG Research Australia
- Invest Europe Responsible Investment Roundtable
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Green Bond Principles

| | |
|--|--|
| | Your organisation's role in the initiative during the reporting period (see definitions) |
|--|--|

Basic

| | |
|--|--|
| | Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional] |
|--|--|

signatory

- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)

- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
 - Eurosif - VBDO (NL) - Forum per la Finanza Sostenibile (Italy) - Nachhaltige Forum (FNG) - French SIF (FIR) - Swiss Sustainable Finance (SSF) - UKSIF - US SIF

Your organisation's role in the initiative during the reporting period (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Our organisation's role is:

- "Advanced" for Eurosif
- "Moderate" for VBDO and Italian SIF
- "Basic" for the others.

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
 - SSE - Sustainable Stock Exchanges

Your organisation's role in the initiative during the reporting year (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- signatory
- we already took lead for some letters

- Other collaborative organisation/initiative, specify
 - Collaborative engagement on labour standards in the agricultural supply chain

Your organisation's role in the initiative during the reporting year (see definitions)

Moderate

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

- Signatory
- We are supporting investor on 3 companies and co-lead on two.

- Other collaborative organisation/initiative, specify
 - UK Stewardship Code

Your organisation's role in the initiative during the reporting year (see definitions)

Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Signatory

- Other collaborative organisation/initiative, specify
 - We are also member/participant of other collaborative initiatives promoting responsible investment as detailed below.

Your organisation's role in the initiative during the reporting year (see definitions)

Basic

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Candriam commitments :

- UNGC Call to Action on anti-corruption
- Montreal Carbon Pledge
- G20 Energy Efficiency Investor Statement
- Paris Pledge for Action
- Investor Statement on ESG credit ratings
- Tobacco-Free Finance Pledge
- The Investor Agenda
- Commitment to support a just transition on climate change

Candriam also signed other investors collaborative initiatives :

Moderate role

- Bangladesh investor statement

- Sustainable Protein Engagement
- Engagement on Cybersecurity
- Workforce Disclosure Initiative
- Corporate Tax Responsibility
- Climate Action 100+ and Climate change transition for oil and gas (2018)
- Access to Nutrition
- Water risks in agricultural supply chains (2018)
- Plastic Solutions Investor Alliance (2018)
- Responsible sourcing of cobalt (2018)
- Corporate Accountability for Digital Rights (2018)

Basic role

- Access to Medicine
- Sustainable Palm Oil practices
- Fiduciary Duty in the 21st Century
- Engagement on antibiotics
- Letter to G7 and G20 governments on climate change
- Banking on a Low Carbon Future
- Engage companies on breaches of OECD Guidelines
- Corporate Climate Lobbying
- Decarbonisation Initiative
- Child Labour in Cocoa Supply Chains
- BBFAW Investor collaboration on Farm animal Welfare
- UK Living Wage Engagement Campaign
- Statement to EU policymakers on the future of corporate reporting
- Open Letter to index providers on controversial weapons exclusions
- Investors call on power companies to accelerate decarbonisation and support ambitious climate policy

| | | | |
|---------|--|-------------|-------|
| SG 09.2 | Mandatory to Report, Voluntary to Disclose | Descriptive | PRI 1 |
|---------|--|-------------|-------|

| |
|--|
| Indicate approximately what percentage (+/- 5%) of your externally managed assets under management are managed by PRI signatories. |
| 94% |

| | | | |
|-------|-----------|---------------|-------|
| SG 10 | Mandatory | Core Assessed | PRI 4 |
|-------|-----------|---------------|-------|

| | |
|---------|--|
| SG 10.1 | Indicate if your organisation promotes responsible investment, independently of collaborative initiatives. |
|---------|--|

Yes

| | |
|---------|--|
| SG 10.2 | Indicate the actions your organisation has taken to promote responsible investment independently of collaborative initiatives. Provide a description of your role in contributing to the objectives of the selected action and the typical frequency of your participation/contribution. |
|---------|--|

- Provided or supported education or training programmes (this includes peer to peer RI support) Your education or training may be for clients, investment managers, actuaries, broker/dealers, investment consultants, legal advisers etc.)

| Description |
|---|
| Regular events and roadshows on ESG thematic are organized in the different countries for our clients where we present and discuss our view of latest SRI market trends or some of our expertise. Private meetings in front of pension funds or corporate boards are also solicited by our clients. Every year in particular, we organize a seminar for our Institutional Investors and another for our privileged distribution partner in Belgium. At least one workshop is dedicated to sustainable & responsible investment including trends but also the way we factor ESG risks and opportunities into our investments. Since 2017 we propose Candriam SRI Academy an online Platform providing content and training to European Financial advisors. Candriam is also lead sponsor of the European Sustainable Investment Forum. |

| Frequency of contribution |
|---|
| <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input type="radio"/> Ad hoc <input checked="" type="radio"/> Other |

| specify |
|--|
| A program of clients events and training is defined each year in partnership with the local client Relationship offices and our privileged distribution Partner. |

- Provided financial support for academic or industry research on responsible investment

| Description |
|---|
| Candriam continues its partnership with several universities and business schools. Candriam Institute for Sustainable Development launched in 2018 promotes SRI by financing research and education programs in the field of sustainable finance. Since 2008 Candriam also co-sponsors the French "Chaire de la Finance Durable et Investissement Responsable". Candriam is also member of ABIS (Association for Business in Society), a network gathering academics, financial experts and corporates. |

| Frequency of contribution |
|--|
| <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually |

- Annually
- Less frequently than annually
- Ad hoc
- Other

specify

Financial support are allocated within a pre-defined annual budget.

- Provided input and/or collaborated with academia on RI related work

Description

Regular internship of students, input for specific researches in the field of RI.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

- Encouraged better transparency and disclosure of responsible investment practices across the investment industry

Description

Within professional associations in order to promote RI and best practices in the field. We can mention : the EFAMA guide on responsible investment, the AFG guidances on FR art 173, the work done on Survey related to Responsible investment at AFG and EFAMA.

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

specify

quarterly meetings with working groups at EFAMA, AFG and regular conference calls to prepare paper and consultations answers

- Spoke publicly at events and conferences to promote responsible investment

Description

Candriam's SRI experts are frequently speakers at events and conference such as in 2018: - The European Sustainable Investment Forum (France) - Mar-18: "Financing innovation for low carbon future" - Geneva Forum for Sustainable Investment (Switzerland) - May-18: "Impact investing" . 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: "Sustainability as a Business Opportunity" - chair of a workshop on SDG's and ESG impact indicators - Institut des réviseurs d'entreprises (Belgium) - Nov-18: Panel discussion on Human Rights and anti-bribery & anti-corruption

Frequency of contribution

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

specify

we are regular sponsor of some events like the GFSI, for others it is on opportunity

- Wrote and published in-house research papers on responsible investment

Description

Candriam's ESG analysts regularly publish in-house research papers available on our website such as in 2018: "Is there any green under the hood? Energy transition metals <https://www.candriam.fr/en/professional/market-insights/sri-publications/is-there-any-green-under-the-hood-energy-transition-metals/>

Frequency of contribution

- Quarterly or more frequently
- Biannually

- Annually
- Less frequently than annually
- Ad hoc
- Other

Encouraged the adoption of the PRI

| Description |
|---|
| Candriam regularly speak and present the PRI initiative during roadshow /private meetings organized for institutionals and corporates. In 2018 a side-event to PRI IN PERSON has been organized by PRI Francophone Advisory Committee targeting the French-speaking PRI signatories. Our Global Head of Responsible Development, member of this Advisory Committee was part of the organisation members and animate a roundtable to discuss projects to launch by the Advisory Committee. Candriam's relationship managers also introduce PRI to clients/prospects and give the opportunity to discuss signatory project with Global Head of Responsible Development. |

| Frequency of contribution |
|---|
| <ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other |

Responded to RI related consultations by non-governmental organisations (OECD, FSB etc.)

| Description |
|---|
| Candriam is pleased to participate to consultations related to RI. 2018 was a year of a lot of initiatives at national and European levels and we participated more specifically to the following consultations : the HLEG final report consultations on EU Action plan for Sustainable Finance and other related consultations organised by EU Commission DG FISMA (Taxonomy, Low carbon index, non financial disclosure), the OECD consultation on Integrating climate change into institutional investment, Euronext's survey on barriers to ESG investments, the Febelfin's consultation on new quality standard for Belgian Sustainable Financial Products. Candriam also participated actively via its representatives in the industry associations (EFAMA, AFG, AMF) to the EU HLEG and EU fiduciary consultations answers as well as to published statements on sustainable finance following the published HLEG report and EU action plan publication. |

| Frequency of contribution |
|---|
| <ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other |

Wrote and published articles on responsible investment in the media

| Description |
|---|
| Candriam SRI experts and CEO are keen to share their expertise and opinions on RI topics.Regular press releases are published on our RI activities (voting and engagement, PRI report and assessment), articles are systematically written when Candriam signs collaborative initiatives and/or some progress/outcomes can be made public, some articles cover opinion and statement. We also are pleased to answer journalists request for interviews around the World. Here some examples of articles published in 2018: - Climate action: the long and winding road?: https://www.candriam.co.uk/en/professional/market-insights/topics/sri/climate-action-the-long-and-winding-road/ - Candriam votes in favour of the Follow This resolution: https://www.candriam.fr/en/professional/market-insights/assets-class/sri/candriam-votes-in-favour-of-the-follow-this-resolution/ - Making the planet great again: https://www.candriam.co.uk/en/professional/market-insights/topics/sri/making-the-planet-great-again-candriam-takes-part-in-investor-decarbonisation-initiative/ - Candriam's support for two FAIRR initiatives that promote human causes: https://www.candriam.co.uk/en/professional/market-insights/topics/sri/candriams-support-for-two-fairr-initiatives-that-promote-human-causes/ |

| Frequency of contribution |
|---|
| <ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently <input type="radio"/> Biannually <input type="radio"/> Annually <input type="radio"/> Less frequently than annually <input checked="" type="radio"/> Ad hoc <input type="radio"/> Other |

A member of PRI advisory committees/ working groups, specify

| Description |
|---|
| Candriam's Global Head of Responsible Development is member of the PRI Working group on SDG's engagement and member of the PRI French Advisory Committee. |

| Frequency of contribution |
|--|
| <ul style="list-style-type: none"> <input type="radio"/> Quarterly or more frequently |

- Biannually
- Annually
- Less frequently than annually
- Ad hoc
- Other

specify

Most of those meetings are organised on a monthly basis

- On the Board of, or officially advising, other RI organisations (e.g. local SIFs)
- Other, specify

No

SG 10.3 Describe any additional actions and initiatives that your organisation has taken part in during the reporting year to promote responsible investment [Optional]

As a leader in SRI on the European market, we participate in many workgroups within the financial community, such as AFG in France, BEAMA in Belgium and EFAMA at European level, therefore promoting SRI actively. At AFG, Global Head of Responsible Development is part of the 'Bureau' piloting the RI Committee works. At Beama, Global Head of Product Management and Responsible Development are co-chairing the RI Committee.

SG 11 Voluntary Additional Assessed PRI 4,5,6

SG 11.1 Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or regulators in support of responsible investment in the reporting year.

Yes

If yes

- Yes, individually
- Yes, in collaboration with others

SG 11.2 Select the methods you have used.

- Endorsed written submissions to governments, regulators or public policy-makers developed by others
- Drafted your own written submissions to governments, regulators or public-policy markers
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

SG 11.3 Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

Yes, publicly available

http://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcdd1d.r81.cf3.rackcdn.com/comfy/cms/files/files/000/001/779/original/GISGCC_FINAL.pdf
<https://www.cdp.net/en/articles/media/european-investors-urge-eu-policymakers-to-upgrade-corporate-reporting-rules>

No

No

SG 11.4 Provide a brief description of the main topics your organisation has engaged with public policy-makers or regulators on.

During 2018, the main initiatives were related to green and sustainable finance. They covered answers to consultations launched following the EU HLEG report on Sustainable Finance and invitation to our Global Head of Responsible Development by EU Commission DG Fisma to discuss how asset manager take into account ESG and climate issues, the barriers to further expansion of RI.

Here is the link to the public site where Candriam's answers to EU consultation have been made public: <https://ec.europa.eu/eusurvey/publication/investors-duties-sustainability-2017>

Some one-to-one meetings were organized by AFG with European Parliament representatives to discuss the taxonomy, non-financial disclosure and low carbon directives. Our Global Head of Responsible Development was one of the two AFG members to participate to those meetings.

A EU Parliament breakfast has been organized by CDP to discuss the TCFD and ART 173 implementation, our Global Head of Responsible Development participated to this event to share the asset management point of view.

SG 12 Mandatory Core Assessed PRI 4

SG 12.1 Indicate whether your organisation uses investment consultants.

- Yes, we use investment consultants
- No, we do not use investment consultants.

SG 13 Mandatory Descriptive PRI 1

| | |
|---|--|
| SG 13.1 | Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.). |
| <input checked="" type="checkbox"/> Yes, to assess future ESG factors | |
| Describe | <p>Sector models are developed as basis for the ESG companies assessment. Those models are built by ESG analysts expert by sector and take into account the future evolution of material risks and opportunities for the sector and for the company in function of their activities and exposure to those.</p> |
| <input checked="" type="checkbox"/> Yes, to assess future climate-related risks and opportunities | |
| Describe | <p>Climate-related risks and opportunities are part of all sector models developed by our ESG analysts to assess companies, especially when we assess the business model of companies (product/services, geographical exposure of activities/clients). This assessment covers the whole value chain.</p> |
| <input type="checkbox"/> No, not to assess future ESG/climate-related issues | |

| | |
|---|---|
| SG 13.2 | Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets. |
| We do the following | |
| <input type="checkbox"/> Allocation between asset classes <input type="checkbox"/> Determining fixed income duration <input type="checkbox"/> Allocation of assets between geographic markets <input type="checkbox"/> Sector weightings <input checked="" type="checkbox"/> Other, specify | |
| <p>For our Best-in-class approach, more under SG13.3. In European Equity ESG integration, sector weights are function of global exposure to sustainability trends.</p> | |
| <input type="checkbox"/> We do not consider ESG issues in strategic asset allocation | |

| | |
|---|------------------------------------|
| SG 13.3 | Additional information. [OPTIONAL] |
| <p>Our SRI Best-in-class screening approach is well balanced towards the ESG pillars and is based on sector-specific ESG models taking into account the material ESG risks and opportunities for the sector and the new trends. Our final SRI selection is sector neutral and we verify its impact on the ESG quality of the portfolios.</p> <p>As for example of our modelling of new ESG trends, in the stakeholder's management sector model (Micro analysis), the ESG analyst expert of the sector determines the relevance (weighting) of the various ESG themes for the sector. Based on qualitative sector data and, where possible on historic quantitative data, the relevance of each theme is determined according to the frequency of interactions, their financial impact and future prospects.</p> <ul style="list-style-type: none"> • Frequency: the frequency at which certain events occur, such as accidents, fines, legal disputes or the publication of information briefs, and the degree of attention given to stakeholders; • Financial impact: the magnitude of the impact of an ESG issue on sales, margins, assets (tangible and intangible), etc.; • Future prospects: the probability that the relevance of an issue will increase or decrease due to a change in frequency or financial impact over the next five years. | |

| | | | |
|----------|-----------|-------------|---------|
| SG 13 CC | Voluntary | Descriptive | General |
|----------|-----------|-------------|---------|

| | |
|--|--|
| SG 13.4 CC | Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the results and any future plans. |
| <input checked="" type="checkbox"/> Initial assessment | |
| Describe | <p>Initially, 2 degree scenario analysis has been discovered by our ESG team in 2015 when portfolio analysis have been delivered for our SRI funds/mandates. Those confirm by quantitative data that our in-house developed assessment of companies taking into account their business model sustainability was aligned with the scenario. Since then, it has been used to identify companies at risk in non SRI portfolio and to back our decision to expand our corporate-wide strategy to exclude coal from our investments. In parallel to this decision, since 2015, green bonds have been favoured in corporate bonds strategies with an initial target of 5-10 % pocket and since 2018 10-15 %. The research made on the carbon data led us to develop decarbonisation optimisation process and to launch low-carbon investment strategies.</p> |
| <input checked="" type="checkbox"/> Incorporation into investment analysis | |
| Describe | <p>Scenario analysis is used in ESG selection of companies and for the monitoring of strategies applied to SRI funds/mandates and low-carbon strategies. Access to climate-related data by portfolio managers make them aware of carbon risks in portfolio, investments that are the largest contributors and associated risks.</p> |
| <input checked="" type="checkbox"/> Inform active ownership | |
| Describe | <p>In 2015, we signed the Montreal Carbon Pledge initiative and committed ourselves to make progress in the path towards lower carbon footprint for our SRI product range. At the same time, we identified Energy Transition as one of our conviction topics to put forward in our stewardship activities. Since then, we have also signed the Investor Agenda initiative and the Commitment to support a just Transition on Climate change.</p> <p>The information on companies also feed and back our dialogue with companies and voting activities. We have concentrated further our efforts by</p> |

engaging all sectors on energy related issues including :

Materials and Utilities, on thermal coal divesting

Energy, on scenario analysis with focus on short/medium term target and inclusion of Scope 3

Finance, on risk disclosure, climate policies and carbon emissions / intensity performance-linked credit& lending practices

Candriam voting policy is aligned with our commitments and explicitly mentions we consider that all listed-companies should publish and implement a comprehensive climate change policy in line with accepted principles such as those of the Task Force on Climate-related Financial Disclosures (TCFD). Therefore, we recommend a vote in favour of resolutions demanding public report on hold companies' scenarios and climate strategy. We always consider the relevance, consistence and feasibility of the measure before casting our vote. TCFD recommendations are now part of our voting guidelines.

Other

SG 13.5 CC Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

SG 13.6 CC Indicate whether the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

Yes

| | Describe |
|--|---|
| | <p>At Candriam, the first step to evaluate impacts of climate-related risks was initiated by the ESG team when they identify climate-related risks and opportunities across sectors and assess material impacts on companies. Their analysis and assessment cover since 2008 all companies part of classical benchmarks used in investments strategies. The French Art 173 and launch of TCFD recommendations were at the origin of the set-up of an operational committee monitoring the computing of portfolios carbon footprint and available climate-related data. A proposition was made by SRI team to the Global Strategic Committee to look at the most potential stranded assets. The derived decision was our company-wide thermal coal divestment from end 2018.</p> <p>From 2019, a new working group dedicated to Climate and ESG risks will gather Risk managers, ESG team members and representative of investments strategies. The target is to develop a framework to identify material short/medium/long term risks across all strategies in order to further develop our corporate strategies and further feed our ESG integration approach.</p> |

No

SG 13.7 CC Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8 CC Indicate the climate scenarios the organisation uses.

| Provider | Scenario used |
|---------------------------------------|--|
| IEA | <input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS) |
| IEA | |
| IEA | |
| IEA | |
| IEA | |
| IRENA | |
| Greenpeace | |
| Institute for Sustainable Development | |
| Bloomberg | |
| IPCC | |
| IPCC | |
| IPCC | |
| IPCC | |
| Other | |
| Other | |
| Other | |

| | |
|-------------------------------------|--|
| SG 14.1 | Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered. |
| <input checked="" type="checkbox"/> | Changing demographics |
| <input checked="" type="checkbox"/> | Climate change |
| <input checked="" type="checkbox"/> | Resource scarcity |
| <input checked="" type="checkbox"/> | Technological developments |
| <input checked="" type="checkbox"/> | Other, specify(1) |
| | other description (1) |
| | Health and Wellness |
| <input checked="" type="checkbox"/> | Other, specify(2) |
| | other description (2) |
| | Developing economies |
| <input type="checkbox"/> | None of the above |

| | |
|-------------------------------------|--|
| SG 14.2 | Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity |
| <input type="checkbox"/> | Established a climate change sensitive or climate change integrated asset allocation strategy |
| <input checked="" type="checkbox"/> | Targeted low carbon or climate resilient investments |
| | Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes. |
| | Total AUM |
| | 13,929,780,000 EUR |
| | 15,892,390,328 USD |
| | Specify the framework or taxonomy used. |
| | note : this figure does not take into account the assets that have divest from thermal coal exposure as a first step in our corporate-wide climate strategy. |
| <input checked="" type="checkbox"/> | Phase out your investments in your fossil fuel holdings |
| <input checked="" type="checkbox"/> | Reduced portfolio exposure to emissions intensive or fossil fuel holdings |
| <input checked="" type="checkbox"/> | Used emissions data or analysis to inform investment decision making |
| <input checked="" type="checkbox"/> | Sought climate change integration by companies |
| <input checked="" type="checkbox"/> | Sought climate supportive policy from governments |
| <input type="checkbox"/> | Other, specify |
| <input type="checkbox"/> | None of the above |

| | |
|-------------------------------------|--|
| SG 14.3 | Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities. |
| <input checked="" type="checkbox"/> | Scenario analysis |
| <input checked="" type="checkbox"/> | Disclosures on emissions risks to clients/trustees/management/beneficiaries |
| <input checked="" type="checkbox"/> | Climate-related targets |
| <input checked="" type="checkbox"/> | Encouraging internal and/or external portfolio managers to monitor emissions risks |
| <input type="checkbox"/> | Emissions-risk monitoring and reporting are formalised into contracts when appointing managers |
| <input checked="" type="checkbox"/> | Weighted average carbon intensity |
| <input checked="" type="checkbox"/> | Carbon footprint (scope 1 and 2) |
| <input checked="" type="checkbox"/> | Portfolio carbon footprint |
| <input checked="" type="checkbox"/> | Total carbon emissions |
| <input checked="" type="checkbox"/> | Carbon intensity |
| <input checked="" type="checkbox"/> | Exposure to carbon-related assets |
| <input checked="" type="checkbox"/> | Other emissions metrics |
| <input type="checkbox"/> | Other, specify |
| <input type="checkbox"/> | None of the above |

| | |
|--|--|
| SG 14.4 | If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used. |
| <p>As our SRI Best-in-class selection takes into account the impact of companies business model on Climate change (macro analysis), the reporting tool we have developed in order to assess the ESG quality of portfolios against benchmark includes a climate change component. The delivered report gives a view on the manner the portfolio takes into account the climate change issue (scopes 1,2 and 3 at portfolio level, sector level and individual position level). This tool is used for SRI and non SRI portfolios reporting. Ex-post carbon footprint against benchmark for our ESG selection and our portfolios are regularly computed and published.</p> <p>Additionally we also report on the other metrics at portfolio level : 2 degrees scenario analysis, % exposure of power generation from green/brown energies or coal, exposure to fossil fuels reserves.</p> | |

| | |
|---|-----------------------------------|
| SG 14.5 | Additional information [Optional] |
| <p>ESG assessment and SRI selection</p> <p>All those trends are taken into account in the Global sustainability trends assessment exposure of issuers that are part of our sector specific ESG models.</p> | |

Based on our in-house developed framework, companies exposed to activities with a negative impact on those trends will be penalized in their Global sustainability trends score. Those exposed to activities with a positive impact on those trends will be favoured in their score. The score obtained represents 50 % of the final ESG score of the companies. Companies belonging to the top 50% best positioned in a sector are part of the SRI Best-in-class selection applied to our SRI funds and mandates.

The evaluation of those trends at issuer level are also used in the combined ESG and financial profiles of corporates that are used in the Fixed Income/ Fundamental Equities selection processes.

The Climate change issue

Climate change is a challenge that is taken into account in all our sector models. The assessment is based on the impact each type of activity has in terms of CO2 emissions, from sourcing to consumption (scopes 1, 2 and 3). Like for other ESG trends analysed in our macro analysis, each activity get a score ranging from -10 to +10 reflecting how negative/positive the activity is for Climate Change. As for example, our model gives the most negative score (-10) to coal and lignite, neutral score for industrial gas and the most positive score for solar & wind. Based on this impacting score for each activity and the exposure of each company to different activities, the Climate Change score is derived for each company. For most of the sectors, the exposure of each company to activities is based on the activities % derived turnover but for the energy sector, it is based on the fossil fuels reserves and for utilities sector on the installed capacity.

Energy transition as a conviction topic

Since 2015 Candriam has chosen to promote three long-term engagement topics (our 'conviction topics'), among which Energy transition, that covers the shift to more renewable sources of energy but also improved energy efficiency and storage. In the Phase I, the issue is first raised through dialogue with companies belonging to one or few specific and highly relevant sectors. In Phase II, leveraging on this knowledge, the conviction topics is chosen as a priority topic in dialogue with our In Line classified companies (bottom 15% of our Top 50% selection) when relevant. In Phase III, topic-related outreach program is expanded cross Candriam, for fundamental analysts and fund managers but also for other departments such as purchasing service.

Call to governments and authorities to act

Candriam has signed several statements or collaborative initiatives calling states or control authorities to act for better management of climate change-associated challenges, but also committing ourselves. Here below some of the initiatives or statement we signed over the past 2 years and that fall under this category :

- Montreal Carbon Pledge
- G20 Energy Efficiency Investor Statement
- Paris Pledge for Action
- Fiduciary Duty In the 21st Century Statement
- Investor statement to G20 governments on phasing out subsidies for fossil fuels
- 2017 Letter to G7 and G20 governments on climate change

| | | |
|----------|-----------|---------|
| SG 14 CC | Voluntary | General |
|----------|-----------|---------|

SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

| Metric Type | Coverage | Purpose | Metric Unit | Metric Methodology |
|-----------------------------------|--------------------|--|--|----------------------------------|
| Climate-related targets | Minority of assets | Inform investment decision and monitoring Reporting | Allocation of MWH energy sources-based of power generation | IEA 2 degrees scenario 2030/2050 |
| Weighted average carbon intensity | Minority of assets | Inform investment decision and monitoring Reporting | Tons CO2 eq in mio € revenues | TCFD |
| Carbon footprint (scope 1 and 2) | Majority of assets | Inform investment decision and monitoring | Tons CO2 eq in mio € revenues | GHG Protocol |
| Portfolio carbon footprint | Majority of assets | Inform investment decision and monitoring Reporting , FR art 173, Montreal Carbon pledge | Tons CO2 eq in mio € revenues Tons CO2 eq in mio € invested | UNEPFI |
| Total carbon emissions | Minority of assets | ESG assessment of companies and risks associated, part of ESG selection , corporate impact | Tons CO2 eq | |
| Carbon intensity | Minority of assets | Reporting | Weighted average (Tons CO2 eq in mio € revenues) | TCFD |
| Exposure to carbon-related assets | Majority of assets | ESG assessment of companies and risks associated Inform investment decision and monitoring Exclusion of exposure to thermal coal Reporting | % exposure : - in revenues - tCO2eq in fossil fuels reserves (extractive activities) | GHG Protocol |
| Other emissions metrics | | | | |

SG 14.7 CC Describe in further detail the key targets.

| Target type | Time Frame | Description | Attachments |
|------------------|----------------------------|---|-------------|
| Intensity target | from 2015 | Publish and monitor carbon footprint of our SRI product range to align this with low carbon strategies - progressively extend the scope to other kind of funds/strategies | |
| Absolute target | 1 / from 2017 2/ from 2018 | exclusion of company's exposed to extraction of thermal coal or > 10 % of revenues from thermal coal power generation 1/2016 for SRI best-in-class strategies 2/2017 for all other strategies | |

SG 14.8 CC Indicate whether climate-related risks are integrated into overall risk management and explain the risks management processes for identifying, assessing, and managing climate-related risks.

Process for climate-related risks is integrated into overall risk management

Please describe

A transversal operational committee gathering representatives of risk management, ESG team, operations and reporting, client relationship managers was set up in 2016 to work on the carbon data and overseeing/monitoring the computation of portfolio carbon footprint. Please refer to answer to questions SG 13.4 CC and 13.6 CC. for further details.

From 2019, a new working group dedicated to Climate and ESG risks will gather Risk managers, ESG team members and representative of investments strategies. The target is to develop a framework to identify material short/medium/long term risks across all strategies in order to further develop our corporate strategies, further feed our ESG integration approach and decide on the appropriate metrics. Until now, the identification of material risks related to climate issues was derived from the ESG team based on the in-house developed models to assess companies and their exposure to climate change. Research conducted on carbon data and scenario analysis were also used.

Process for climate-related risks is not integrated into our overall risk management

SG 14.9 CC Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

Yes

Please describe

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

Since 2015, Energy Transition is one of the three long-term engagement topics Candriam has chosen to promote in its engagement, along with Fair Work Conditions, and Business Ethics.

2018 took the momentum of 2017 even further : climate definitively entered the financial market arena and energy transition accounts for the most prominent part of our direct and collaborative engagement, and in an even more pronounced proportion than previous last year.

As detailed under the SG 9, we participate in a number of initiatives specifically focusing on climate change and which definitely integrate TCFD recommendations within their demands:

- CDP – Non Discloser Campaign, lead investor for 23 corporates this year
- Decarbonisation (ID) Initiative
- Climate Action 100+ & Climate Change Transition for Oil & Gas, active investor for 5 corporates
- 2018 Global investor statement on climate change
- Investor statement to EU policymakers on the future of Corporate reporting

As an investor we also committed further, adding to the Montreal Carbon Pledge signed in 2015, both the Investor Agenda and the Commitment to support a just Transition on Climate change.

Individually, we continued engaging all sectors on energy related issues including :

- Materials and Utilities, on thermal coal divesting
- Energy, on scenario analysis with focus on short/medium term target and inclusion of Scope 3
- Finance, on risk disclosure, climate policies and carbon emissions / intensity performance-linked credit & lending practices

Candriam voting policy is aligned with our commitments and explicitly mentions we consider that all listed-companies should publish and implement a comprehensive climate change policy in line with accepted principles such as those of the Task Force on Climate-related Financial Disclosures (TCFD). Therefore, we recommend a vote in favour of resolutions demanding public report on hold companies' scenarios and climate strategy. We always consider the relevance, consistence and feasibility of the measure before casting our vote. We also engage in the pre-season of voting on the energy transition topic, such as with Shell in 2018, in the framework of the Follow This resolution.

At last, Candriam continues to support TCFD recommendations :

- as a member of several industry associations
- when answering public consultations such as the one of the EU Sustainable Finance Action Plan
- when sharing its view at international events such as the 2018 OECD meeting on Integration of Climate change into Institutional Investment.

More details on our 2018 engagement achievements are available in our 2018 Engagement Annual review, under https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities_annual-report2018.pdf

No, we do not engage

SG 15 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

SG 15.1 Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

Yes

SG 15.2 Indicate the percentage of your total AUM invested in environmental and social themed areas.
10.3%

SG 15.3 Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

| Area |
|--|
| <input checked="" type="checkbox"/> Energy efficiency / Clean technology |
| Asset class invested |
| <input checked="" type="checkbox"/> Listed equity |

- 11.07% of AUM
- Fixed income - SSA
- 8.6% of AUM
- Fixed income - Corporate (financial)
- 13.7% of AUM
- Fixed income - Corporate (non-financial)
- 15.4% of AUM
- Fixed income - Securitised
- 5.2% of AUM
- Hedge funds

Brief description and measures of investment

Activities related to clean technologies are favored in our global sustainability trends exposure of corporate assessment that is part of our SRI selection process (macro analysis) and tells for 50 % of the ESG final score.

Country exposure and policy related to Renewable energy is part of the assessment of management of natural capital (25 % weight of ESG country final score) of our ESG screening applied for all our SRI Best-in-class funds and mandates invested in government bonds.

Renewable energy

Asset class invested

- Listed equity
- 11.07% of AUM
- Fixed income - SSA
- 8.6% of AUM
- Fixed income - Corporate (financial)
- 13.7% of AUM
- Fixed income - Corporate (non-financial)
- 15.4% of AUM
- Fixed income - Securitised
- 5.2% of AUM
- Hedge funds

Brief description and measures of investment

Activities related to renewable energy are favored in our global sustainability trends exposure of corporate assessment that is part of our SRI selection process (macro analysis) and tells for 50 % of the ESG final score.

Country exposure and policy related to Renewable energy is part of the assessment of management of natural capital (25 % weight of ESG country final score) of our ESG screening applied for all our SRI Best-in-class funds and mandates invested in government bonds.

Green buildings

Asset class invested

- Listed equity
- 11.07% of AUM
- Fixed income - SSA
- 8.6% of AUM
- Fixed income - Corporate (financial)
- 13.7% of AUM
- Fixed income - Corporate (non-financial)
- 15.4% of AUM
- Fixed income - Securitised
- 5.2% of AUM
- Hedge funds

Brief description and measures of investment

Green buildings are favored in our global sustainability trends exposure of corporate assessment that is part of our SRI selection process (macro analysis) and tells for 50 % of the ESG final score.

Sustainable forestry

Asset class invested

- Listed equity
- 11.07% of AUM
- Fixed income - SSA

- 8.6% of AUM
- Fixed income - Corporate (financial)
- 13.7% of AUM
- Fixed income - Corporate (non-financial)
- 15.4% of AUM
- Fixed income - Securitised
- 5.2% of AUM
- Hedge funds

Brief description and measures of investment

Sustainable forestry is favored in our global sustainability trends exposure of corporate assessment that is part of our SRI selection process (macro analysis) and tells for 50 % of the ESG final score.

- Sustainable agriculture

Asset class invested

- Listed equity
- 11.07% of AUM
- Fixed income - SSA
- 8.6% of AUM
- Fixed income - Corporate (financial)
- 13.7% of AUM
- Fixed income - Corporate (non-financial)
- 15.4% of AUM
- Fixed income - Securitised
- 5.2% of AUM
- Hedge funds

Brief description and measures of investment

Sustainable agriculture is favored in our global sustainability trends exposure of corporate assessment that is part of our SRI selection process (macro analysis) and tells for 50 % of the ESG final score.

- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education

Asset class invested

- Listed equity
- 11.07% of AUM
- Fixed income - SSA
- 8.6% of AUM
- Fixed income - Corporate (financial)
- 13.7% of AUM
- Fixed income - Corporate (non-financial)
- 15.4% of AUM
- Fixed income - Securitised
- 5.2% of AUM
- Hedge funds

Brief description and measures of investment

Access to education is favored in our global sustainability trends "developing economies" and "demographic evolutions" exposure of corporate assessment that is part of our SRI selection process (macro analysis) and tells for 50 % of the ESG final score.

This is also a global theme that is part of the country SRI selection process as education is part of the country human capital management (25 % weight of ESG country final score).

- Global health

Asset class invested

- Listed equity
- 11.07% of AUM
- Fixed income - SSA
- 8.6% of AUM

- Fixed income - Corporate (financial)
13.7% of AUM
- Fixed income - Corporate (non-financial)
15.4% of AUM
- Fixed income - Securitised
5.2% of AUM
- Hedge funds

Brief description and measures of investment

Global health is part of the "Health and Wellness" global sustainability trends that is assessed in the selection of corporate in our SRI selection process (macro analysis) and tells for 50 % of the ESG final score. All companies that offer products/services related to better health or technologies/medicines contributing to care some diseases are better scored on those trends.

This is also a global theme that is part of the country SRI selection process as health is part of the country human capital management (25 % weight of ESG country final score).

- Water

Asset class invested

- Listed equity
11.07% of AUM
- Fixed income - SSA
8.6% of AUM
- Fixed income - Corporate (financial)
13.7% of AUM
- Fixed income - Corporate (non-financial)
15.4% of AUM
- Fixed income - Securitised
5.2% of AUM
- Hedge funds

Brief description and measures of investment

Water is a ESG issue that is taken into account at different stages of our SRI assessment screening of corporates : exposure of activities to water use or water efficiency are tracked during the assessment of exposure to resource depletion global sustainability trends of companies; the effective management and policy related to water use by the company is assessed during the assessment of the environment stakeholder's management.

Water consumption and emissions is also part of our country assessment screening. This is taken into account in the country's natural capital management (25 % weight of ESG country final score).

- Other area, specify

No

| | | | |
|-------|-----------|-------------|---------|
| SG 16 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

SG 16.1 Describe how you address ESG issues for internally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

| Asset Class | Describe what processes are in place and the outputs or outcomes achieved | | |
|--|--|---|--|
| Fixed income - Securitised | This kind of securities are submitted to our ESG analysis for the Best-in-class selection. The analysis is based on the mission, the transparency of the vehicle and also on the eligible character of the underlying issuer. Most of the asset-backed securities are excluded from our selection. | | |
| Hedge funds - DDQ | <table border="1" style="width: 100%;"> <tr> <td style="background-color: #0070C0; color: white;">Select whether you have responded to the PRI Hedge Fund DDQ</td> </tr> <tr> <td> <input type="radio"/> Yes <input checked="" type="radio"/> No </td> </tr> </table> | Select whether you have responded to the PRI Hedge Fund DDQ | <input type="radio"/> Yes <input checked="" type="radio"/> No |
| Select whether you have responded to the PRI Hedge Fund DDQ | | | |
| <input type="radio"/> Yes <input checked="" type="radio"/> No | | | |
| Hedge funds | Hedge Funds represent 4.5% of our assets. Those strategies take into account corporate governance in the investment selection process. | | |

SG 16.2 Additional information [Optional].

For the external managed assets addressing specific investment needs (not commodities) for which an ESG screening is not easily applied, the only ESG screening applied is the exclusion for exposure to legally excluded controversial armament (anti-personal landmines, cluster bombs and depleted uranium). If the purpose is to invest for a SRI strategy, the ESG approach has to be in line with Candriam's target approach.

| | | | |
|-------|-----------|-------------|---------|
| SG 17 | Mandatory | Descriptive | General |
|-------|-----------|-------------|---------|

SG 17.1 Describe how you address ESG issues for externally managed assets for which a specific PRI asset class module has yet to be developed or for which you are not required to report because your assets are below the minimum threshold.

| Asset Class | Describe what processes are in place and the outputs or outcomes achieved |
|--|--|
| Listed equities - ESG incorporation | For external RI funds, the minimum requirements are exclusion for serious breach to UN Global Compact principles, exclusion of controversial armament exposure and exposure to ESG thematic. For other funds, the Due Diligence asks if yes/no ESG issues are taken into consideration (exclusion, integration) |
| Listed equities - engagement | The Due Diligence asks if yes/no an engagement process is in place and if yes, the policy applied. |
| Listed equities - (proxy) voting | If applied, the Due Diligence asks if votes are casted and the policy applied. |
| Fixed income - SSA | If applied, the Due Diligence asks if yes/no ESG issues are taken into consideration and the kind of approach (exclusion, integration) |
| Fixed income - Corporate (financial) | For external RI funds, the minimum requirements are exclusion for serious breach to UN Global Compact principles, exclusion of controversial armament exposure and exposure to ESG thematic. For other funds, the Due Diligence asks if yes/no ESG issues are taken into consideration (exclusion, integration) |
| Fixed income - Corporate (non-financial) | For external RI funds, the minimum requirements are exclusion for serious breach to UN Global Compact principles, exclusion of controversial armament exposure and exposure to ESG thematic. For other funds, the Due Diligence asks if yes/no ESG issues are taken into consideration (exclusion, integration) |
| Fixed income - Securitised | For external RI funds, the minimum requirements are exclusion for serious breach to UN Global Compact principles, exclusion of controversial armament exposure and exposure to ESG thematic. For other funds, the Due Diligence asks if yes/no ESG issues are taken into consideration (exclusion, integration) |

| | | | |
|-------|-----------|-------------|---------|
| SG 18 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

SG 18.1 Indicate whether any specific features of your approach to responsible investment are particularly innovative.

Yes

SG 18.2 Describe any specific features of your approach to responsible investment that you believe are particularly innovative.

Candriam's approach to responsible investment consists in an **innovative three-step SRI analysis** combining a best-in-Class analysis, a norms-based analysis and a controversial activities exposure assessment.

Moreover our best-in-class analysis for companies, uses two separate but related perspectives to evaluate their ability to manage the sustainable development issues specific to their sector: a Macro-Analysis and a Micro-Analysis. The Stakeholders' analysis (Micro-analysis) that evaluates a company's ability to incorporate stakeholder interests in its long-term strategy is completed by a Macro analysis that evaluates the companies' business model exposure to the global sustainability trends. These are long-term trends liable to considerably influence the economic environment in which companies operate and to determine the future the future challenges in the market as well as the long-term growth opportunities. Candriam has identified six global sustainability trends : Climate Change, Resource Depletion, Demographic Evolution, Health and Wellness, Interconnectivity and Developing Economies.

The fact that this combined analysis is made at sector level favor the investment in new solutions that contribute to a sustainable economic activity. This selection combined with our controversial activities exposure exclusion delivers portfolios that have lower carbon footprint than their classical benchmarks.

The development and design of a **particular approach to analyse and select emerging markets issuers** that takes into account the specificities of the emerging markets, is another interesting element to mention.

Our performance attribution tool developed to capture the alpha contribution derived from our SRI selection from those derived from the financial selection is a distinctive innovation.

Most recently, we launched a new approach combining our **Best-in-class selection with a smart beta financial approach** in order to develop a range of ETF SRI products.

We also developed an extended ESG reporting combining ESG qualitative assessment relative to our screening approach and 10 impact indicators covering E-S-G issues of which for E indicators : carbon and water footprint and 2 degrees scenario analysis.

No

| | | | |
|-------|-----------|---------------|----------|
| SG 19 | Mandatory | Core Assessed | PRI 2, 6 |
|-------|-----------|---------------|----------|

SG 19.1 Indicate whether your organisation typically discloses asset class specific information proactively. Select the frequency of the disclosure to clients/beneficiaries and the public, and provide a URL to the public information.

Listed equity - Incorporation

Do you disclose?

- We do not proactively disclose it to the public and/or clients/beneficiaries
- We disclose to clients/beneficiaries only.
- We disclose it publicly

The information disclosed to clients/beneficiaries is the same

- Yes
- No

| Disclosure to public and URL | |
|--|--|
| Disclosure to public and URL | |
| <input type="radio"/> Broad approach to ESG incorporation <input checked="" type="radio"/> Detailed explanation of ESG incorporation strategy used | |
| Annually | |
| https://www.candriam.co.uk/4ac218/siteassets/medias/publications/brochure/corporate-brochures-and-reports/csr-report/csr2018.pdf https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf | |

Listed equity - Engagement

| Do you disclose? | |
|---|--|
| <input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public | |
| The information disclosed to clients/beneficiaries is the same | |
| <input type="radio"/> Yes <input checked="" type="radio"/> No | |

| Disclosure to public and URL | Disclosure to clients/beneficiaries | | | | | | | | |
|--|-------------------------------------|--|---|--|---|-------------------------------------|--|---|--|
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| Disclosure to public and URL | | | | | | | | | |
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| Annually | Quarterly or more frequently | | | | | | | | |
| https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities_annual-report2018.pdf https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf | | | | | | | | | |

Listed equity – (Proxy) Voting

| Do you disclose? | |
|---|--|
| <input type="radio"/> We do not disclose to either clients/beneficiaries or the public. <input type="radio"/> We disclose to clients/beneficiaries only. <input checked="" type="radio"/> We disclose to the public | |
| The information disclosed to clients/beneficiaries is the same | |
| <input type="radio"/> Yes <input checked="" type="radio"/> No | |

| Disclosure to public and URL | Disclosure to clients/beneficiaries |
|--|--|
| <p>Disclosure to public and URL</p> <p><input checked="" type="checkbox"/> Disclose all voting decisions <input type="checkbox"/> Disclose some voting decisions <input type="checkbox"/> Only disclose abstentions and votes against management</p> | <p>Disclosure to clients/beneficiaries</p> <p><input checked="" type="checkbox"/> Disclose all voting decisions <input type="checkbox"/> Disclose some voting decisions <input type="checkbox"/> Only disclose abstentions and votes against management</p> |
| Biannually | Quarterly or more frequently |
| https://www.candriam.co.uk/en/professional/market-insights/proxy-voting-candriams-votes-2018/ https://www.candriam.be/en/professional/market-insights/sri-publications/proxy-voting-candriams-votes-2018-year/ | |

Fixed income

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
 We disclose to clients/beneficiaries only.
 We disclose to the public

The information disclosed to clients/beneficiaries is the same

- Yes
 No

Disclosure to public and URL

Disclosure to public and URL

- Broad approach to RI incorporation
 Detailed explanation of RI incorporation strategy used

Annually

<https://www.candriam.co.uk/4ac218/siteassets/medias/publications/brochure/corporate-brochures-and-reports/csr-report/csr2018.pdf>
<https://www.candriam.fr/siteassets/medias/publications/brochure/corporate-brochures-and-reports/transparency-codes/tc-core-sri-funds-2017-en.pdf>

Hedge Funds

Do you disclose?

- We do not disclose to either clients/beneficiaries or the public.
 We disclose to clients/beneficiaries only.
 We disclose to the public

SG 19.2

Additional information [Optional]

We only disclose information in fund annual report for funds submitted to FR art 173

LEI 01.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies (+/- 5%)

- Screening alone (i.e. not combined with any other strategies)

| | |
|---|-------|
| Percentage of active listed equity to which the strategy is applied | 23.5% |
|---|-------|

- Thematic alone (i.e. not combined with any other strategies)
 Integration alone (i.e. not combined with any other strategies)

- Screening and integration strategies

| | |
|---|-------|
| Percentage of active listed equity to which the strategy is applied | 46.9% |
|---|-------|

- Thematic and integration strategies

- Screening and thematic strategies

| | |
|--|-------|
| Percentage of active listed equity to which the strategy is applied (+/- 5%) | 11.7% |
|--|-------|

- All three strategies combined

| | |
|---|-------|
| Percentage of active listed equity to which the strategy is applied | 17.9% |
|---|-------|

- We do not apply incorporation strategies

| | |
|--|----|
| Percentage of active listed equity to which no strategy is applied | 0% |
|--|----|

LEI 01.2

Describe your organisation's approach to incorporation and the reasons for choosing the particular ESG incorporation strategy/strategies.

Candriam defines SRI as the incorporation of environmental, social and governance (ESG) criteria in investment decisions.

Through its SRI engagement, Candriam considers that a company's business activities are sources of both opportunities and risks that cannot be fully evaluated using traditional financial metrics alone. We believe that taking into account environmental, social and corporate governance (ESG) criteria in the evaluation of company's business model (Macro criteria) and stakeholders' management (Micro criteria) is a source of long term value.

Moreover, we believe that by selecting within each sector, the companies that manage ESG challenges best, our SRI Best-In-Class approach enables us to raise best practices standards in all economic activities and to contribute to a sustainable economic growth.

Sustainability-related challenges for equity issuers are analysed from three angles :

- A Best-in-Class analysis
- A Norms-based analysis in relation with the United Nation's Global Compact
- An Armament and other controversial activities filter

1) Best-in-class analysis

The Best-in-class analysis for companies consists in evaluating their ability to manage the sustainable development issues specific to their sector. These are addressed from two separate but related perspectives, namely a Macro-Analysis and a Micro-Analysis.

Macro-Analysis evaluates the company's exposure (services/products, production areas, market segments, etc.) to the global sustainability trends . These challenges are long-term trends liable to considerably influence the economic environment in which companies operate and to determine the future challenges in the market as well as the long-term growth opportunities.

Candriam has identified six global sustainability trends : Climate Change, Resource Depletion, Demographic Evolution, Interconnectivity, Health and Wellness, and Developing Economies.

Micro-Analysis evaluates a company's ability to incorporate stakeholder interests (customers, employees, etc.) in its long-term strategy, insofar as they are a source of risks and opportunities for the company.

2) Norms-based analysis

Candriam conducts a Norms-based analysis of companies. The goal of this analysis is to check whether companies comply with the ten principles of the United Nation's Global Compact which encompasses four main areas of Human Rights (HR), Labor Rights (LR), the Environment (ENV) and Anti-Corruption (COR). The Norms-based analysis is designed to filter out companies that have significantly and repeatedly breached one of the ten principles of the United Nation's Global Compact.

3) Control of the exposure to armament & other controversial activities

Candriam's conducts an armament and controversial activities check in its selection process of sustainable and responsible companies. During this analysis, companies are assessed on their involvement in certain controversial businesses and activities including : Adult Content, Alcohol, Gambling, Nuclear Power, Tobacco, Weapons, Genetic Modification, Animal Testing and Activities in Oppressive Regimes, Thermal coal.

As far as the **SRI Best-in-class equities universe** is concerned, the SRI eligible universe consists of the top 50 % best-positioned companies towards the micro and macro analysis that have successfully passed Norms-Based Analysis and controversial activities exclusion screening.

Within this approach, emerging markets issuers are analyzed based on the same principles but the analysis framework being limited by the lack of data and barrier language, the final selection is based on successive exclusionary screenings based on Macro analysis, Governance assessment, Normative and Controversial activities screenings.

Since end 2018, we apply a new corporate-wide exclusion policy covering tobacco and thermal coal exposure. This exclusion policy completes our company-wide exclusion of exposure to controversial weapons (cluster munitions, anti-personal landmines, depleted uranium, biological and chemical weapons).

Since 2010, above the company-wide exclusion policy, we also apply an ESG normative screening to our Indexed funds because we are convinced that reputational risks strongly influence financial valuation. For the same reason, we incorporate the companies compliance to international standards to our Smart Beta strategies.

In the fundamental European Equity process and our World thematic funds, we combine exclusion for exposure to armament, tobacco and thermal coal and for not compliance to international standards. An integration approach is also applied, like for all fundamental Equity processes. Factors from the stakeholders's management assessment are taken into account in the financial valuation of the quality of management and those from the

assessment of the business model sustainability are part of the Business growth financial valuation.

Climate change and resource depletion are already two challenges that have an important role in assessing companies in our ESG Best-in-class approach and is source of decarbonisation of our SRI Best-in-class universe and portfolios. As those challenges are source of important risks for investors and are already one material factor in financial profiles of companies, in 2016, we decided to promote Low carbon strategies (min 50 % GHG below benchmark) in combination with our different screenings. Those are applied for tailor-made institutional mandates .

In function of the type of screening applied, the SRI selection and eligible universe is defined and transmitted to the portfolio managers. Candriam's investment processes including SRI selection are two-step processes that first of all calls for the definition of the eligible investment universe, followed by a financial selection from within this eligible universe. The financial selection of issuers from within this SRI universe is based on a financial analysis and optimal management of risks and of the portfolio.

Any investment outside the SRI universe is prohibited.

The selection of SRI issuers is confirmed by the SRI analysis team on a monthly basis, and on a one-off basis in exceptional circumstances. When there is a change in the SRI universe and an issuer is excluded, the approach consists in excluding this issuer from the SRI portfolios within a period of six months, depending on market conditions (very rare exceptions may be granted in order to accommodate a potential liquidity problem).

A constraint server and controls operated by the Risk Management Department ensure that the securities making up the portfolios comply with the RI approach applied.

LEI 01.3 If assets are managed using a combination of ESG incorporation strategies, briefly describe how these combinations are used. [Optional]

Screening & thematics – Demography fund

This approach invests in companies that are well placed to benefit from demography trends and excludes companies for exposure to armament, tobacco, coal and for non-compliance to UNGC.

Combination of all approaches – all SRI funds (incl. ETF) and mandates

This approach combines our Best-in-class selection with an exclusion for exposure to armament and other controversial activities and for non-compliance to UNGC.

Screening & Low carbon – tailor-made mandate

This approach limits the carbon footprint of the portfolio to 50 % of the benchmark by excluding companies emitting more than 1.500t CO2/ mio € revenues and companies exposed to thermal coal above 20 % revenues. Companies have also to be compliant to the UN Global Compact Principles.

| | | | |
|--------|-----------|---------------------|-------|
| LEI 02 | Voluntary | Additional Assessed | PRI 1 |
|--------|-----------|---------------------|-------|

LEI 02.1 Indicate what ESG information you use in your ESG incorporation strategies and who provides this information.

- Raw ESG company data
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Company-related analysis or ratings
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Sector-related analysis or ratings
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Country-related analysis or ratings
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- Screened stock list
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – analyst or portfolio manager
- ESG issue-specific analysis or ratings
- Other, specify

LEI 02.2 Indicate if you incentivise brokers to provide ESG research.

- Yes

| | |
|--|---------------------------------------|
| LEI 02.3 | Describe how you incentivise brokers. |
| <p>Candriam's analysts contact brokers to gather data on identified ESG issues during the redaction of a research paper or to gather information that are not available through our regular providers.</p> <p>Brokers' incentivisation takes place when ESG analysts vote during the brokers' review which determines Candriam's brokers list used by the trading desk for all transactions executed in Candriam's portfolios.</p> | |
| <input type="radio"/> No | |

| | | | |
|--------|-----------|---------------------|-------|
| LEI 03 | Voluntary | Additional Assessed | PRI 1 |
|--------|-----------|---------------------|-------|

| | |
|--|---|
| LEI 03.1 | Indicate if your organisation has a process through which information derived from ESG engagement and/or (proxy) voting activities is made available for use in investment decision-making. |
| <input checked="" type="checkbox"/> Engagement <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We have a systematic process to ensure the information is made available. <input type="checkbox"/> We occasionally make this information available. <input type="checkbox"/> We do not make this information available. | |
| <input checked="" type="checkbox"/> (Proxy) voting <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We have a systematic process to ensure the information is made available. <input type="checkbox"/> We occasionally make this information available. <input type="checkbox"/> We do not make this information available. | |

| | |
|--|------------------------------------|
| LEI 03.2 | Additional information. [Optional] |
| <p>If a company is involved in a controversial event which could lead to a revision of the company's ESG assessment or to its potential exclusion from the SRI universe, the ESG analysts team informs the fund managers that we are monitoring this event and dialoguing with the company by launching an SRI alert or SRI monitoring on this issuer.</p> <p>Dialogue with companies is one of the topics discussed during Quarterly meetings of SRI ambassadors and quarterly meetings organized with the Fundamental European Equity portfolio managers.</p> <p>As for proxy voting, the fund managers are involved in the voting process. Indeed, portfolio managers and financial analysts are systematically involved in the proxy voting process. They can actively vote at AGMS when they believe that an issue warrants so, and this irrespectively of corporate governance concerns.</p> | |

| | | | |
|--------|-----------|-------------|-------|
| LEI 04 | Mandatory | Descriptive | PRI 1 |
|--------|-----------|-------------|-------|

| LEI 04.1 | Indicate and describe the type of screening you apply to your internally managed active listed equities. | | |
|--|--|-------------|--|
| <input checked="" type="checkbox"/> Negative/exclusionary screening <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Product <input checked="" type="checkbox"/> Activity <input checked="" type="checkbox"/> Sector <input checked="" type="checkbox"/> Country/geographic region <input checked="" type="checkbox"/> Environmental and social practices and performance <input checked="" type="checkbox"/> Corporate governance | | | |
| <table border="1"> <thead> <tr> <th>Description</th> </tr> </thead> <tbody> <tr> <td> <p>Applied to all investments following Candriam exclusion policy</p> <p>Product/Activity: companies exposed to controversial weapons, tobacco (> 5 % revenues), thermal coal (> 10 % revenues)</p> <p>Applied to all investments implementing Candriam SRI and integration approaches</p> <p>Product/Activity: Any companies exposed to weapons industry permanently excluded if involved in the manufacture or sale of controversial weapons, if more than 3% of their revenues are generated from the manufacture or sale of conventional weapons.</p> <p>Any companies exposed to tobacco (> 5 % revenues) and/or thermal coal (> 10 % revenues from extraction and/or electricity generation from coal, no new development)</p> <p>Sector: Aerospace Defence, Tobacco sectors</p> <p>ESG practices and performances :</p> <p>Exclusion for important violations to UN Global Compact</p> <p>Additional screening applied to all investments implementing Candriam SRI Best-in-class screening</p> <p>Product/Activity: other controversial activities are :</p> <ul style="list-style-type: none"> • Activities in oppressive regimes: large presence (revenues>1%) • Alcohol (revenues>10%) • Adult content (revenues>5%) </td> </tr> </tbody> </table> | | Description | <p>Applied to all investments following Candriam exclusion policy</p> <p>Product/Activity: companies exposed to controversial weapons, tobacco (> 5 % revenues), thermal coal (> 10 % revenues)</p> <p>Applied to all investments implementing Candriam SRI and integration approaches</p> <p>Product/Activity: Any companies exposed to weapons industry permanently excluded if involved in the manufacture or sale of controversial weapons, if more than 3% of their revenues are generated from the manufacture or sale of conventional weapons.</p> <p>Any companies exposed to tobacco (> 5 % revenues) and/or thermal coal (> 10 % revenues from extraction and/or electricity generation from coal, no new development)</p> <p>Sector: Aerospace Defence, Tobacco sectors</p> <p>ESG practices and performances :</p> <p>Exclusion for important violations to UN Global Compact</p> <p>Additional screening applied to all investments implementing Candriam SRI Best-in-class screening</p> <p>Product/Activity: other controversial activities are :</p> <ul style="list-style-type: none"> • Activities in oppressive regimes: large presence (revenues>1%) • Alcohol (revenues>10%) • Adult content (revenues>5%) |
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- Gambling (revenues>5%)
- Nuclear (revenues>30%, 5 % for emerging markets)
- Genetic modification (revenues>10%, not for emerging markets)
- Animal testing (breach of legislation/ responsible behavior - not for emerging markets)

Applied to some tailored-made insurance portfolios

Product/activity

controversial weapons, majority of business exposed to tobacco

ESG practices and performances :

violations to human, labour rights, environmental damages

Positive/best-in-class screening

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

| Description |
|---|
| <p>Applied to all investments implementing Candriam's SRI screening</p> <p><i>Product/activity /sector/country :</i></p> <p>During the Best-in-Class analysis, the Macro analysis evaluates the company's exposure to global sustainability trends liable to influence the economic environment in which companies operate and determine the future challenges in the market. This exposure takes into account the product/services offered, the geographical production zones and markets, the customer segment groups.</p> <p>Based on the conclusions of the sector macro analysis, all company's exposure to the global sustainability trends specific to its sector are evaluated and scored. A negative score reflects the company's negative exposure to these global sustainability trends while a positive score reflects positive exposure.</p> <p><i>ESG practices and performances :</i></p> <p>During the Best-in-class analysis, the Micro analysis evaluates the material risks and opportunities arising from interactions with stakeholders. Based on qualitative sector data and, where possible, historic quantitative data, the relevance of each stakeholder relation (Customers, Employees, Investors, Environment, Suppliers and Society) and the different themes is determined according to the frequency of interactions, their financial impact and future prospects. For each themes addresses, the company strategies and policies implemented as well as its performances relative to its competitors are evaluated.</p> |

Norms-based screening

- UN Global Compact Principles
- The UN Guiding Principles on Business and Human Rights
- International Labour Organization Conventions
- United Nations Convention Against Corruption
- OECD Guidelines for Multinational Enterprises
- Other, specify

| Description |
|---|
| <p>Applied to all kinds of screenings except tailored-made one and Quantitative strategy without ESG approach</p> <p>During the norms-based analysis of companies, the analysts determine if the company observes the 10 principles of the United Nations Global Compact covering Human and Labour rights, Environment and Corruption/Governance.</p> <p>If there are evidences of repeated and significant violations of these principles with no appropriate response or change of behaviour from the company, it is excluded from the SRI eligible universe.</p> <p>Applied to tailored-made insurance portfolios</p> <p>Companies that have violated human and labor rights or having made serious damages to the environment are excluded.</p> |

LEI 04.2 Describe how you notify clients and/or beneficiaries when changes are made to your screening criteria.

Our company-wide exclusion policy has been reviewed end 2018 to include controversial weapons, thermal coal and tobacco. This change has been initiated by ESG team and discussed prior with representatives of the different business units in charge of portfolio management. Final decision has been made by the Global Strategic Committee. A press announcement has been done at the moment of the decision and communication towards our clients has been done by client relationship managers prior the implementation.

Sector models and company's belonging to this sectors are completely reviewed on a regular basis, with the goal of ensuring that the model used by the analysts optimally reflects the sustainable development risks and opportunities affecting the sector today and within the next five years. For the Macro analysis, ESG analysts determine if there are relevant correlations between the sector activities (products offered, geographic location, etc...) and the 6 global sustainability trends (Climate change, Resource Depletion, Demographic Evolution, Interconnectivity, Health & Wellness and Developing Economies).

For the Micro analysis, the analyst evaluates the material risks and opportunities arising from the sector's interaction with its stakeholders (Customers, Employees, Investors, Environment, Suppliers and Society). Relations with the 6 categories of stakeholders are assessed through an analysis of 14 sub-categories (ex. Commercial practices, working conditions, corporate governance) covering 32 themes (such as environmental practices of suppliers, remuneration, work time & flexibility, ...).

In each sector, companies belonging to the top 50 % combined macro/micro scores are SRI eligible if they are passing the norms-based and controversial activities checks.

Between two sector revisions, companies are subject to an ongoing control and continuous updates. This is particularly the case for breach of UN Global Compact principles and for exposure to controversial activities.

If there is a major event liable to affect the rating assigned to a company (mergers and acquisitions, scandals, etc.), a warning can be launched on an issuer belonging to the SRI universe and its analysis is reviewed within the next three months.

In the event of an SRI warning on an issuer, the portfolio manager can no longer add to the position in this issuer. Each month, the ESG team provides the SRI eligible universe to the portfolio managers and risk management department. All sector reviews are communicated to portfolio managers and include : the sector model description, the companies included/excluded from the universe, the company's ESG profiles and results of related direct dialogues.

Our SRI approach applied to sectors is regularly presented on our SRI dedicated website and client's SRI events are organized to present our SRI methodology and specific ESG topics. At present, investors are not systematically informed of disinvestments for SRI reasons, however those are covered by the comments in the quarterly fund reports published on our website. For institutional dedicated portfolios, monthly and/or quarterly investment reports described the SRI selection evolution, profiles of companies and give indicators describing the ESG quality of the portfolio together with impact indicators covering E, S and G pillars like i.e. carbon footprint , water use.

| | | | |
|--------|-----------|---------------|-------|
| LEI 05 | Mandatory | Core Assessed | PRI 1 |
|--------|-----------|---------------|-------|

| | |
|----------|--|
| LEI 05.1 | Indicate which processes your organisation uses to ensure screening is based on robust analysis. |
|----------|--|

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Third-party ESG ratings are updated regularly to ensure that portfolio holdings comply with fund policies.
- Trading platforms blocking / restricting flagged securities on the black list
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Review and evaluation of external research providers
- Other, specify
- None of the above

| | |
|----------|---|
| LEI 05.2 | Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your ESG screening strategy. |
|----------|---|

- <10%
- 10-50%
- 51-90%
- >90%

| | |
|----------|--|
| LEI 05.4 | Indicate how frequently you review internal research that builds your ESG screens. |
|----------|--|

- Quarterly or more frequently
- Bi-annually
- Annually
- Less frequently than annually

| | |
|----------|------------------------------------|
| LEI 05.5 | Additional information. [Optional] |
|----------|------------------------------------|

At Candriam, the ESG analysts have sector expertise. They are responsible for the ESG sector model and the analysis of issuer of the sector they have in charge. All sector models and issuers analysis based on those are revised on a regular basis. Between two sector revisions, issuers are subject to an ongoing control and continuous updates. If there is a major event liable to affect the rating assigned to a company (mergers and acquisitions, scandals, change of business model, etc.), a warning can be launched on an issuer belonging to the SRI universe and its analysis is reviewed within the next three months. In the event of an SRI warning on an issuer, the portfolio manager can no longer add a position in this issuer. All sector reviews are communicated to portfolio managers and include : the sector model description, the issuers included/excluded from the universe, the issuer's ESG profiles, results of related direct dialogues.

Each month, the ESG team provides the SRI eligible universe to the portfolio managers. During the decision committees or at any time an issuer profile is discussed, the portfolio manager presents the issuers profiles that include the ESG factors systematically taken into account :Governance, ESG scores, reputational risks, ESG business model risks.

Data collected through external research providers are feeding our in-house developed ESG assessment models. They are regularly checked and challenged by our ESG analysts.

Our innovative ESG development assessment framework has been supervised during 10 years by an SRI independent Advisory Board. ESG becoming mainstream and ESG topics evolving rapidly, a forward-looking identification of new ESG trends is crucial. It has been decided to favour contacts and gather with ESG experts each time we wan to discuss specific ESG topics/trends to feed and challenge our ESG research and models.

| | | | |
|--------|-----------|---------------------|-------|
| LEI 06 | Voluntary | Additional Assessed | PRI 1 |
|--------|-----------|---------------------|-------|

| | |
|----------|---|
| LEI 06.1 | Indicate which processes your organisation uses to ensure fund criteria are not breached. |
|----------|---|

- Systematic checks are performed to ensure that stocks meet the funds' screening criteria.
- Automated IT systems prevent investment managers from investing in excluded stocks or those that do not meet positive screening criteria.
- Audits of fund holdings are undertaken regularly by internal audit function
- Periodic auditing/checking of the organisations RI funds by external party
- Other, specify
- None of the above

| | |
|---|--|
| LEI 06.2 | If breaches of fund screening criteria are identified - describe the process followed to correct those breaches. |
| <p>Given the systematic and automated characters of the controls, this kind of situation is highly improbable. If this was the case, the Risk manager officer should:</p> <ul style="list-style-type: none"> • Contact the portfolio manager to ask the reason of the breach • Inform the Head of Risk and Global Head of SRI to discuss the reason of the breach, the impact on the portfolio performance and the action plan in order to organize the divestment and avoid a new case. • A report is written and transmitted to the Executive Committee. | |

| | |
|--|-----------------------------------|
| LEI 06.3 | Additional information.[Optional] |
| <p>The open funds applying our Best-In-class approach are externally audited on a yearly basis to comply with the BEAMA-Febelfin methodology (Belgian Industry associations) and since November 2017, an AFNOR certification is conducted to get the French national SRI label for some of them (3).</p> | |

| | | | |
|--------|-----------|-------------|-------|
| LEI 07 | Mandatory | Descriptive | PRI 1 |
|--------|-----------|-------------|-------|

| | |
|--|---|
| LEI 07.1 | Indicate the type of sustainability thematic funds or mandates your organisation manages. |
| <input type="checkbox"/> Environmentally themed funds <input type="checkbox"/> Socially themed funds <input checked="" type="checkbox"/> Combination of themes | |

| | |
|--|--|
| LEI 07.2 | Describe your organisation's processes relating to sustainability themed funds. [Optional] |
| <p>In the ESG approach proposed by Candriam, ESG thematic like Clean Tech, Green buildings, sustainable forestry and agriculture, water, education, or microfinance are all part of the Global Sustainability trends assessment (Best-in-class macro analysis) of corporate issuers that represents 50 % of the final ESG score of companies. Those trends are systematically taken into account if they are sector relevant and when the issuer is exposed to. Issuers that combines better sector score for this assessment and for their stakeholder management assessment belong to the top 50 % issuers making up the SRI eligible universe.</p> <p>A low carbon mandate is managed in combination with a screening excluding not compliance to UN Global Compact Principles.</p> | |

| | | | |
|--------|-----------|---------------|-------|
| LEI 08 | Mandatory | Core Assessed | PRI 1 |
|--------|-----------|---------------|-------|

| | |
|----------|---|
| LEI 08.1 | Indicate the ESG factors you systematically research as part of your investment analysis and the proportion of actively managed listed equity portfolios that is impacted by this analysis. |
|----------|---|

| ESG issues | Proportion impacted by analysis | | | | | | | | | | |
|----------------------------------|---|----------------------|--|-----------------------|------|-----------------------|--------|----------------------------------|--------|-----------------------|------|
| Environmental | <table border="1"> <tr> <td colspan="2">Environmental</td> </tr> <tr> <td><input type="radio"/></td> <td><10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input type="radio"/></td> <td>>90%</td> </tr> </table> | Environmental | | <input type="radio"/> | <10% | <input type="radio"/> | 10-50% | <input checked="" type="radio"/> | 51-90% | <input type="radio"/> | >90% |
| Environmental | | | | | | | | | | | |
| <input type="radio"/> | <10% | | | | | | | | | | |
| <input type="radio"/> | 10-50% | | | | | | | | | | |
| <input checked="" type="radio"/> | 51-90% | | | | | | | | | | |
| <input type="radio"/> | >90% | | | | | | | | | | |
| Social | <table border="1"> <tr> <td colspan="2">Social</td> </tr> <tr> <td><input type="radio"/></td> <td><10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input type="radio"/></td> <td>>90%</td> </tr> </table> | Social | | <input type="radio"/> | <10% | <input type="radio"/> | 10-50% | <input checked="" type="radio"/> | 51-90% | <input type="radio"/> | >90% |
| Social | | | | | | | | | | | |
| <input type="radio"/> | <10% | | | | | | | | | | |
| <input type="radio"/> | 10-50% | | | | | | | | | | |
| <input checked="" type="radio"/> | 51-90% | | | | | | | | | | |
| <input type="radio"/> | >90% | | | | | | | | | | |
| Corporate Governance | <table border="1"> <tr> <td colspan="2">Corporate Governance</td> </tr> <tr> <td><input type="radio"/></td> <td><10%</td> </tr> <tr> <td><input type="radio"/></td> <td>10-50%</td> </tr> <tr> <td><input checked="" type="radio"/></td> <td>51-90%</td> </tr> <tr> <td><input type="radio"/></td> <td>>90%</td> </tr> </table> | Corporate Governance | | <input type="radio"/> | <10% | <input type="radio"/> | 10-50% | <input checked="" type="radio"/> | 51-90% | <input type="radio"/> | >90% |
| Corporate Governance | | | | | | | | | | | |
| <input type="radio"/> | <10% | | | | | | | | | | |
| <input type="radio"/> | 10-50% | | | | | | | | | | |
| <input checked="" type="radio"/> | 51-90% | | | | | | | | | | |
| <input type="radio"/> | >90% | | | | | | | | | | |

| | |
|--|------------------------------------|
| LEI 08.2 | Additional information. [Optional] |
| <p>The ESG factors taken into account in the company's valuation are based on the outcomes of our ESG assessment of company's behaviour (in quality management financial valuation) and company's business model sustainability (in business growth financial valuation) delivered by the ESG analysis team. Both assessments are based on specific sector models that factored the materiality of ESG risks and opportunities.</p> <p>The stakeholders management score takes into account environmental, social and governance factors in function of their materiality for the sector the company belongs to.</p> <p>The assessment of the business model sustainability takes into account environmental (climate change and resource depletion) as well as social issues related to the product/services offered related to health and wellness, demographic evolution, developing economies.</p> | |

| | | | |
|--------|-----------|---------------|-------|
| LEI 09 | Mandatory | Core Assessed | PRI 1 |
|--------|-----------|---------------|-------|

| | |
|---|--|
| LEI 09.1 | Indicate which processes your organisation uses to ensure ESG integration is based on a robust analysis. |
| <input checked="" type="checkbox"/> Comprehensive ESG research is undertaken or sourced to determine companies' activities and products | |

- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Third-party ESG ratings are updated regularly.
- A periodic review of the internal research is carried out
- Structured, regular ESG specific meetings between responsible investment staff and the fund manager or within the investments team
- ESG risk profile of a portfolio against benchmark
- Analysis of the impact of ESG factors on investment risk and return performance
- Other, specify
- None of the above

LEI 09.2 Indicate the proportion of your actively managed listed equity portfolio that is subject to comprehensive ESG research as part your integration strategy.

- <10%
- 10-50%
- 51-90%
- >90%

LEI 09.4 Indicate how frequently you review internal research that builds your ESG integration strategy.

- Quarterly or more frequently
- Bi-Annually
- Annually
- Less frequently than annually

LEI 09.5 Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
at the moment of the ESG sector analysis review, a meeting is organized between the ESG analyst and the Financial analysts
- None of the above

LEI 09.6 Additional information.[Optional]

Our ESG analysts have sector expertise. They are responsible for the ESG sector model and the analysis of issuer of their sector. All sector models and issuers analysis based on those are revised on a regular basis. Between two sector revisions, issuers are subject to an ongoing control and continuous updates. If there is a major event liable to affect the rating assigned to a company (mergers and acquisitions, scandals, change of business model, etc.), a warning can be launched on an issuer belonging to the SRI universe and its analysis is reviewed within the next three months.

In order to integrate ESG factors in company's financial valuation, portfolio manager receive on a monthly basis the detailed results of ESG analysis of companies as well as the summary of the sector reviews and ESG company profiles.

Regular investment meetings are organised between portfolio managers and ESG analysts. During the decision committees or at any time an issuer profile is discussed, the portfolio manager presents the issuers profiles that include the ESG factors systematically taken into account :Governance, ESG scores, reputational risks, ESG business model risks (incl. climate-related ones). Outcomes of direct dialogues are also discussed during those meetings.

LEI 10 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 1

LEI 10.1 Indicate which aspects of investment analysis you integrate material ESG information into.

- Economic analysis
- Industry analysis

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Quality of management

Proportion of actively managed listed equity exposed to investment analysis

- <10%
- 10-50%
- 51-90%
- >90%

- Analysis of company strategy

Proportion of actively managed listed equity exposed to investment analysis

- <10%

- 10-50%
 - 51-90%
 - >90%
- Portfolio weighting

| Proportion of actively managed listed equity exposed to investment analysis | |
|---|--------|
| <input type="radio"/> | <10% |
| <input type="radio"/> | 10-50% |
| <input checked="" type="radio"/> | 51-90% |
| <input type="radio"/> | >90% |

- Sensitivity and/or scenario analysis

| Proportion of actively managed listed equity exposed to investment analysis | |
|---|--------|
| <input type="radio"/> | <10% |
| <input type="radio"/> | 10-50% |
| <input checked="" type="radio"/> | 51-90% |
| <input type="radio"/> | >90% |

- Fair value/fundamental analysis
- Other, specify

LEI 10.3 Describe how you integrate ESG information into portfolio weighting.

In the case of the European Equity process, 5 financial criteria (each criteria equally-weighted) are part of the company's valuation process :

1. Quality of management (incl. ESG behaviour assessment based on ESG micro analysis)
2. Business Growth (incl. ESG business model assessment based on ESG macro analysis)
3. Competitive Advantage
4. Value Creation
5. Financial Leverage

ESG factors related to stakeholders management are integrated in the Quality of management criteria. Those related to the sustainability level of its business model are part of the Business Growth criteria. Based on this assessment framework, companies are "green", "orange" or "red" flagged. If the company 'micro' score belongs to the 3rd tertile of its universe, the 'Quality of Management score' cannot be 'green'.

Only "green" or "orange"-flagged companies can be potentially part of the portfolio and their positions against benchmark are function of the colour flag and the valuation assessment (DCF methodology).

LEI 10.5 Describe how you apply sensitivity and/or scenario analysis to security valuations.

Global sustainability trends like Climate Change, Resource depletion, Health & Wellness, Demographic Evolution, Developing economies and Interconnectivity are all trends that influence the risks and opportunities of companies business activities/models. Those trends are assessed in the company's business model ESG sustainability score that is part of the business growth criteria. A company with a strong business growth get better favourable growth forecasts. A company with a weak business growth get less favourable growth forecasts. Those growth forecasts represent 25 % of the company's total valuation.

LEI 11 Mandatory to Report, Voluntary to Disclose Descriptive PRI 1

LEI 11.1 Indicate if you manage passive listed equity funds that incorporate ESG issues in the index construction methodology.

- Yes
- No

LEI 11.2 Indicate the percentage of your total passive listed equity funds for which ESG issues are incorporated in the index construction methodology.

| (% of total passive listed equity funds) | |
|--|--------|
| <input type="radio"/> | <10% |
| <input type="radio"/> | 10-50% |
| <input type="radio"/> | 51-90% |
| <input checked="" type="radio"/> | >90% |

LEI 11.3 Specify index/fund name, provide a brief description of ESG methodology and indicate which of the following ESG incorporation strategies you apply.

- Index/fund 1

| Index/fund name and brief description of ESG methodology | ESG incorporation strategy |
|--|--|
| Cleome Index Equity Europe (Norms-based screening and exclusion for exposure to controversial armament, tobacco, thermal coal) | <input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other |

Index/fund 2

| Index/fund name and brief description of ESG methodology | ESG incorporation strategy |
|---|--|
| Cleome Index Equity USA (Norms-based screening and exclusion for exposure to controversial armament, tobacco, thermal coal) | <input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other |

Index/fund 3

| Index/fund name and brief description of ESG methodology | ESG incorporation strategy |
|---|--|
| Cleome Index Equity EMU (Norms-based screening and exclusion for exposure to controversial armament, tobacco, thermal coal) | <input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other |

Index/fund 4

| Index/fund name and brief description of ESG methodology | ESG incorporation strategy |
|---|--|
| Cleome Index Equity Pacific (Norms-based screening and exclusion for exposure to controversial armament, tobacco, thermal coal) | <input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other |

Index/fund 5

| Index/fund name and brief description of ESG methodology | ESG incorporation strategy |
|---|--|
| Cleome Index Equity World (Norms-based screening and exclusion for exposure to controversial armament, tobacco, thermal coal) | <input checked="" type="checkbox"/> Screening <input type="checkbox"/> Thematic <input type="checkbox"/> Integration of ESG issues <input type="checkbox"/> Other |

LEI 11.4 Additional information. [Optional]

Since 2010 we also apply an ESG screening to our Indexed funds because we are convinced that reputational risks strongly influence financial valuation. In addition to the Candriam's exclusion policy covering the manufacture or sale of controversial weapons, tobacco and thermal coal, this ESG filter aims at excluding companies implicated in serious and repeated violations of the ten principles of the United Nations Global Compact covering Human and labour rights, Environment and Anti-Corruption.

LEI 12 Voluntary Descriptive **PRI 1**

LEI 12.1 Indicate how your ESG incorporation strategies have influenced the composition of your portfolio(s) or investment universe.

Screening

Describe any reduction in your starting investment universe or other effects.

SRI Best-in-class screening

As a result of the best-in-class screening 50% of the companies analysed are excluded from the Best-in-class universe. In addition to the best-in-class screening an additional 6% are excluded as a result of our norms-based screening and/or controversial activities exposure check.

In total +/- 44 % of the companies analysed are excluded after the SRI best-in-Class screening.

Norms-based and armament screenings

- Europe : 9 % in number of companies excluded which represents 6.9 % in market cap
- World : 8.8 % in number of companies excluded which represents 9.8 % in market cap

Specify the percentage reduction (+/- 5%)

44%

Thematic

Integration of ESG factors

Select which of these effects followed your ESG integration:

- Reduce or prioritise the investment universe
- Overweight/underweight at sector level

- Overweight/underweight at stock level
 - Buy/sell decisions
 - Engagement / Voting
 - Other, specify
 - None of the above
- Index incorporating ESG issues (for passively managed funds)

Describe the influence on composition or other effects

Reduction of universe :

- Europe : 6 % in number of companies excluded which represents 9.35 % in market cap
- North America : 9.2 % in number of companies excluded which represents 9.6 % in market cap

LEI 12.2 Additional information.[Optional]

Please note that the percentage reduction mentioned for "screening" is related to the SRI Best-in-Class screening (which includes Norms-based and controversial activities checks)

LEI 13 Voluntary Descriptive PRI 1

LEI 13.1 Provide examples of ESG issues that affected your investment view and/or performance during the reporting year.

ESG factor 1

| ESG factor and explanation | |
|--|--|
| <p>This European company belongs to the Material sector.</p> <p>The company is classified as "Advanced" based on our Best-in-class screening supported by a top performance in terms of exposure to global sustainability trends thanks to its innovative solutions for Health (substituting artificial ingredients, increasing food safety) and best practices in the stakeholders management.</p> <p>The company is also part of the Fundamental Europe Equities selection which integrates ESG factors in its financial valuation.</p> | |
| ESG incorporation strategy applied | |
| | |
| Impact on investment decision or performance | |
| <p>The company performed positively during the year (+15.1 % against its sector performance, + 11.3 % against benchmark) and has been one of the top contributor to all our European Equities strategies, as its clear ESG advantages were valued into the integrated Equity process.</p> | |

ESG factor 2

| ESG factor and explanation | |
|--|--|
| <p>This North American issuer belongs to the Software sector.</p> <p>The company is classified as "Leading" based on our Best-in-class screening supported by a top performance in terms of exposure to global sustainability trends thanks the "Interconnectivity" trend, and in terms of stakeholders' relationship especially on the customer aspect.</p> <p>We engage collectively with this company through the Workforce Disclosure Initiative and Corporate Accountability for Digital Rights.</p> | |
| ESG incorporation strategy applied | |
| | |
| Impact on investment decision or performance | |
| <p>The company performed positively during the year, contributing positively to the performance of our SRI portfolios exposed to the North American region with a positive contribution of 0.15 % against the US benchmark.</p> | |

ESG factor 3

| ESG factor and explanation | |
|--|--|
| <p>This North American issuer belongs to the Pharmaceuticals & Biotechnology sector.</p> <p>It has been excluded from our SRI universe for Breaches of the UN Global Compact principles under the Human Rights category due to the succession of serious controversies.</p> <p>We engage collectively with this company through The Workforce Disclosure Initiative, Corporate Tax Responsibility and Access to Medicine</p> | |
| ESG incorporation strategy applied | |
| | |
| Impact on investment decision or performance | |
| <p>The company performed positively during the last year, affecting negatively the performance of our US and World Equity strategies - indexed, World Thematics and SRI- (-0.19 % contribution to portfolio against US benchmark).</p> | |

ESG factor 4

| |
|---|
| ESG factor and explanation |
| <p>This European issuer belongs to the Food, Beverage and Tobacco sector.</p> <p>It has been excluded from our investments due to its exposition to tobacco (revenue derived from sales of tobacco products superior to 5%) which is part of Candriam's exclusion policy and is applied to all our strategies.</p> |
| ESG incorporation strategy applied |
| Impact on investment decision or performance |
| <p>The company performed negatively during the last year (-37 % vav the benchmark), contributing positively to the performance of all our European equities strategies (and the European pocket of the World Equities strategies) including the passive managed ones.</p> |

ESG factor 5

| |
|--|
| ESG factor and explanation |
| <p>This German issuer belongs to the Pharmaceuticals & Biotechnology sector and was under alert since the announcement the acquisition of a US actor of the same sector, before being banned from SRI and indexed strategies</p> <p>The company initially classified as "Eligible" based on our ESG screenings, has been flagged for Human rights issues related to the activities of the US-based actor and banned from our indexed and SRI strategies.</p> <p>We engage with this company following the completion of this acquisition and before its exclusion from our investments.</p> |
| ESG incorporation strategy applied |
| Impact on investment decision or performance |
| <p>The company delivered a negative performance over the year (-28.7 % against European equity benchmark). Its ineligibility contributed positively to all our Indexed, SRI and European fundamental Equities and World Thematics Equities strategies.</p> |

LEA 01.1 Indicate whether your organisation has an active ownership policy.

Yes

LEA 01.2 Attach or provide a URL to your active ownership policy.

Attachment provided:

URL provided:

<https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf>

LEA 01.3 Indicate what your active engagement policy covers:

General approach to active ownership

- Conflicts of interest
- Alignment with national stewardship code requirements
- Assets/funds covered by active ownership policy
- Expectations and objectives
- Engagement approach

Engagement

- ESG issues
- Prioritisation of engagement
- Method of engagement
- Transparency of engagement activities
- Due diligence and monitoring process
- Insider information
- Escalation strategies
- Service Provider specific criteria
- Other specify;
- (Proxy) voting approach

Voting

- ESG issues
- Prioritisation and scope of voting activities
- Methods of voting
- Transparency of voting activities
- Regional voting practice approaches
- Filing or co-filing resolutions
- Company dialogue pre/post-vote
- Decision-making processes
- Securities lending processes
- Other specify;
- Other
- None of the above

No

LEA 01.4 Do you outsource any of your active ownership activities to service providers?

Yes

No

LEA 01.6 Additional information [optional]

Our Stewardship policy, validated by both our Strategic and Executive Committees, is annually reviewed.

Here below some insights over it:

OBJECTIVES

In line with the PRI, the pillars of our engagement process are :

- Encouraging improved ESG disclosure: the first step of our engagement action, supporting intern ESG research and analysis, and performed at the beginning of the sustainability analysis process or research project. This step is either triggered by lack of public disclosure on ESG relevant topics, or specific request following a recent event requiring a response/statement from the involved issuer.
- Supporting investment decision-making : this is performed at the end of the analysis process to share our views with the issuer or systematically when a decision has to be made following the occurrence of an event deemed controversial (eg. Breach to UN Global Compact principles), leading to the addition of

the issuer's name on our watch list. In this specific context, in case of no answer, the issuer is systematically re-contacted after six months. Should it still fail to provide an answer in a timely manner, or to take a different stance towards the controversial issue, Candriam's sustainability analyst might decide to exclude that issuer from the SRI universe.

- Influencing corporate practice on ESG issues: such engagement activities occur when there is a serious issue at a company or when a new ESG topic has arisen and justify us to support improved preventive or healing measures. More specifically, pre- or post- the Annual General Meetings (AGMs), Candriam will contact companies to explain our voting policy and/or the rationale behind specific controversial voting recommendations .

TARGETS & TYPE of DIALOGUE

Engagement activities refer to interactions between Candriam and

- Current or potential investees on Environmental and/or Social and/or Governance issues (ESG).
- Entities which, through their competences and / or authorities, have the capacity to influence or initiate changes in the regulatory or market framework, involving ESG aspects.

The formal process for identifying and prioritizing the engagement activities is done within our previously described pillar framework, taking into account :

- the materiality of the issue,
- the impact within the SDGs spectrum,
- the presence in portfolios as well as the interest of our investment team and potential leverage.

Candriam's engagements are both proactive and reactive depending on the trigger.

Our engagement activities take different forms:

Direct Dialogue with issuers: to raise their awareness about ESG issues and to encourage better transparency in an attempt of increased responsibility when it comes to specific ESG-related themes.

Collaborative engagement initiatives to interact with other large investors on a non-discretionary basis, exercising together a different leverage on issuers.

Exercise of voting rights and pre/post AGM engagement, to uphold the principles of good corporate governance and sustainable development.

Promotion of sustainable development to support ESG research and better integration of ESG factors into investment decision process.

RESPONSIBILITIES

All Candriam's ESG engagement initiatives fall under the responsibility of the ESG team. They work in full collaboration with portfolio managers who are regularly informed of engagement follow up, can take part to dialogue and are involved in decisions when escalation process or ineligibility are at stake.

The team ensures the monitoring of the engagement activities on a daily basis, collaborating with the representatives from the investment teams.

TOPICS & TRIGGERS OF DIALOGUE

In the context of its engagement activity, Candriam has chosen to promote three long-term engagement topics, our conviction topics, namely :

- E-Energy Transition;
- S-Fair Work Conditions;
- G-Business Ethics.

These topics are put forward, when relevant, by both ESG and financial analysts when dialoguing with companies. Aligned with the UN SDGs, they are undisputedly viewed as important to the community, and their materiality is acknowledged across the value chain : they are part of Candriam's fiduciary duty.

Among our main axes of engagement, special focus is placed on ESG eligible companies, presenting some shortcomings in terms of ESG best practices. Dialogue increases the chances of improved ESG practices at these companies, which we consider as true investment opportunities.

The exercise of voting rights enables also several forms of engagement :

Candriam exercises its voting right in line with its voting policy, which is public and available on our website. Transparent disclosure of our votes at AGMs is a first signal sent both to issuers and to third parties as it highlights potential divergence in views between Candriam and investee companies.

Pre- and post-AGMs dialogues are initiated with investee companies when management resolutions presented to the AGM induce serious concerns, when we chose to support a shareholder resolution to which the management oppose, or when we agree with some of the arguments listed in a shareholder proposal, chose not to support it but would like the investee to be aware of our opinion.

We leave open the possibility to fill or co-fill a resolution (escalation process).

While above axes of engagement are recurring and planned, other trigger will prompt us to start dialogue with issuers, such as controversial events or acquisition modifying significantly the company's business model and thus related exposure to major sustainability challenges such as a climate change or Demographic evolution.

MONITORING

All engagements carried out by the ESG Research & Investment team through individual or collaborative dialogue with issuers are systematically recorded in a tool provided for this purpose, where all the information on the dialogue activity is stored: contact, period of contact, topic and associated target of engagement (including related impact within SDG perspective), level of achievement, engagement current status, impact on Candriam process / analysis and issuer eligibility.

Regarding dialogue's impact, considered outcome of any dialogue with a company is two-sided :

First, the impact on the issuer's level of awareness & practices

Secondly, the impact on Candriam's research and opinion,

CONFLICT of INTEREST

As for all other activities within Candriam, engagement activities fall under the scope of the Candriam Conflict of Interest Policy, publicly available, and we fully refer to its principles.

LEA 02.1 Indicate the method of engagement, giving reasons for the interaction.

| Type of engagement | Reason for interaction |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via internal staff |
| Collaborative engagements | <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved/increased ESG disclosure <input checked="" type="checkbox"/> To gain an understanding of ESG strategy and/or management <input type="checkbox"/> We do not engage via collaborative engagements |
| Service provider engagements | <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved/increased ESG disclosure <input type="checkbox"/> To gain an understanding of ESG strategy and/or management <input checked="" type="checkbox"/> We do not engage via service providers |

LEA 02.4 Additional information. [Optional]

- **Note regarding "Individual/Internal staff engagements"**

We may engage with issuers to support our investment decision,

1. to ascertain that we have not overlooked any relevant public information
2. to further explain our approach and point of view
3. to clarify what, as an ESG investor, we look for in public reporting

- **Note regarding "Collaborative Engagement" / Other'**

Here we wanted to highlight the difference between 'historic' engagement type to influence corporates' behaviour (e.g. monitoring of labour conditions at supply chain level) and a more recent engagement trend, focusing on corporates' strategy & organisation (e.g. changes in business models required to achieve 2°C target) .

- **Note regarding "Service provider engagements" / Other**

Currently we consider individual dialogues and involvement into collaborative initiatives answer our needs.

Indeed, Candriam presents one of the most staffed ESG teams within Europe, which allow us to meet our engagement targets.

This however does not pre-empt of any future evolution of our engagement activities.

LEA 03.1 Indicate whether your organisation has a formal process for identifying and prioritising engagements.

Yes

LEA 03.2 Indicate the criteria used to identify and prioritise engagements for each type of engagement.

| Type of engagement | Criteria used to identify/prioritise engagements | | | | | |
|---|---|---|---|---|---------|---|
| Individual / Internal engagements | <table border="1"> <thead> <tr> <th>Internal / Individual engagements</th> </tr> </thead> <tbody> <tr> <td> <input type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other, specify </td> </tr> <tr> <td> <table border="1"> <thead> <tr> <th>specify</th> </tr> </thead> <tbody> <tr> <td>systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion)</td> </tr> </tbody> </table> </td> </tr> </tbody> </table> | Internal / Individual engagements | <input type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other, specify | <table border="1"> <thead> <tr> <th>specify</th> </tr> </thead> <tbody> <tr> <td>systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion)</td> </tr> </tbody> </table> | specify | systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion) |
| | Internal / Individual engagements | | | | | |
| <input type="checkbox"/> Geography / market of the companies <input checked="" type="checkbox"/> Materiality of the ESG factors <input checked="" type="checkbox"/> Exposure (size of holdings) <input checked="" type="checkbox"/> Responses to ESG impacts that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Client request <input checked="" type="checkbox"/> Breaches of international norms <input checked="" type="checkbox"/> Other, specify | | | | | | |
| <table border="1"> <thead> <tr> <th>specify</th> </tr> </thead> <tbody> <tr> <td>systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion)</td> </tr> </tbody> </table> | specify | systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion) | | | | |
| specify | | | | | | |
| systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion) | | | | | | |
| | <input type="checkbox"/> We do not outline engagement criteria for our individual engagements. | | | | | |

| | |
|---------------------------|---|
| Collaborative engagements | Collaborative engagements |
| | <input checked="" type="checkbox"/> Potential to enhance knowledge of ESG issues from other investors <input checked="" type="checkbox"/> Ability to have greater impact on ESG issues <input checked="" type="checkbox"/> Ability to add value to the collaboration <input checked="" type="checkbox"/> Geography/market of the companies targeted by the collaboration <input checked="" type="checkbox"/> Materiality of ESG factors addressed by the collaboration <input checked="" type="checkbox"/> Exposure (size of holdings) to companies targeted by the collaboration <input checked="" type="checkbox"/> Responses to ESG impacts addressed by the collaboration that have already occurred <input checked="" type="checkbox"/> Responses to divestment pressure <input checked="" type="checkbox"/> Follow-up from a voting decision <input checked="" type="checkbox"/> Alleviate the resource burden of engagement <input type="checkbox"/> Consultation with clients/beneficiaries <input checked="" type="checkbox"/> Consultation with other stakeholders (e.g. NGOs, trade unions, etc.) <input checked="" type="checkbox"/> Other, specify |
| | specify |
| | <input type="checkbox"/> systemic risks such as stranded assets risks (e.g. thermal coal exposure & related exclusion) <input type="checkbox"/> We do not outline engagement criteria for our collaborative engagements. |
| <input type="radio"/> No | |

| | |
|----------|------------------------------------|
| LEA 03.3 | Additional information. [Optional] |
|----------|------------------------------------|

Individual / internal staff engagements

The formal process for identifying and prioritizing the engagement activities is done within our three pillars framework, taking into account materiality of the issue, impact within the UN Sustainable Development Goals (SDG) spectrum, holdings in portfolios, clients values as well as interest of our investment team and potential leverage. Indeed, we engage for supporting better ESG transparency and promote best practices but also definitely for supporting our investment decisions.

Materiality of the ESG topic of engagement is actually core to our process as our ESG analysis aims at assessing companies' ability to manage sustainability-related challenges, themselves sources of risks and opportunities on the short, medium and longer term.

Candriam uses direct engagement in the course of its sustainability analysis process (Best-in-Class, Norms-Based and/or Controversial-Activities analysis). Topics of engagement are chosen regarding their relevance to the companies' specificities (sector, activities, location of its operations, past controversies etc). Sustainability issues are not static, but evolve over time. The relevance of a topic for a company is thus also related to the development and expression of public awareness, legislation, scientific knowledge, litigation and changing consumer behaviour. New trends or ESG issues are also source of dialogue to identify best practices during sector reviews.

Since 2012, in addition to standard dialogue with companies, Candriam systematically choses companies with governance shortcomings that were sanctioned by a vote Against at AGM and sends them a letter to explain the rationale behind our voting recommendation.

Since 2015, Candriam has also chosen to promote three long-term engagement topics that are put forward when relevant by both our SRI and financial analysts when dialoguing with companies : Energy transition, fair Work conditions and Business Ethics.

Finally, Candriam also focus on ' In Line' companies, issuers that belong to the lower portion of the top 50% of Candriam's SRI universe.. These companies present some shortcomings in term of ESG best practices, the goal being to increase their awareness and accountability on specific ESG-related themes. Dialogue with these companies increases the chances of improved ESG practices.

Engagement is systematically activated to support our investment decision when a material controversy occurs or also when specific investment thematic might put at risk some of our investments (e.g. coal exclusion).

In addition to the above, it happens some of our institutional clients specifically demand us to engage with companies on topics they want to highlight.

In some cases, we not only contact the company but also its stakeholders such as NGOs or unions to determine if engagement is needed or to better frame our engagement objectives.

Collaborative engagements

We join collaborative initiatives when we estimate they are particularly relevant for the targeted sector(s) / issuer(s), and involved ESG topic, and when we think acting collaboratively may give us more leverage. Joining these initiatives is an opportunity to learn from other investors how they deal with these difficulties.

This is the case when :

Collaborative initiatives target companies we have difficulties to enter into dialogue with. In some countries / regions where contact with investor relations or other companies' representatives are made difficult due to stricter regulations or cultural habits.

- Initiatives that put forward our 'Conviction topics' (please refer to our engagement policy) are also prioritized.
- We think we are able to add value. Our specific approach to ESG Best in Class combining stakeholders-oriented and business model ESG exposure analyses gives us a different sight, that may add value to any collaboration, when defining most material issues and related engagement targets. This was for instance the case in 2017 when we applied to the PRI SDG workshops.

Initiative deals with emerging and/or sensitive topics (e.g. cyber security or tax strategy) for which companies will be more than probably reluctant to answer without the pressure of several investors.

Level of effective holdings in targeted companies will contribute to our choice but will essentially decides if we join as (co)-leading or supporting investors.

As number of initiatives multiplies, we pay attention to be rather selective and for instance not to flood corporates with similar demands from different initiatives which might create confusion.

| | | | |
|--------|-----------|---------------|-------|
| LEA 04 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

| LEA 04.1 | | Indicate whether you define specific objectives for your organisation's engagement activities. |
|-----------------------------------|--|--|
| Individual / Internal engagements | <input checked="" type="checkbox"/> All engagement activities <input type="checkbox"/> Majority of engagement activities <input type="checkbox"/> Minority of engagement activities <input type="checkbox"/> We do not define specific objectives for engagement activities carried out by internal staff. | |
| Collaborative engagements | <input checked="" type="checkbox"/> All engagement activities <input type="checkbox"/> Majority of engagement activities <input type="checkbox"/> Minority of engagement activities <input type="checkbox"/> We do not define specific objectives for engagement activities carried out through collaboration | |

LEA 04.2 Additional information. [Optional]

Individual / internal staff engagements

Engagement activities are coordinated by dedicated stewardship members of the ESG Research & Investment team.

Goals and timeline are determined both by the Research team (sector analysts / topic specialists) and the Stewardship analysts, based on our sector's expertise (e.g. knowledge of best practices), in the framework of our engagement policy.

We can distinguish:

- Engagements started during the standard sector review cycle and for which the sector analysts have the lead
- Engagements resulting from an occurring material controversy, and for which research and stewardship work in collaboration. In this case, issuers will be put on watch list and closely monitored by the sector's analyst. We will re-contact the issuer within six months. In case the issuer still fails to provide an answer in a timely manner, or to take a different stance towards the controversial issue, the ESG analyst might decide to exclude the company from the SRI universe.
- Specific engagement initiatives aiming at limiting our risk exposure to specific ESG issues or resulting from clients' demand, and usually led by the Stewardship analysts.

Analysts' expertise is also fed by dialogues with companies or other parties (NGOs, industry associations etc.) which may influence the way he/she approaches some ESG topics' relevancy. In that perspective, current dialogues feed future engagements.

Collaborative engagements

Again, for collaborative initiative, engagement activities are coordinated by dedicated stewardship members of the ESG Research & Investment team.

When joining a collaborative initiative, Candriam own objective falling within 3 of our engagement pillars (namely : encouraging improved ESG transparency, Supporting investment decision-making, influencing corporate practice on ESG issues) should go along with objectives defined by the investors' working group. Similarly, escalation process will be decided in partnership with other investors belonging to the group and in adequacy with terms of reference we committed to when joining the initiative.

LEA 05 Mandatory Core Assessed PRI 2

LEA 05.1 Indicate if you monitor and/or review engagement outcomes.

| | |
|-----------------------------------|---|
| Individual / Internal engagements | <input type="checkbox"/> Yes, in all cases <input checked="" type="checkbox"/> Yes, in majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes carried out by our internal staff. |
| Collaborative engagements | <input checked="" type="checkbox"/> Yes, in all cases <input type="checkbox"/> Yes, in a majority of cases <input type="checkbox"/> Yes, in a minority of cases <input type="checkbox"/> We do not monitor, or review engagement outcomes via collaborative engagement activities. |

LEA 05.2 Indicate if you do any of the following to monitor and review the progress of engagement activities.

| | |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify |
| Collaborative engagements | <input checked="" type="checkbox"/> Define timelines/milestones for your objectives <input checked="" type="checkbox"/> Track and/or monitor progress against defined objectives and/or KPIs <input checked="" type="checkbox"/> Track and/or monitor the progress of action taken when original objectives are not met <input checked="" type="checkbox"/> Revisit and, if necessary, revise objectives on continuous basis <input type="checkbox"/> Other; specify |

LEA 05.3 Additional information [Optional]

Both individual and collaborative engagement are coordinated by dedicated stewardship members of the ESG Research & Investment team.

Engagements are tracked through an ESG dedicated in-house tool that gathered all kind of engagement initiatives as well as evolution, potential active involvement and steps, as well as outcomes

An annual review gathering all information over engagement performed during the year is released in the beginning of every year's first quarter.

In the framework of the French SRI label several of our funds have obtained, we annually report officially on our engagement activities to an external auditor.

Individual / internal staff engagements

When goals of engagement are not met in the timeline initially thought, depending its level of priority, we may choose to continue it, to start an escalation process or to close it. In all cases, analysts will integrate evolution of the dialogue in their opinion.

Collaborative engagements

Regarding the definition of timelines for objectives and the actions to be taken when original objectives are not met, these are criteria usually decided in partnership with the other collaborating investors. Time frame and escalation process are usually described at terms of references stage.

Regular updates regarding impact of the dialogues and main achievements are performed, usually through calls, with other involved investors. Frequency of these updates depends on the considered initiative. Should we miss this information, we will directly ask the entity leading the engagement to send us the information.

However, assuming we may have a stricter view than the rest of collaborating investors, we may decide to escalate the process on our side, individually... either by pursuing dialogue individually, by engaging in the pre-AGM period. We may also divest the company or chose to fill or co-fill a resolution, these 2 choices being more less common.

| | | | |
|--------|-----------|---------------------|---------|
| LEA 06 | Mandatory | Additional Assessed | PRI 2,4 |
|--------|-----------|---------------------|---------|

| | |
|----------|--|
| LEA 06.1 | Indicate whether your organisation has an escalation strategy when engagements are unsuccessful. |
|----------|--|

Yes

| | |
|----------|--|
| LEA 06.2 | Indicate the escalation strategies used at your organisation following unsuccessful engagements. |
|----------|--|

- Collaborating with other investors
- Issuing a public statement
- Filing/submitting a shareholder resolution
- Voting against the re-election of the relevant directors
- Voting against the board of directors or the the annual financial report
- Submitting nominations for election to the board
- Seeking legal remedy / litigation
- Reducing exposure (size of holdings)
- Divestment
- Other, specify

No

| | |
|----------|------------------------------------|
| LEA 06.3 | Additional information. [Optional] |
|----------|------------------------------------|

Based on our global stewardship approach, once dialogue has started and depending the quality of the exchanges and the interest of internal parties, follow up and potential escalation measures can be defined. Several decisions can be taken, not mutually self-exclusive :

- Engagement is continued : the objective of the dialogue appears as possible to achieve but with an extended deadline,
- Engagement is closed :the prescribed objective was achieved, or does not appear as achievable,
- An escalation process is triggered : objective was not met but still assumed to be achievable and material enough to pursue our efforts under another form.

When triggered, the escalation process may differ depending on the history (type of engagement, length, quality of the relationships) , the context of the dialogue (period of the year, client specific investment policy, market / media / NGO / client pressure) or new raising opportunities.

Here below escalation steps (not mutually self-exclusive) Candriam is ready to consider :

- Joining or launching a collaborative initiative having similar objective than the previous dialogue and potentially extended to industry or region level,
- Exercising Voting rights against Management to show Candriam disagreement on practices or strategic choices,
- Starting an individual dialogue (e.g. after vote Against Management during the AGM),
- Supporting or filling a shareholder resolution,
- Reading a statement at the AGM to raise awareness of both management and shareholders,
- Changing the ESG eligibility status of the company with divestment consequences, issuer being systematically informed.

ESG profile of the issuer and/or analysis model are systematically updated to take into account the engagement content and its outcomes. ESG opinion on and eligibility status of the issuer is updated accordingly when needed.

Further details on our escalation strategy are available in our 2019 Stewardship policy (<https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf>), annually reviewed.

Please note above escalation options we positively ticked above are options that can be considered under our policies but that all of them have not been used yet.

| | | | |
|--------|-----------|---------------------|---------|
| LEA 07 | Voluntary | Additional Assessed | PRI 1,2 |
|--------|-----------|---------------------|---------|

LEA 07.1 Indicate whether insights gained from your organisation's engagements are shared with investment decision-makers.

| Type of engagement | Insights shared |
|---|--|
| Individual / Internal staff engagements | <input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No |
| Collaborative engagements | <input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No |

LEA 07.2 Indicate the practices used to ensure information and insights collected through engagements are shared with investment decision-makers.

- Involving investment decision-makers when developing engagement programme
- Holding investment team meetings and/or presentations
- Using IT platforms/systems that enable data sharing
- Internal process that requires portfolio managers to re-balance holdings based on interaction and outcome levels
- Other; specify
 ESG alert system, informal dialogues, internal website (for more details, please refer to the note LEA 7.4 below).
- None

LEA 07.3 Indicate whether insights gained from your organisation's engagements are shared with your clients/beneficiaries.

| Type of engagement | Insights shared |
|---------------------------------------|--|
| Individual/Internal staff engagements | <input type="checkbox"/> Yes, systematically <input checked="" type="checkbox"/> Yes, occasionally <input type="checkbox"/> No |
| Collaborative engagements | <input checked="" type="checkbox"/> Yes, systematically <input type="checkbox"/> Yes, occasionally <input type="checkbox"/> No |

LEA 07.4 Additional information. [Optional]

Dedicated stewardship analysts within the ESG team coordinate the engagement initiatives cross Candriam, ensuring the existence and consistency of appropriate communication channels.

Depending the cases, engagement initiatives and results are communicated to portfolios' managers through :

- Quaterly SRI meetings with SRI Ambassadors coming from the different investment Business units and in charge to distribute the information within their respective BU.
- Sector committee meetings, which detail the dialogues that occurred during the sector reviews
- SRI Monitoring Alerts and SRI Alerts : Those alerts are communication from the ESG investment & research team warning that substantial news have emerged on a specific issuer. For the launch of those alerts, ESG analysts contact the company in question raising several issues for which an answer is required. This information is included in the alert launched. The dialogue will feed the analysis and be integrated into the decision to maintain or not the company eligible.
- Involvement of fundamental analysts or fund managers into calls or meetings in the framework of an individual dialogue initiated by Candriam or through a collaborative initiative.
- Informal dialogue between SRI analyst and Financial analysts following the same issuers
- Engagement report published annually since 2009 (https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities_annual-report2018.pdf)
- Internal and external websites : when Candriam signs a collaborative initiative, the news and some explanation of the initiative's purpose is systematically published on the first page of Candriam intranet, accessible to every Candriam employee. We also share the information externally on our brand website and twitter account. Below some examples. Updates and follow up of these initiatives are regularly published on our brand website.

The purpose of all these communications is

- to raise awareness cross all Candriam and among clients on ESG topics we assume to be material for companies we invest in.
- to incentivize investment decision-makers to participate and act accordingly.

LEA 08 **Mandatory** Gateway **PRI 2**

LEA 08.1 Indicate if you track the number of your engagement activities.

| Type of engagement | Tracking engagements |
|---|---|
| Individual / Internal staff engagements | <input type="checkbox"/> Yes, we track the number of our engagements in full <input checked="" type="checkbox"/> Yes, we partially track the number of our engagements <input type="checkbox"/> We do not track |

| | |
|----------------------------------|--|
| Collaborative engagements | <input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track |
|----------------------------------|--|

LEA 08.2 Additional information. [OPTIONAL]

• **Note related to Individual/Internal staff engagements**

Engagements carried out by the ESG investment & research team are recorded but not all engagements initiated by mainstream portfolio managers. This is part of a longer term project (incl. the development of a new knowledge platform sharing).

• **Note related to all types of engagements**

All dialogues individual or collective Candriam is involved in are collected in a dedicated in-house ESG tool detailing the trigger, the target, the timeframe, the contact person, the date of initiation, the topic, the outcome and potential escalation steps.

Each ESG analyst involved in a individual dialogue is responsible for reporting evolutions. Stewardship analysts are in charge of dialogues' steering. In that respect, it regularly updates dialogue files and determines whether or not dialogues should be initiated, continued or closed. This follow up is structured through emails or team meetings.

LEA 09 Mandatory to Report, Voluntary to Disclose Core Assessed PRI 2

LEA 09.1 Indicate the proportion of companies from your listed equities portfolio with which your organisation engaged with during the reporting year.

| | We did not complete any engagements in the reporting year. | Number of companies engaged <small>(avoid double counting, see explanatory notes)</small> | Proportion of companies engaged with, out of total listed equities portfolio |
|---|---|---|---|
| Individual / Internal staff engagements | <input type="checkbox"/> We did not complete any engagements in the reporting year. | 139 | 20 |
| Collaborative engagements | <input type="checkbox"/> We did not complete any engagements in the reporting year. | 552 | 50 |

LEA 09.2 Indicate the proportion breakdown of engagements conducted within the reporting year by the number of interactions (including interactions made on your behalf)

| No. of interactions with a company | % of engagements |
|---|--|
| One interaction | <input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None |
| 2 to 3 interactions | <input type="radio"/> >76% <input checked="" type="radio"/> 51-75% <input type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None |
| More than 3 interactions | <input type="radio"/> >76% <input type="radio"/> 51-75% <input checked="" type="radio"/> 11-50% <input type="radio"/> 1-10% <input type="radio"/> None |
| Total | 100% |

LEA 09.3 Indicate the percentage of your collaborative engagements for which you were a leading organisation during the reporting year.

| Type of engagement | % Leading role |
|---------------------------|---|
| Collaborative engagements | <input type="radio"/> >50% <input type="radio"/> 10-50% <input checked="" type="radio"/> <10% <input type="radio"/> None |

LEA 10 Voluntary Additional Assessed PRI 2

LEA 10.1 Indicate which of the following your engagement involved.

- Letters and emails to companies
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with board/senior management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Meetings and/or calls with the CSR, IR or other management
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to operations
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Visits to the supplier(s) from the 'company's supply chain
- Participation in roadshows
 - In a minority of cases
 - In a majority of cases
 - In all cases
- Other

| | |
|--|---|
| | specify |
| | ESG Research contacts with company's stakeholders |

 - In a minority of cases
 - In a majority of cases
 - In all cases

LEA 10.2 Additional information. [Optional]

To initiate the dialogue, we preferably start by sending an e-mail to the company explaining the context and the issues at the origin of our dialogue process. Following on this, we are pleased if the company accept and offer the opportunity to discuss during a call. If the company doesn't answer or the dialogue doesn't satisfy our expectations, we take the opportunity of organised visits or roadshow to participate to further open the dialogue or to ask our portfolio manager to do so.

Collaborative initiatives can also help completing and/or pushing further unsatisfying direct dialogues. As a matter of example, in the case of a US food & beverage company excluded from our ESG universe for having breached UN Global Compact Principles, and for which the one-to-one dialogue started in 2016 kept disappointing, we decided, after contacting the stakeholder, to escalate the process and join a collaborative initiative that targeted the company on the same controversial issues. This choice proved to be effective in terms of changes within the company, which finally decided to adopt a constructive approach to dialogue and shared with us its projects and improvements. Whilst the company is still excluded, we have engaged a process of revision of this opinion

For more information and details, please refer to our 2018 engagement report :

https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities_annual-report2018.pdf

LEA 11 Voluntary Descriptive PRI 2

LEA 11.1 Provide examples of the engagements that your organisation or your service provider carried out during the reporting year.

Add Example 1

| | |
|--------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Company leadership issues <input checked="" type="checkbox"/> Other |
| Conducted by | Individual / Internal |
| Objectives | <p>Sugar Campaign</p> <p>Context / Triggers : Sugar is mainly responsible for the spread of obesity and other metabolic syndrome diseases, and national governments have started considering policies and regulations to reduce sugar consumption, while consumer patterns are slowly evolving towards lower sugar content diets.</p> <p>Objective : Improved public disclosure on this topic & influence practices through discussion and publication of paper gathering best practices.</p> |

| | |
|-------------------|---|
| Scope and Process | 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 |
| Outcomes | Disclosure / report published |

Add Example 2

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Anti-bribery and corruption |
| Conducted by | Individual / Internal |
| Objectives | Dialogue on corruption with Novartis Context / Triggers: announcement in early 2018 of the investigation in Greece into the company's alleged involvement in bribing senior Greek officials. Company under Alert. It falls under one of our Engagement conviction topics, Business Ethics Objective : support to investment decision. |
| Scope and Process | Company contacted by mail first, call with investor relations and CSR people followed. 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. The company is still under Alert but discussions with the company feed analysis. |
| Outcomes | Ongoing |

Add Example 3

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Individual / Internal |
| Objectives | Standard Chartered New Coal policy Context / Triggers : Standard Chartered CEO announced a review of the group's coal policy during its 2018 AGM. It falls under one of our Engagement conviction topics, Energy Transition. Objective : influence company practices. |
| Scope and Process | Letter to the CEO first. Mail exchanges with the IR & CSR team. Call with IR & CSR team. 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. |
| Outcomes | Company changed practice |

Add Example 4

| | |
|--------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Individual / Internal |

| | |
|-------------------|---|
| Objectives | <p>Royal Dutch Shell : 2° strategy</p> <p>Context / Triggers : pre-AGM dialogue, taking opportunity of shareholder resolution put at the agenda. It falls under one of our Engagement conviction topics, Energy Transition.</p> <p>Objective : influence company practices.</p> |
| Scope and Process | <p>Letter to the IR team first.</p> <p>Mail exchanges with the IR team.</p> <p>Call with VP, Ex. Remuneration advisor, IR representative..</p> <p>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.</p> <p>This individual dialogue was performed in parallel of collaborative dialogue through the CA100+ initiative. Shell December 2018 statement is clearly a positive outcome, Shell's commitment to set and report publicly on short term targets (3 to 5 year period), plus confirmation of integration of related criteria into the remuneration scorecard.</p> |
| Outcomes | Company changed practice |

Add Example 5

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Individual / Internal |
| Objectives | <p>Impact of Acquisition on Climate Strategy (Dominion Energy)</p> <p>Context / Triggers : Following the completion by Dominion Energy of the Scana acquisition, given this latter's extensive coal exposure It falls under one of our Engagement conviction topics, Energy Transition.</p> <p>Objective : support to investment decision.</p> |
| Scope and Process | <p>Mail sent to IR.</p> <p>Call with IR & CSR representatives.</p> <p>We started discussions on its consequences for the group's strategy for lowering carbon dependency.</p> <p>Still ongoing.</p> <p>Our exchanges involved several topics incl. on climate governance & risk management, strategy and implementation as well as climate reporting.</p> |
| Outcomes | Ongoing |

Add Example 6

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Human rights |
| Conducted by | Individual / Internal |
| Objectives | <p>Human Rights policy & operation in oppressive regimes (Unicharm)</p> <p>Context / Triggers : Sector review, presence in oppressive regimes</p> <p>Objective : Improved public disclosure & support to investment decision.</p> |
| Scope and Process | <p>Mail sent to IR.</p> <p>Exchanges of email with IR team..</p> <p>We exchanged with UniCharm on its activities in Myanmar and the challenges they face under workers' and human rights' perspectives.</p> <p>We could 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.</p> <p>All information were taken into consideration in the analysis.</p> |
| Outcomes | Increased understanding / information |

Add Example 7

| | |
|--------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Company leadership issues <input checked="" type="checkbox"/> Cyber security |
| Conducted by | Individual / Internal |

| | |
|-------------------|---|
| Objectives | <p>Tesla Governance</p> <p>Context / Triggers : 1) time to move towards a governance structure enabling the avoidance of risks arising from an accumulation of responsibilities and functions; 2) assess risk management in place when related to cyber security.</p> <p>Objectives : support to investment decision. & influence practices</p> |
| Scope and Process | <p>Mail exchanges with IR, followed by a call.</p> <p>Still Ongoing.</p> <p>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.</p> |
| Outcomes | Company changed practice |

Add Example 8

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Collaborative |
| Objectives | <p>CDP Non Disclosure Campaign</p> <p>Context / Triggers : 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>The initiative falls under one of our Engagement conviction topics, E-Energy Transition.</p> |
| Scope and Process | <p>Targeted Sectors: all.</p> <p>Targeted Regions: Global.</p> <p>Candriam is 1) Signatory to the main disclosure request to +6000 corporations, 2) Lead investor for more than 40 corporations worldwide – Non-Disclosure Campaign.</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 experiencing the greatest increase (+21% and +48% respectively)</p> <p>Ongoing initiative, supported since 2004.</p> |
| Outcomes | Disclosure / report published |

Add Example 9

| | |
|--------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Human rights <input checked="" type="checkbox"/> Other |
| Conducted by | Collaborative |
| Objectives | <p>Access to Medicine</p> <p>Context / Triggers : 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> |

| | |
|-------------------|---|
| Scope and Process | <p>Targeted Sectors: Pharmaceuticals.</p> <p>Targeted Regions: Global.</p> <p>Candriam is letters co-signer & Lead investor for 1 company in support of the 2018 data collection process of 2018 AtM Index. We also had active exchanges with several pharmaceuticals at 2018 Index launch event.</p> <p>Companies' in-depth answers and release of pharmaceutical company profiles, plus launch of the 6th Access to Medicine Index.</p> <p>The Index found that, while 5 companies manage 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>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.</p> <p>Ongoing initiative, supported since 2010.</p> |
| Outcomes | Ongoing |

Add Example 10

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Collaborative |
| Objectives | <p>Climate Action 100+</p> <p>Context / Triggers : 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).</p> <p>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; • Take action to reduce greenhouse gas emissions across the value chain, consistent with the Paris Agreement's goals • Provide enhanced corporate disclosure in line with the final recommendations of the TCFD <p>The initiative falls under one of our Engagement conviction topics, E-Energy Transition.</p> |
| Scope and Process | <p>Targeted Sectors: All.</p> <p>Targeted Regions: Global.</p> <p>Regular regional- or global -calls, aiming at improving investors knowledge and strengthening the engagement process.</p> <p>Over 250 focus company engagements were reported to have taken place. One fourth of these have reached company board level and a similar level of C-Suite level engagement.</p> <p>More than half of engagements focused on TCFD aligned exposure with scenario analysis as a top priority.</p> <p>Candriam is an Active supporting investor for 5 corporates.</p> <p>Ongoing initiative, supported since 2017.</p> |
| Outcomes | Ongoing |

LEA 11.2 Additional information. [Optional]

For more information and details, please refer to our 2018 engagement report in which more examples are also available :

https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities_annual-report2018.pdf

| | | | |
|----------|---|-------------|-------|
| LEA 12 | Mandatory | Descriptive | PRI 2 |
| LEA 12.1 | Indicate how you typically make your (proxy) voting decisions. | | |
| | Approach | | |
| | <input type="radio"/> We use our own research or voting team and make voting decisions without the use of service providers. <input checked="" type="radio"/> We hire service provider(s) who make voting recommendations and/or provide research that we use to guide our voting decisions. | | |
| | Based on | | |
| | <input type="radio"/> the service provider voting policy we sign off on <input checked="" type="radio"/> our own voting policy <input type="radio"/> our clients' requests or policies | | |

- other, explain
- We hire service provider(s) who make voting decisions on our behalf, except for some pre-defined scenarios where we review and make voting decisions.
- We hire service provider(s) who make voting decisions on our behalf.

LEA 12.2 Provide an overview of how you ensure your voting policy is adhered to, giving details of your approach when exceptions to the policy are made.

Our guidelines and policy are applied by our service providers to which we delegate a number of votes/ballots. Candriam systematically votes internally at the general meetings of companies where the governance is poor or when a general meeting has been identified as "sensitive". ESG analysts are dedicated to these votes. Financial analysts also have the opportunity to vote on material issues when they wish to. The ESG analyst has the ultimate responsibility for the voting decisions "proposed" by other teams to ensure the coherence of the voting process. ESG resolutions are systematically voted internally after liaising with the ESG analyst in charge of the sector.

The guidelines are flexible and we usually take the companies' explanations into consideration. It is also a way to avoid box-ticking.

To ensure that our service provider votes in accordance with our voting policy we perform ad-hoc random checks. We systematically contact the service provider when we do not agree with their voting recommendations. In addition it is also one of the duties of the Proxy Voting Committee, which meets regularly, to identify potential misunderstandings of our service providers. Finally, potential mistakes of interpretation are identified when we collect and check information for our different reports (our Annual Proxy Voting Review and regular specific client reports).

We meet with our service provider at least once a year to discuss policy developments and/or other issues. This is the occasion to voice any concern we might have.

There are no examples of Candriam voting not in accordance with our policy.

LEA 12.3 Additional information.[Optional]

A number of different teams might be involved in voting decisions. On a day-to-day basis ESG analysts are entrusted with Proxy Voting. The rest of ESG team is systematically consulted for all shareholders' Environmental and Social resolutions. Financial analysts can also be involved in the voting process. They can decide to vote on important corporate events (mergers and acquisitions for instance) or vote on pre-defined stocks that are of particular importance to them (substantial holdings for instance). The ESG analysts in charge of proxy voting centralize and oversee all these votes and transmit them to the Middle Office.

Candriam also ensures the implementation of voting guidelines for the portfolio managed for institutional clients. The same approach is applied - recommendations come from the same provider - based on client's policy and internal analysis for sensitive AGM.

LEA 14 Voluntary Additional Assessed PRI 2

LEA 14.1 Indicate if your organisation has a securities lending programme.

Yes

LEA 14.3 Indicate how voting is addressed in your securities lending programme.

- We recall all securities for voting on all ballot items
- We maintain some holdings, so we can vote at any time
- We systematically recall some securities so that we can vote on their ballot items (e.g., in line with specific criteria)
- We recall some securities so that we can vote on their ballot items on an ad hoc basis
- We empower our securities lending agent to decide when to recall securities for voting purposes
- We do not recall our shares for voting purposes

Other specify;

For non-SRI funds we make sure that we recall positions in order to vote at least on 33% of ballot items.

For our SRI funds, Candriam does not have a securities lending programme and all the positions are voted on all ballot items.

No

LEA 15 Mandatory Descriptive PRI 2

LEA 15.1 Indicate the proportion of votes where you or the service providers acting on your behalf have raised concerns with companies ahead of voting.

- 100%
- 99-75%
- 74-50%
- 49-25%
- 24-1%
- Neither we nor our service provider(s) raise concerns with companies ahead of voting

LEA 15.2 Indicate the reasons for raising your concerns with these companies ahead of voting.

- Vote(s) for selected markets
- Vote(s) for selected sectors
- Vote(s) relating to certain ESG issues
- Vote(s) on companies exposed to controversy on specific ESG issues
- Vote(s) for significant shareholdings
- On request by clients
- Other

| | |
|--|------------------------------------|
| LEA 15.3 | Additional information. [Optional] |
| <p>Issuers are informed of the voting rationale (pre/post-AGM) in the following cases:</p> <ol style="list-style-type: none"> 1) Cases where Candriam's vote might be misunderstood and thus need a further explanation; 2) Cases where specific governance issues need to be highlighted in order to raise awareness among the companies. 3) We also explain our voting rationale at the request of issuers. We always welcome input from and dialogue with investee companies both before and after general meetings. <p>Answer to LEA 15.1 takes into account the systematic engagement of our service provider.</p> | |

| | | | |
|--|--|---------------|-------|
| LEA 16 | Mandatory | Core Assessed | PRI 2 |
| LEA 16.1 | Indicate the proportion of votes participated in within the reporting year in which, you and/or the service provider(s) acting on your behalf, have communicated to companies the rationale for abstaining or voting against management recommendations. | | |
| <input type="radio"/> 100% <input checked="" type="radio"/> 99-75% <input type="radio"/> 74-50% <input type="radio"/> 49-25% <input type="radio"/> 24-1% <input type="radio"/> We do not communicate the rationale to companies <input type="radio"/> Not applicable because we and/or our service providers do not abstain or vote against management recommendations | | | |
| LEA 16.2 | Indicate the reasons your organisation would communicate to companies, the rationale for abstaining or voting against management recommendations. | | |
| <input checked="" type="checkbox"/> Votes for selected markets <input type="checkbox"/> Votes for selected sectors <input checked="" type="checkbox"/> Votes relating to certain ESG issues <input checked="" type="checkbox"/> Votes on companies exposed to controversy on specific ESG issues <input checked="" type="checkbox"/> Votes for significant shareholdings <input type="checkbox"/> On request by clients <input type="checkbox"/> Other | | | |
| LEA 16.3 | In cases where your organisation does communicate the rationale for the abstention or the vote against management recommendations, indicate whether this rationale is made public. | | |
| <input checked="" type="radio"/> Yes <input type="radio"/> No | | | |

| | | | |
|---|--|--|-------|
| LEA 17 | Mandatory | Core Assessed | PRI 2 |
| LEA 17.1 | For listed equities where you and/or your service provider have the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year. | | |
| <input checked="" type="checkbox"/> We do track or collect this information | | | |
| | | Votes cast (to the nearest 1%) | |
| | | 100% | |
| | | Specify the basis on which this percentage is calculated | |
| <input type="radio"/> of the total number of ballot items on which you could have issued instructions <input checked="" type="radio"/> of the total number of company meetings at which you could have voted <input type="radio"/> of the total value of your listed equity holdings on which you could have voted <input type="radio"/> We do not track or collect this information | | | |
| LEA 17.3 | Additional information. [Optional] | | |
| <p>Not voting holdings is quite seldom. We might miss deadlines, or be constrained by administrative impediments. Our service providers may also make mistakes.</p> | | | |

| | | | | | | | | | |
|--|--|---------------------|-------|---|-----|---|-----|-------------|----|
| LEA 18 | Voluntary | Additional Assessed | PRI 2 | | | | | | |
| LEA 18.1 | Indicate if you track the voting instructions that you and/or your service provider on your behalf have issued. | | | | | | | | |
| <input checked="" type="checkbox"/> Yes, we track this information | | | | | | | | | |
| LEA 18.2 | Of the voting instructions that you and/or third parties on your behalf issued, indicate the proportion of ballot items that were: | | | | | | | | |
| <p>Voting instructions Breakdown as percentage of votes cast</p> <table> <tr> <td>For (supporting) management recommendations</td> <td>87%</td> </tr> <tr> <td>Against (opposing) management recommendations</td> <td>11%</td> </tr> <tr> <td>Abstentions</td> <td>2%</td> </tr> </table> | | | | For (supporting) management recommendations | 87% | Against (opposing) management recommendations | 11% | Abstentions | 2% |
| For (supporting) management recommendations | 87% | | | | | | | | |
| Against (opposing) management recommendations | 11% | | | | | | | | |
| Abstentions | 2% | | | | | | | | |

No, we do not track this information

| | |
|----------|---|
| LEA 18.3 | In cases where your organisation voted against management recommendations, indicate the percentage of companies you have engaged. |
| 4,5 | |

| | |
|----------|------------------------------------|
| LEA 18.4 | Additional information. [Optional] |
|----------|------------------------------------|

Candriam may take a number of actions after voting against management recommendations. Letters of explanations are sent to companies to ensure that issuers understand our vote. The Proxy Voting Committee identifies the companies with which it is necessary to have a dialogue pre/post AGM. Companies where votes Against have been cast are usually flagged for a year-on-year follow up/vote. Votes Against can also be used for engagement on a particular theme (board independence for instance).
The ESG analyst in charge of Proxy Voting also monitors the governance improvements of investee companies which also help us adapt our votes at the next annual general meeting. This is done via an Alert system set up for this purpose.

| | | | |
|--------|-----------|---------------|-------|
| LEA 19 | Mandatory | Core Assessed | PRI 2 |
|--------|-----------|---------------|-------|

| | |
|----------|--|
| LEA 19.1 | Indicate whether your organisation has a formal escalation strategy following unsuccessful voting. |
|----------|--|

- Yes
- No

| | |
|----------|---|
| LEA 19.2 | Indicate the escalation strategies used at your organisation following abstentions and/or votes against management. |
|----------|---|

- Contacting the company's board
- Contacting the company's senior management
- Issuing a public statement explaining the rationale
- Initiating individual/collaborative engagement
- Directing service providers to engage
- Reducing exposure (holdings) / divestment
- Other

| | |
|----------|------------------------------------|
| LEA 19.3 | Additional information. [Optional] |
|----------|------------------------------------|

Following abstentions and/or votes against management, we may send letters to the company's board/senior management to explain our decision. If the company is responsive, then we initiate a dialogue and try to understand their position.

| | | | |
|--------|-----------|-------------|-------|
| LEA 20 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

| | |
|----------|---|
| LEA 20.1 | Indicate if your organisation directly or through a service provider filed or co-filed any ESG shareholder resolutions during the reporting year. |
|----------|---|

- Yes

| | |
|----------|---|
| LEA 20.2 | Indicate the number of ESG shareholder resolutions you filed or co-filed. |
|----------|---|

- 1
- No

| | |
|----------|--|
| LEA 20.3 | Indicate what percentage of these ESG shareholder resolutions resulted in the following. |
|----------|--|

- Went to vote**
- 0%
Were withdrawn due to changes at the company and/or negotiations with the company
 - 0%
Were withdrawn for other reasons
 - 0%
Were rejected/not acknowledged by the company
 - 100%

| | |
|----------|--|
| LEA 20.5 | Describe the ESG shareholder resolutions that you filed or co-filed and the outcomes achieved. |
|----------|--|

Candriam helped file a resolution at the 2018 annual general meeting of a French company. The resolution requested the amendment of the age limit for serving as Chief Executive Officer from 95 to 75 years old. The idea behind was to lead *de facto* to the separation of functions of chairman and CEO.
As Candriam is in favour of a separation of functions within board of directors, the objective of that resolution was considered legitimate and fair. Chairman and CEO functions are complementary roles but a separation is more likely to generate debates and counterweights.
Another issue outlined in the resolution was the lack of a clear succession plan following the merger of two companies. By trying to take advantage of the situation, one of the company would provoke imbalances between shareholders of each company.
The resolution was not put to the vote as it only rallied 0.32% of the capital (0.8% were requested).

| | |
|----------|--|
| LEA 20.6 | Describe whether your organisation reviews ESG shareholder resolutions filed by other investors. |
|----------|--|

Candriam seeks appropriate reporting on ESG issues by the entities in which it invests. The analysts in charge of Engagement and Proxy Voting systematically review ESG shareholder resolutions internally. They do so after liaising with the ESG analysts in charge of the relevant sectors and according to Candriam's Proxy Voting Policy. Candriam has developed a set of guidelines specific to Environmental and Social matters. When we analyse ESG resolutions, we take into consideration the added value for shareholders and decide on the merits of the resolutions and analyse the company's management of the issue, its track record and the explanations it can provide to answer shareholders' concerns.

| | |
|----------|------------------------------------|
| LEA 20.7 | Additional information. [Optional] |
|----------|------------------------------------|

It is the responsibility of the ESG analysts in charge of Engagement and Proxy Voting to decide whether to participate or not in the filing of shareholder

resolutions. If Candriam decides to file a shareholder resolution, the Middle Office must obtain the certification of the positions in the portfolio from the depository bank. We then fulfil the letter of participation prepared by our legal department. The signatures of 2 members of Candriam's board are required and then we send the required documents to the company. We also inform portfolio managers so that they do not sell the positions. We then ask the Middle Office to provide a new position certificate just before the AGM and send it to the company. Finally we take measures to ensure that we vote in favour of the proposal.

| | | | |
|--------|-----------|-------------|-------|
| LEA 21 | Voluntary | Descriptive | PRI 2 |
|--------|-----------|-------------|-------|

LEA 21.1 Provide examples of the (proxy) voting activities that your organisation and/or service provider carried out during the reporting year.

Add Example 1

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Executive Remuneration |
| Conducted by | Individual/Internal |
| Objectives | Candriam acknowledges the need for companies to be able to attract, retain and motivate high calibre-individuals. However, an adequate remuneration package level/structure should be set up to align the interests of directors with those of shareholders and the principle of "pay for performance". |
| Scope and Process | Candriam had the same issue at a European automobile company because the supervisory board still reserves the right to exercise significant discretion over the variable components of compensation. This is indeed the opportunity to reaffirm Candriam's adherence to the pay-for-performance principle. As Candriam is still a shareholder in the company we will have the opportunity to review progresses and vote accordingly. |
| Outcomes | Ongoing |

Add Example 2

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Company leadership issues |
| Conducted by | Individual/Internal |
| Objectives | Candriam considers that a minimum of 33% of the directors should be independent. |
| Scope and Process | Candriam considers that the Board of directors should consist of a sufficient proportion of independent non-executive directors and that Boards should be at least one-third independent. The role of independent non-executive directors is to constructively challenge management strategy and decisions and to monitor management performance. Candriam's assessment of independence is based on any links (e.g. private or professional) between a non-executive director and the company and its management that could possibly affect the exercise of objective judgment. Moreover, the audit, nomination and remuneration committees which roles are inter alia, to make recommendations to the board, should comprise a majority of independent directors. We focused on the companies in our scope that have not reached the 33% independence threshold. Candriam voted against directors on the grounds of lack of independence on 202 occasions. |
| Outcomes | Other |

Add Example 3

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Shareholder rights |
| Conducted by | Individual/Internal |
| Objectives | Candriam considers that share issues with and without pre-emptive rights should respect reasonable dilution limits. |
| Scope and Process | We focused on the companies in our scope that did not follow widely accepted guidelines on dilution limits. We voted Against companies/resolutions that proposed share issuances exceeding accepted guidelines. We cast these votes on more than 104 occasions. |
| Outcomes | Other |

Add Example 4

| | |
|--------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Other governance |
| Conducted by | Individual/Internal |
| Objectives | Candriam sought to ensure of the objectivity of the audit process by assessing the nature of the services provided by the audit firm (for consultancy for example) and/or the ratio of non-audit fees to statutory audit fees. The rationale behind this is that the commission of non-audit work (and the related non-audit fees) could impair the objective judgment of the auditor. |

| | |
|-------------------|--|
| Scope and Process | We targeted companies when we thought that objectivity of the audit process might be jeopardized by excessive non-audit fees and voted accordingly. In 2018, Candriam did not vote in favour of the (re) appointment of the audit firm when non-audit fees exceeded statutory audit fees which was the case for a European Automobiles & Parts company. |
| Outcomes | Other |

Add Example 5

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Company leadership issues |
| Conducted by | Individual/Internal |
| Objectives | Candriam considers that the roles of Chairman of the board and CEO are different and should not be held by the same person. We consider that the separation of powers fosters dialogue and provide safeguards and counterweight. |
| Scope and Process | We focused on the companies in our scope that had combined Chairman/CEOs. We voted Against the election/re-election of combined Chairman/CEOs on 92 occasions. |
| Outcomes | Other |

Add Example 6

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Company leadership issues |
| Conducted by | Individual/Internal |
| Objectives | Separation of the functions of Chairman and CEO. |
| Scope and Process | Candriam helped file a resolution at the 2018 annual general meeting of a French company. As Candriam is in favour of a separation of functions within the board of directors, the objective of that resolution was considered legitimate and in the interests of shareholders. Chairman and CEO functions are complementary roles but a separation is more likely to generate debates and counterweights. Another issue outlined in the resolution was the lack of a clear succession plan following the merger of two companies. The resolution was not put to the vote as it only rallied 0.32% of the capital (0.8% were requested). The ESG team liaised with the fund managers. Both teams agreed to divest from this issuer because of serious corporate governance concerns and the lack of visibility of the company's strategy. |
| Outcomes | Divestment |

Add Example 7

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Political spending / lobbying |
| Conducted by | Individual/Internal |
| Objectives | To ensure that companies are transparent and accountable in corporate political spending and in the use of corporate funds to influence legislation |
| Scope and Process | Candriam voted in favour of 18 shareholder resolutions related to that topic, as we believe a lack of transparency would expose the company to reputational and operational risks. Candriam voted in favour of all 18 lobbying activities and political contributions resolutions. One of them at a US software company received more than 28% of support. Two resolutions at US utilities companies received nearly 40% of support. |
| Outcomes | Increased understanding / information |

Add Example 8

| | |
|--------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Diversity |
| Conducted by | Individual/Internal |
| Objectives | Require companies to disclose more information on gender pay gaps and eventually foster gender equality. |

| | |
|-------------------|---|
| Scope and Process | <p>According to our guidelines for Environmental and Social shareholder resolutions, we make sure that, as a principle, we approve resolutions requiring further disclosure on Gender Pay gap and especially, the associated rate as defined by the OECD considering, the company's current level of disclosure on this topic and the feasibility of the proposals (scope, timeframe).</p> <p>In 2018, we supported all (5 in our voting scope) gender pay gap shareholder proposals we had to vote on.</p> <p>One of them at a US software company received nearly 40% of support.</p> |
| Outcomes | Increased understanding / information |

Add Example 9

| | |
|-------------------|--|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Individual/Internal |
| Objectives | Encourage the company to be set long-term targets towards a zero-emission energy system |
| Scope and Process | <p>The resolution requested a European oil company to be more ambitious in the setting of its long-term targets towards energy transition. Although the company is ahead of its competitors in terms of recognition of the impacts of climate change on its business model, we considered that more ambitious targets should be set. Candriam has engaged with the company in the frame of the pre-AGM engagement. Transparency on effective operational targets and the link between emissions targets and the board's remuneration scorecard were discussed on this occasion.</p> <p>As a result of investors pressure, the company announced late 2018 they would set out plans to introduce industry carbon emissions targets linked to executive pay in 2020.</p> |
| Outcomes | Company changed practice |

Add Example 10

| | |
|-------------------|---|
| ESG Topic | <input checked="" type="checkbox"/> Climate Change |
| Conducted by | Individual/Internal |
| Objectives | Encourage companies to set long-term targets for reducing GHG emissions and assess their portfolio impacts to meet 2 degree scenario |
| Scope and Process | <p>Climate change has long been of particular importance to Candriam. We consider that all-listed companies should publish and implement a comprehensive climate change policy in line with accepted principles such as those of the Task Force on Climate-related Financial Disclosures (TCFD). Whenever we considered the environmental resolutions substantiated and sensible, we voted accordingly.</p> <p>As expected, support for greater disclosure on climate change was noticeable in 2018.</p> <p>Candriam voted in favour of all five climate-related resolutions we had to vote on.</p> <p>Among them, two resolutions at North American energy companies received the majority of votes.</p> |
| Outcomes | Company committed to change |

FI 01.1 Indicate (1) Which ESG incorporation strategy and/or combination of strategies you apply to your actively managed fixed income investments; and (2) The proportion (+/- 5%) of your total actively managed fixed income investments each strategy applies to.

| | | |
|---------------------------|------|-------------------------------------|
| SSA | 64.1 | Screening alone |
| | 0 | Thematic alone |
| | 0 | Integration alone |
| | 0.3 | Screening + integration strategies |
| | 0 | Thematic + integration strategies |
| | 0 | Screening + thematic strategies |
| | 2.9 | All three strategies combined |
| | 32.7 | No incorporation strategies applied |
| Corporate (financial) | 4.6 | Screening alone |
| | 0 | Thematic alone |
| | 0 | Integration alone |
| | 82.8 | Screening + integration strategies |
| | 0 | Thematic + integration strategies |
| | 0 | Screening + thematic strategies |
| | 12.6 | All three strategies combined |
| | 0 | No incorporation strategies applied |
| Corporate (non-financial) | 7.1 | Screening alone |
| | 0 | Thematic alone |
| | 0 | Integration alone |
| | 0 | Screening + integration strategies |
| | 78.8 | Thematic + integration strategies |
| | 0 | Screening + thematic strategies |
| | 14.1 | All three strategies combined |
| | 0 | No incorporation strategies applied |

FI 01.2 Describe your reasons for choosing a particular ESG incorporation strategy and how combinations of strategies are used.

Through its SRI engagement, Candriam considers that a company's business activities are sources of both opportunities and risks that cannot be fully evaluated using traditional financial metrics alone. We believe that taking into account environmental, social and corporate governance (ESG) criteria in the evaluation of company's business model (Macro criteria) and stakeholders' management (Micro criteria) is a source of long term value. Moreover, we believe that by selecting within each sector, the companies that manage ESG challenges best, our SRI Best-In-Class approach enables us to raise best practices standards in all economic activities and to contribute to a sustainable economic growth.

In line with those principles, Candriam also developed an SRI approach in order to select countries that properly manage their sustainable development issues. To this end, the approach is based on the belief that investing in human capital (work, knowledge and health) while properly managing natural resources and social capital (legislation, institutions and social cohesion) and ensuring economic sustainability, allows the country to develop sustainably, leading to more robust economic growth over the long term.

Aside from our SRI product range, we continuously promote ESG tailor-made solutions to clients and the integration of ESG factors in traditional investments.

FI 01.3 Additional information [Optional].

ESG approaches applied to (financial or non financial) corporate issuers

In addition to the controversial armament exclusion filter (cluster munitions, anti-personal landmines, depleted uranium, biological and chemical weapons) which applies to all our assets under management we offer 4 types of screening taking into account ESG factors. Except the third one, other approaches apply since end 2018, in line with Candriam's company-wide exclusion policy, an exclusion of tobacco and thermal coal.

1. *SRI Best-in-Class screening - applied to all SRI AUM Candriam Core SRI funds and mandates only invest in companies managing at best their sector-specific sustainability-related challenges. Our proprietary Best-in-Class analysis is designed to assess companies' ability to manage sustainability-related challenges from two distinguishable but interlinked angles during the Macro and Micro analysis. The Macro analysis assesses a company's exposure to long-term trends (climate change, demographic evolution ...) that may strongly influence the business environment in which companies operate and may shape future market challenges and long-term growth opportunities. The Micro analysis evaluates a company's ability to take the interests of stakeholders (customers, employees ...) into account in their long-term strategies as they represents both risk and opportunity for businesses. The Best-in-Class analysis is followed by a norms-based check designed to exclude those companies for which there is definite proof of systematic breaches of one or more of the ten principles set out in the UN Global Compact that covers human & labour, respect for the environment and anti-corruption. Finally, the last step of our SRI analysis consists in excluding all companies involved in the armament industry and checks company's exposure to other controversial activities (adult content, alcohol, animal testing, activities in highly oppressive regimes, gambling, nuclear, tobacco and thermal coal).*

As far as the SRI Best-in-class bonds universe is concerned, the SRI eligible universe consists of the top 50 % best-positioned companies towards the micro and macro analysis that have successfully passed Norms-Based Analysis and controversial activities exclusion screening.

2. *Integration approach - applied to all funds and mandates invested in corporate (financial & non financial)*

Candriam's development of an integrated ESG approach in corporate bonds financial selection process has been driven by portfolio manager's interest in the use of governance factors in issuer's credit quality assessment. The implementation of this approach started in the course of 2014 and is applied to Candriam's corporate funds investments. This approach consists of taking into account Governance factors in the company's credit valuation as well as business and reputational risks associated to ESG issues.

3. *Tailor-made Norms-based screening only - applied to dedicated insurance portfolios*

This approach consists of exclusion of companies that violated human & labour rights and/or caused severe damages to environment. Companies exposed to controversial weapons and tobacco are also excluded from investments.

4. *Green Bonds - applied to all SRI and traditional funds and mandates invested in corporates*

Green bonds are systematically part of our Fixed Income portfolios (10 % in traditional portfolios and 15 % in SRI ones). To be eligible for the SRI portfolios, the issuer has to belong to the SRI universe and the Green Bond need to be compliant to our SRI screening analysis (based on the Green Bonds Principles and monitoring of effective environmental impacts).

ESG approaches applied to SSA

1. *ESG approach applied to government issuers - applied to all SRI AUM*

This approach covers developed and emerging countries and is based on a Best-in-Universe screening which includes minimum standards related to democracy and fight against corruption.

The goal of the country Best-in-Universe Analysis is to select countries that are well managing their sustainable development. To achieve this objective, Candriam has developed a structured approach based on the principle that a country is a portfolio of assets that encompasses:

- o Economic capital: is the most well-known and generally only assessed form of capital; it gathers real (produced) capital and financial capital;
- o Human capital: is embodied in individuals in the form of labour, knowledge, and health;
- o Natural capital: consists of all types of environmental resources; and
- o Social capital: consists of the interactions between individuals and gathers democratic and well functioning institutions, equity and peace.

Countries are evaluated through an in-depth structured analysis. For each theme, countries' actions are assessed on two dimensions: commitments and performances. Countries are subsequently ranked on a scale of 0 to 100 according to the overall sustainability score obtained.

To be part of the SRI selection, "developed" countries need a score above 50 and "emerging" countries a score above 35. The maximum exposure to each country is function of the combination of the ESG score and an economic growth factor.

2. *ESG approach applied to agencies and supranationals - applied to all SRI AUM*

To be eligible for investments, agencies have to be related to a country that is eligible and the mission of the agencies has to be in line with sustainable development and compliant to our controversial policy.

Eligible supranationals are those compliant to our Norms-based screening based on the UN Global Compact principles and that have a mission in line with sustainable development.

Candriam's investment processes including SRI selection are two-step processes that first of all calls for the definition of the eligible investment universe, followed by a financial selection from within this eligible universe. Any investment outside the SRI universe is prohibited.

The selection of SRI issuers is confirmed by the SRI analysis team on a monthly basis, and on a one-off basis in exceptional circumstances. If following a specific ESG issue, an SRI alert is launched on an issuer, portfolio manager can no more invest in this. When there is a change in the SRI universe and an issuer is excluded, the approach consists in excluding this issuer from the SRI portfolios within a period of 3 months, depending on market conditions (very rare exceptions may be granted in order to accommodate a potential liquidity problem).

A constraint server and controls operated by the Risk Management Department ensure that the securities making up the portfolios comply with the SRI universe.

FI 02.1 Indicate which ESG factors you systematically research as part of your analysis on issuers.

| | SSA | Corporate (financial) | Corporate (non-financial) |
|--------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Environmental data | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Social data | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Governance data | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

FI 02.2 Indicate what format your ESG information comes in and where you typically source it

- Raw ESG company data
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- ESG factor specific analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- Issuer-level ESG analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify

specify description
NGO like Transparency International f.e.

- Sector-level ESG analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify
- Country-level ESG analysis
 - ESG research provider
 - Sell-side
 - In-house – specialised ESG analyst or team
 - In-house – FI analyst, PM or risk team
 - Other, specify

specify description
International institutions (World Bank, OECD) and NGO (Freedom House f.e.)

FI 02.3 Provide a brief description of the ESG information used, highlighting any differences in sources of information across your ESG incorporation strategies.

The ESG analysts use a variety of external information sources, including the following extra-financial rating agencies: MSCI ESG Research, inclusive Governance Metrics International (GMI), Ethix- ISS, Vigeo-Eiris Group, Sustainalytics and Trucost.

In addition, other sources of information such as the media, NGOs, sector federations, academic experts, etc... are also used.

They also discuss with financial analyst about sector and companies specificities.

These external sources form an information database, but **Candriam's SRI analysts then apply their own analysis methodology (sector models and issuer scoring) to the issuers under review.**

FI 03.1 Indicate how you ensure that your ESG research process is robust:

- Comprehensive ESG research is undertaken internally to determine companies' activities; and products and/or services
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Issuer information and/or ESG ratings are updated regularly to ensure ESG research is accurate
- Internal audits and regular reviews of ESG research are undertaken in a systematic way.
- A materiality/sustainability framework is created and regularly updated that includes all the key ESG risks and opportunities for each sector/country.
- Other, specify
- None of the above

FI 03.2 Describe how your ESG information or analysis is shared among your investment team.

- ESG information is held within a centralised database and is accessible to all investment staff
- ESG information is displayed on front office research platforms
- ESG information is a standard item on all individual issuer summaries, research notes, 'tear sheets', or similar documents
- Investment staff are required to discuss ESG information on issuers as a standard item during investment committee meetings
- Records capture how ESG information and research was incorporated into investment decisions
- Other, specify
 - ESG analysis results (and report on direct engagement activities) are systematically delivered to all investment managers. ESG selection and eligible universe is communicated every month
- None of the above

FI 03.3 Additional information. [Optional]

Sector models and company's ESG scores are regularly reviewed, with the goal of ensuring that the ESG model used optimally reflects the sustainable development risks and opportunities affecting the sector today but also within the next 5 years. During this sector review, the ESG analysis determines, for the Macro analysis, if there are relevant correlations between the sector activities (products offered, geographic location, etc...) and the 6 global sustainability trends (Climate change, Resource Depletion...). For the Micro analysis, the analyst evaluates the material risks and opportunities arising from the sector's interaction with its stakeholders. Between two sector revisions, companies are subject to an ongoing monitoring. If a major event liable to affect the ESG score of a company (mergers, acquisitions, scandals, etc.) happens, a warning is launched and the company's analysis is reviewed within the next three months. In this case, portfolio managers can no buy additional position in this issuer.

Each month, the ESG team provides the SRI eligible universe to the portfolio managers. All sector reviews are communicated to portfolio managers and include the sector model description, dialogue results, the companies ESG score and profile.

Specific ESG trends are discussed with external experts to challenge our ESG research.

FI 04 **Mandatory** **Gateway** **PRI 1**

FI 04.1 Indicate the type of screening you conduct.

| | SSA | Corporate (financial) | Corporate (non-financial) |
|----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Negative/exclusionary screening | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Positive/best-in-class screening | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Norms-based screening | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

FI 04.2 Describe your approach to screening for internally managed active fixed income

At Candriam, **investments are prohibited in companies exposed to controversial armament**. Financing countries on the FATF/GAFI list is also prohibited.

Our SRI screening approach applied to corporate issuers (financial and non-financial) is based on

a Best-in-class approach combining two kinds of assessment of the issuer : its exposure to 6 global sustainability trends (ex. climate change, health& wellness) and its management of its stakeholders relations (ex. employees, suppliers, environment). Those assessment are based on in-house developed specific sector models taking into account the sectors specific risks and opportunities. The top 50 % best positioned issuers are selected in each sector.

an exclusionary screening related to the issuer's exposure to controversial activities (ex. armament, tobacco, alcohol,thermal coal,...)

an exclusionary screening related to the non-compliance to international standards (UN Global Compact framework).

The SRI screening approach applied to government issuers is a Best-in-Universe screening which evaluates each country's ability to properly manage their sustainable development issues in terms of social, human, natural capital and to ensure its economic sustainability. This assessment includes requirements in terms of minimum standards related to democracy and fight against corruption.

FI 04.3 Additional information. [Optional]

Negative screening

Applied to all investments implementing Candriam's SRI screening

1. Corporate

Product/Activity : Any companies exposed to the weapons industry are permanently excluded from the SRI universe if they are involved in the manufacture or sale of controversial weapons or if more than 3% of their revenues are generated from the manufacture or sale of conventional weapons.

Regarding the other controversial activities following exclusion threshold are used

- Activities in oppressive regimes: large presence in highly oppressive regimes (revenues>1%)
- Alcohol (revenues>10%)
- Adult content (revenues>5%)
- Gambling (revenues>5%)
- Nuclear (revenues>30%, 5 % for emerging markets)
- Genetic modification (revenues>10% ,not applicable for emerging markets)

- Tobacco (revenues>5%)
- Thermal coal (extraction/power generation > 10%, no new development)
- Animal testing (breach of legislation/ responsible behavior if there is no legal requirement- not applicable for emerging markets)

Sector : All companies' from the aerospace and defense, tobacco sectors are excluded from the investment universe

ESG practices and performances : exclusion for important violations to UN Global Compact

2. Agencies & Supranationals

The mission and activities of the issuer are analyzed. All missions/activities judged as not compliant to sustainable and ethical criteria are source of exclusion of the issuer.

In terms of ESG practices and behavior, exclusion occurs for important breaches to UN Global Compact

Applied to all Candriam's AUM

Product/Activity : Any companies exposed to the weapons industry are permanently excluded from the SRI universe if they are involved in the manufacture or sale of controversial weapons(cluster munition, anti-personnel landmines, depleted uranium, chemical & biological weapons)

Applied to all Candriam's AUM following the Candriam's exclusion policy (funds over which Candriam has the full discretion as management company and investment manager and other portfolios for which the client agreed)

Product/Activity:

Any companies exposed to controversial weapons, tobacco (> 5 % revenues), thermal coal (> 10 % revenues from extraction and/or electricity generation from coal, no new development) are excluded from the investments.

Applied to tailored-made insurance portfolios

Product/Activity : Any companies involved in the manufacture or sale of controversial weapons are excluded. Any companies exposed for their majority of business to tobacco are excluded.

ESG practices and performances : Companies that have violated human and labour rights or having made serious damages to the environment are excluded.

Positive screening

Applied to all investments implementing Candriam's SRI screening

1. Corporate

Product/activity /sector/country

During the Best-in-Class analysis, the Macro analysis evaluates the company's exposure to global sustainability trends liable to influence the economic environment in which companies operate and determine the future challenges in the market. This exposure takes into account the product/services offered, the geographical production zones and markets, the customer segment groups.

Based on the conclusions of the sector macro analysis, all company's exposure to the global sustainability trends specific to its sector are evaluated and scored. A negative score reflects the company's negative exposure to these global sustainability trends while a positive score reflects positive exposure.

For example, in the Energy sector, Coal-related activities receive the most negative score from the standpoint of climate change and resource depletion. Due to this negative score, important coal-related activities are source of exclusion.

ESG practices and performances

During the Best-in-class analysis, the Micro analysis evaluates the material risks and opportunities arising from interactions with stakeholders. Based on qualitative sector data and, where possible, historic quantitative data, the relevance of each stakeholder relation (Customers, Employees, Investors, Environment, Suppliers and Society) and the different themes (32 themes such as eg "diversity and discrimination", "training and career management" in relation with employees, "public authority relations", site safety in relation with 'society' ...) is determined according to the frequency of interactions, their financial impact and future prospects.

For example in the Energy sector the most important relations are with the Environment and Society. In the Software sector, relations with Employees and Customers are predominant. In the category "relations with Employees", "health and safety" is most important for the Energy sector while "Change management " and "Remuneration" are most important for the Software sector.

For each themes addresses, the company strategies and policies implemented as well as its performances relative to its competitors are evaluated. The combination of this evaluation and the weightings for each stakeholder's relation obtained from sector Micro analysis give the overall Micro score for each company.

2. Government

The purpose of the Best-in-Universe Analysis is to evaluate each country's ability to properly manage their sustainable development issues. This means ensuring the well-being of the population and economic prosperity without compromising the ability of future generations to do the same. To this end, the approach is based on the belief that investing in human capital (work, knowledge and health) while properly managing natural resources and social capital (legislation, institutions and social cohesion) and ensuring economic sustainability, allows the country to develop sustainably, leading to more robust economic growth over the long term.

In our analytical tree, these four pillars of analysis are broken down into 23 sub-categories, which are in turn divided into 75 themes.

It also incorporates qualitative information available to the public, including in particular reports published by international organisations. In order to avoid poor judgements, it is important to take account of the geographic and demographic conditions specific to each country. As a result of this analysis, each country is given a score ranging from 0 to 100.

The four pillars of the Best-in-Universe Analysis for countries are equally weighted. Our country evaluation process includes an assessment of two aspects of each theme: strategy and performance.

"Developed " countries with a score below 50 and "Emerging" countries with a score below 35 are excluded from the SRI selection.

| FI 05 | Voluntary | Additional Assessed | PRI 1 |
|---------|--|---------------------|-------|
| FI 05.1 | Provide examples of how ESG factors are included in your screening criteria. | | |
| | <input checked="" type="checkbox"/> Example 1 | | |

| |
|---|
| Type of fixed income |
| <input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) |
| ESG factors |
| <input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance |
| Screening |
| <input checked="" type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Positive/ best-in-class <input checked="" type="checkbox"/> Norms-based |
| Description of how ESG factors are used as the screening criteria |
| <p>This European company is active in the Textiles & Luxury sector and eligible for SRI investments (buy/hold).</p> <p>Global Sustainability Trends as for the rest of the sector, negatively impacted at Climate Change and Resource depletion level by the sourcing of raw materials such as leather and textile. Company's score is slightly boosted by organic cotton and exposure to sportswear / optical products.</p> <p>Stakeholder management solid approach to environment with a very structured and environment P&L contributing to definition of all environmental programs and integrated to the suppliers due diligence. Social and environmental auditing system of suppliers in place and good level of transparency from the group when it deals with non-compliance.</p> <p>Norms-based analysis & controversial activities no issue.</p> |

Example 2

| |
|---|
| Type of fixed income |
| <input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) |
| ESG factors |
| <input checked="" type="checkbox"/> Environmental <input checked="" type="checkbox"/> Social <input checked="" type="checkbox"/> Governance |
| Screening |
| <input checked="" type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Positive/ best-in-class <input checked="" type="checkbox"/> Norms-based |
| Description of how ESG factors are used as the screening criteria |
| <p>This global material company is not eligible for SRI investments (Sell).</p> <p>The company presents below than peers scores both for its exposure to global sustainability trends and for its management of stakeholders relations.</p> <p>Global sustainability trends company's negative scoring on climate change and resources depletion aspects results from a great exposure to coal and iron ore, both sources of CO2 emissions. Emission of pollutants and particles linked to coal also negatively impact company's score at Health & Wellness level.</p> <p>Stakeholders' management While the group benefits from a well-developed set of measures and policies, several important controversies worse the picture with rising concerns on company's real engagement, notably on strategic choices regarding reduction of emissions but also Health and safety management (accidents with fatalities).</p> <p>Norms-based analysis "orange"-flag for breach of UNGC principles.</p> <p>Controversial activities exposure to thermal coal leading to exclusion.</p> <p>We continue to engage on environmental and social topics with the company (Workforce disclosure Initiative, CDP, Climate 100+).</p> |

Example 3

| Type of fixed income | |
|-------------------------------------|---------------------------|
| <input type="checkbox"/> | SSA |
| <input type="checkbox"/> | Corporate (financial) |
| <input checked="" type="checkbox"/> | Corporate (non-financial) |

| ESG factors | |
|-------------------------------------|---------------|
| <input checked="" type="checkbox"/> | Environmental |
| <input type="checkbox"/> | Social |
| <input type="checkbox"/> | Governance |

| Screening | |
|-------------------------------------|-------------------------|
| <input type="checkbox"/> | Negative/ exclusionary |
| <input type="checkbox"/> | Positive/ best-in-class |
| <input checked="" type="checkbox"/> | Norms-based |

| Description of how ESG factors are used as the screening criteria | |
|--|--|
| <p>This German issuer belongs to the Pharmaceuticals & Biotechnology sector .</p> <p>The issuer got red flagged in relation to violations observed under the Human Rights section of our norms-based analysis. Indeed, the company completed the acquisition of a US actor already flagged for this. Due to the inherited liabilities and litigations that would weight on reputation and financial profile of the company, as soon as the announcement of the interest for this acquisition was made public, the company has been put under alert. As a result, this issuer is classified non eligible for SRI investments and indexed management (sell).</p> <p>We entered into dialogue with the company to explain our position/decision to divest the company from all our investments applying the Norms-based screening.</p> | |

Example 4

| Type of fixed income | |
|-------------------------------------|---------------------------|
| <input checked="" type="checkbox"/> | SSA |
| <input type="checkbox"/> | Corporate (financial) |
| <input type="checkbox"/> | Corporate (non-financial) |

| ESG factors | |
|-------------------------------------|---------------|
| <input checked="" type="checkbox"/> | Environmental |
| <input checked="" type="checkbox"/> | Social |
| <input checked="" type="checkbox"/> | Governance |

| Screening | |
|-------------------------------------|-------------------------|
| <input type="checkbox"/> | Negative/ exclusionary |
| <input checked="" type="checkbox"/> | Positive/ best-in-class |
| <input type="checkbox"/> | Norms-based |

| Description of how ESG factors are used as the screening criteria | |
|---|--|
| <p>This European country is underweighted based on our SRI best-in-Universe country screening. The country scores is 62, with some weaknesses against European peers, especially in social capital and economic sustainability.</p> <p>The main strengths of the country are:</p> <p>Amongst the healthiest people in the World, achieving one of the highest life-expectancy Worldwide, and recording low prevalence of chronic diseases. (Human Capital) An economy slightly more energy efficient than average (in GDP per unit of energy use), combined with a high share of renewables within its energy mix (Natural Capital) A full-democratic country still improving on some criteria such as the protection of press freedom, enjoying a high level of security (Social capital).</p> <p>The main challenges this country is facing are:</p> <p>A low rate of employment with a high youth unemployment rate (Human capital) An above average exposure to corruption& bribery, combined with an higher prevalence of poverty than the OECD average (Social Capital) A high public indebtedness (Economic Capital)</p> <p>With a score above 50, as developed country, this country is eligible for investments in SRI portfolios. Given its score and the combination with the economic growth factor, this country has to be underweighted vav its benchmark weight.</p> | |

Example 5

| |
|--|
| Type of fixed income |
| <input type="checkbox"/> SSA <input type="checkbox"/> Corporate (financial) <input checked="" type="checkbox"/> Corporate (non-financial) |
| ESG factors |
| <input type="checkbox"/> Environmental <input type="checkbox"/> Social <input checked="" type="checkbox"/> Governance |
| Screening |
| <input type="checkbox"/> Negative/ exclusionary <input checked="" type="checkbox"/> Positive/ best-in-class <input type="checkbox"/> Norms-based |
| Description of how ESG factors are used as the screening criteria |
| <p>This US High Yield issuer active in the Utilities sector is non eligible (Sell) to our investments.</p> <p>The company has been part of our dialogue target on climate governance & risk management, strategy and implementation as well as climate reporting. Following the completion of an acquisition of a company with extensive coal exposure, we actually started discussions on its consequences for the group's strategy for lowering carbon dependency.</p> <p>Indeed, following the revision of our Candriam exclusion policy in the course of 2018 and its expansion to thermal coal, we identified this company as exposed to more than 10 % to thermal coal and had to divest the company.</p> |

| | | | |
|-------|-----------|---------------|-------|
| FI 06 | Mandatory | Core Assessed | PRI 1 |
|-------|-----------|---------------|-------|

| | |
|---------|---|
| FI 06.1 | Indicate which systems your organisation has to ensure that fund screening criteria are not breached in fixed income investments. |
|---------|---|

| Type of screening | Checks |
|---|---|
| Negative/exclusionary screening? | <input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above |
| Positive/best-in-class screening | <input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above |
| Norms-based screening | <input checked="" type="checkbox"/> Analysis is performed to ensure that issuers meet screening criteria <input checked="" type="checkbox"/> We ensure that data used for the screening criteria is updated at least once a year. <input checked="" type="checkbox"/> Automated IT systems prevent our portfolio managers from investing in excluded issuers or bonds that do not meet screening criteria <input checked="" type="checkbox"/> Audits of fund holdings are undertaken yearly by internal audit or compliance functions <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above |

| | |
|---------|------------------------------------|
| FI 06.2 | Additional information. [Optional] |
|---------|------------------------------------|

For corporates, sector models and company's analysis are completely reviewed on a regular basis, with the goal of ensuring that the model used by the analysts optimally reflects the sustainable development risks and opportunities affecting the sector in question. Between two sector revisions, companies are subject to an ongoing control and continuous updates. If there is a major event liable to affect the rating assigned to a company for one or another screening (mergers and acquisitions, scandals, etc.), a warning is launched on an issuer belonging to the SRI universe and its analysis (Best-in-class, Normative and Controversial activities exposure) is reviewed within the next three months. The consequence of this warning is that position in this issuer can no more be bought. In case of exclusion of one issuer, the positions have to be sold in the next 3 months.

For countries, the same process is applied with a complete update of assessment on a yearly base and the possibility to launch an alert in case of controversial events (political regime change, armed conflict, natural disaster,...).

The SRI universe and selection is delivered by the SRI analysis team every month to portfolio managers and risk management department. All ESG scores

and decisions related to the different screenings are uploaded in a global referential database that sources the constraint server. This constraint server is directly linked to the portfolio management tool used by portfolio managers in order to manage their positions. In case the portfolio manager introduce a proposed transaction that is not compliant to the SRI universe, the transaction is blocked.

On a daily basis, the Risk Management department (independent from the investments management teams) receives a report issued by the constraint server on portfolio positions that highlight if positions are or will become in breach with the SRI universe (ex. change in SRI universe and positions to be sold within 3 months). This report is analysed by the risk manager in charge and if needed, contact is taken with the portfolio manager to ask him to take action to put the portfolio in line with the universe.

| | | | |
|---------|--|---------------------|-------|
| FI 07 | Mandatory to Report, Voluntary to Disclose | Descriptive | PRI 1 |
| FI 07.1 | Indicate what proportion of your thematic investments are: | | |
| | <input type="checkbox"/> Green/SDG bonds linked to environmental goals <input type="checkbox"/> Social/SDG bonds linked to social goals <input checked="" type="checkbox"/> Sustainability/SDG bonds (combination of green and social linked to multiple SDG categories) 11% <input type="checkbox"/> Other | | |
| FI 07.2 | Describe your organisation's approach to thematic fixed income investing | | |
| | <p>In the ESG approach proposed by Candriam, ESG thematic like Clean Tech, Green buildings, sustainable forestry and agriculture, water, education, or microfinance are all part of the Global Sustainability trends assessment of corporate issuers that represents 50 % of the final ESG score of companies. Those trends are systematically taken into account if they are sector relevant and when the issuer is exposed to. Issuers that combines better sector score for this assessment and for their stakeholder management assessment belong to the top 50 % issuers making up the SRI eligible universe.</p> <p>Based on the same principles, Candriam initiated the coverage of Green & Social bonds in 2013. For a green / social bond to be eligible to our SRI universe, the following conditions have to be completed</p> <ul style="list-style-type: none"> • the issuer has to belong to our SRI eligible universe (selected through our Best-in-class framework and compliant to our Norms-based and controversial activities screenings). The reason behind this is that reputational and financial risks associated to bad issuer's ESG behaviour will also affect the Green bonds; • the considered issue must meet several criteria, namely :Financed projects should fall into domains brought forward by the Green& Social Bond Principles, of which : For Green bonds : Renewable energy, Energy efficiency (incl. efficient buildings), Sustainable waste management, Sustainable land use (incl. sustainable forestry and agriculture), Biodiversity conservation, Clean transportation, Clean water and/or drinking water. • For Social bonds : Education, Equal opportunity, demographic evolution (including ageing), health, Sustainable cities& mobility. • More generally speaking, financed projects should score positively in our Global sustainability trends assessment (Macro Analysis : especially at our Climate Change, Resources depletion challenges' level). • The use of proceeds must be detailed and notably precise if it deals with the financing of new projects or with the refinancing of existing ones. • Regarding the management of proceeds, process should be transparent, including precisions over the management of still unallocated proceeds. • At the time of the issue, consultation and opinion of an independent and recognized second party are expected to be available to investors. • In terms of monitoring and follow up, we pay a great attention to the effective measurement of environmental / social impacts induced by the financed projects. In that respect, quantitative and/or qualitative assessment of environmental/social investments' impacts, as well as detailed and regular reporting are expected, third party verification being much appreciated. • It is only when the issuer and the issue positively pass the previous described analysis steps that the eligible status for SRI universe is delivered to (or maintained for) the considered Green or Social bond. | | |
| FI 08 | Mandatory | Core Assessed | PRI 1 |
| FI 08.1 | Indicate whether you encourage transparency and disclosure relating to the issuance of themed bonds as per the Green Bonds Principles, Social Bond Principles, or Sustainability Bond Guidelines.. | | |
| | <input checked="" type="checkbox"/> We require that themed bond proceeds are only allocated to environmentally or socially beneficial projects <input checked="" type="checkbox"/> We require the issuer (or 3rd party assurer) to demonstrate a process which determines the eligibility of projects to which themed bond proceeds are allocated <input checked="" type="checkbox"/> We require issuers to demonstrate a systematic and transparent process of disbursing themed bond proceeds to eligible projects until all funds are allocated <input checked="" type="checkbox"/> We require issuers to report at least once per year on the projects to which proceeds have been allocated including a description of those projects <input checked="" type="checkbox"/> Other, specify We have been members of the Green & Social Bonds Principles since 2017. <input type="checkbox"/> None of the above | | |
| FI 08.2 | Describe the actions you take when issuers do not disburse bond proceeds as described in the offering documents. | | |
| | <p>In the case of issuers not disbursing bond proceeds like initially announced and screened by our analysis, the issuer is contacted and delisting of the bond from our eligible SRI universe is decided if the breach is confirmed.</p> | | |
| FI 09 | Mandatory | Additional Assessed | PRI 1 |
| FI 09.1 | Indicate how you assess the environmental or social impact of your thematic investments. | | |
| | <input checked="" type="checkbox"/> We require issuers to report at least once per year on specific environmental or social impacts resulting from our themed investments <input checked="" type="checkbox"/> We ensure independent audits are conducted on the environmental or social impact of our investments <input checked="" type="checkbox"/> We have a proprietary system to measure environmental and social impact <input checked="" type="checkbox"/> We measure the impact of our themed bond investments on specific ESG factors such as carbon emissions or human rights <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above | | |
| FI 10 | Mandatory | Descriptive | PRI 1 |

FI 10.1 Describe your approach to integrating ESG into traditional financial analysis.

While business is, of course, all about value creation, Candriam has always believed it is sustainable value creation that makes the difference. Economic growth and profits can only be sustainable when businesses behave responsibly and look beyond the immediate present by giving appropriate consideration to ESG aspects.

Our commitment to promote responsible investments is motivated by sustainable financial performances and we have developed different approaches to ESG integration. Promotion of ethical standards and good corporate practices are the cornerstones of our ESG integration promotion policy in all our investments processes.

As a responsible asset manager, our commitment to our clients is to continuously further develop our leadership in SRI and enhance our large range of SRI products which is based on several SRI approaches (Best-in-Class, thematic, norms-based...). We continuously push further the integration of ESG criteria into our investment processes.

Our understanding of ESG factors integration is systematically taking into account ESG factors in the financial selection process. As the materiality of ESG factors is key in this kind of approach, our researches have demonstrated an interesting contribution of the corporate governance factor and this for across sectors and regions. Other ESG factors related to business model or reputational risks are also considered in the issuer profile. We have to admit that for those latest elements, the final impact is more evident in some sectors (ex. environmental impact of fossil fuels in Energy and Utilities sectors) than in others.

At this stage, Candriam's development of an integrated ESG approach in corporate bonds financial selection process has been driven by portfolio manager's interest in the use of governance factors in issuer's credit quality assessment and business and reputational risks associated to ESG issues are systematically discussed in decision committees. The implementation of this approach has started in the course of 2014 and is applied to all Candriam's corporate funds investments.

Additionally, the portfolios are invested in Green/Social Bonds with a minimum of 10 % exposure for traditional funds and 15 % for SRI ones.

As far as the government bond financial selection process is concerned, an integration approach has been applied to one single strategy since 2013 : the Candriam's top quality sovereign approach.

FI 10.2 Describe how your ESG integration approach is adapted to each of the different types of fixed income you invest in.

SSA

As of today, an integration approach is applied to one specific strategy related to SSA.

Our SRI best-in-class screening is taken into account in the financial process of the Candriam's top quality sovereign approach which consists of a triple screening :

- the exclusion of 10 % ESG bottomed-ranked countries (based on our Best-in-class screening),
- the ranking of countries based on Governance factors and
- the application of 3 quality filters (credit, rates and currency).

Only countries passing all 3 filters are eligible to investment. Their maximum weights in portfolio are function of their final scoring.

Corporate (financial)

Within the corporate financial investment process, the issuer selection is based on the following elements that are part of the issuer's financial profile:

- exclusion filter
- business profile
- financial profile
- peer group's analysis

ESG factors are part of

- exclusion filter : the governance factor and stakeholders management assessment are part of the 3 components that can lead to an exclusion if the score is insufficient;
- business profile : ESG challenges are taken into account in the criterias 'industry risk' (20 % weight) and 'business model' (30 % weight). The result of our ESG norms-based analysis and the ESG Best-in-class issuer score are taken into account in the "management" criteria (10 % weight) and lead to an automatic downgrade of the issuer score.

Corporate (non-financial)

Within the corporate financial investment process, the issuer selection is based on the following elements that are part of the issuer's financial profile:

- exclusion filter
- business profile
- financial profile
- peer group's analysis

ESG factors are part of

- exclusion filter : the governance factor is part of the 3 components that can lead to an exclusion if the score is insufficient;
- business profile : ESG challenges are taken into account in the criterias 'industry risk' (20 % weight) and 'business model' (30 % weight). The result of our ESG norms-based analysis and the ESG Best-in-class issuer score are taken into account in the "management" criteria (10 % weight) and lead to an automatic downgrade of the issuer score.

FI 11 Mandatory Core Assessed PRI 1

FI 11.1 Indicate how ESG information is typically used as part of your investment process.

| | SSA | Corporate (financial) | Corporate (non-financial) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| ESG analysis is integrated into fundamental analysis | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is used to adjust the internal credit assessments of issuers. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is used to adjust forecasted financials and future cash flow estimates. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis impacts the ranking of an issuer relative to a chosen peer group. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

| | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| An issuer's ESG bond spreads and its relative value versus its sector peers are analysed to find out if all risks are priced in. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| The impact of ESG analysis on bonds of an issuer with different durations/maturities are analysed. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Sensitivity analysis and scenario analysis are applied to valuation models to compare the difference between base-case and ESG-integrated security valuation. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| ESG analysis is integrated into portfolio weighting decisions. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Companies, sectors, countries and currency and monitored for changes in ESG exposure and for breaches of risk limits. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| The ESG profile of portfolios is examined for securities with high ESG risks and assessed relative to the ESG profile of a benchmark. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other, specify | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

FI 12

Mandatory

Additional Assessed

PRI 1

FI 12.1 Indicate the extent to which ESG issues are reviewed in your integration process.

| | Environment | Social | Governance |
|---------------------------|--|---|---|
| SSA | Environmental <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all | Social <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all | Governance <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all |
| Corporate (financial) | Environmental <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all | Social <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all | Governance <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all |
| Corporate (non-financial) | Environmental <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all | Social <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all | Governance <input checked="" type="checkbox"/> Systematically <input type="checkbox"/> Occasionally <input type="checkbox"/> Not at all |

FI 12.2 Please provide more detail on how you review E, S and/or G factors in your integration process.

| SSA |
|--|
| <p>Our ESG models and analysis of SSA are fully revised on a regular basis (on a yearly basis for sovereigns). Between two revisions, a continuous monitoring is done in order to take into account special events or new data that may impact the ESG final ranking in our Best-in-class approach or change our final decision related to norms-based or controversial activities checks. The results of the model and analysis revisions are communicate to portfolio managers. A presentation is done by the ESG analyst in charge related to : model description, results and changes in the SRI selection, issuer ESG profiles. The SRI selection, the eligible universe and details on ESG factors per issuer are delivered to portfolio managers on a monthly basis. All information related to the final decision based on the different ESG screenings, issuer's ESG factors are systematically taken into account by our portfolio managers to manage SRI processes but also to integrate ESG factors in their financial selections. In the case of an exclusion of one issuer from the SRI eligible universe, the positions have to be sold within the next 3 months.</p> <p>The portfolio manager manages the portfolio on a day-to-day basis and regular tactical and strategic committees are organised in the month in order to revise the strategies applied. During the strategic committees, the portfolio manager presents the SSA profiles that include the ESG factors and mention the reputational risks associated to specific ESG issues. The Global Head of SRI analysis and the ESG analyst in charge of country analysis participate to this monthly strategic meeting</p> |
| Corporate (financial) |
| <p>At Candriam, the ESG analyst have sector expertise. They are responsible for the ESG sector model and the analysis of issuer of the sector they have in charge. All sector models and issuers analysis based on those are revised on a regular basis. Between two sector revisions, issuers are subject to an ongoing control and continuous updates. If there is a major event liable to affect the rating assigned to a company (mergers and acquisitions, scandals, etc.), a warning can be launched on an issuer belonging to the SRI universe and its analysis is reviewed within the next three months. In the event of an SRI warning on an issuer, the portfolio manager can no longer add a position in this issuer. All sector reviews are communicated to portfolio managers and include : the sector model description, the issuers included/excluded from the universe, the issuer's ESG profiles and outcomes of direct dialogues.</p> <p>Each month, the ESG team provides the SRI eligible universe to the portfolio managers. All information related to the final decision based on the different ESG screenings, issuer's ESG factors are systematically taken into account by our portfolio managers to manage SRI processes but also to integrate ESG factors in their financial selections. The portfolio manager manages the portfolio on a day-to-day basis and regular tactical and strategic committees are organised in the month in order to revise the strategies applied. During the decision committees or at any time an issuer profile is discussed, the portfolio manager presents the issuers profiles that include the ESG factors systematically taken into account (Governance score, ESG score, norms-based decision, ESG business model risks). ESG analysts also participate to this monthly meeting in order to discuss ESG issues and issuer's ESG profiles.</p> |
| Corporate (non-financial) |
| <p>At Candriam, the ESG analyst have sector expertise. They are responsible for the ESG sector model and the analysis of issuer of the sector they have in charge. All sector models and issuers analysis based on those are revised on a regular basis. Between two sector revisions, issuers are subject to an ongoing control and continuous updates. If there is a major event liable to affect the rating assigned to a company (mergers and acquisitions, scandals,</p> |

etc.), a warning can be launched on an issuer belonging to the SRI universe and its analysis is reviewed within the next three months. In the event of an SRI warning on an issuer, the portfolio manager can no longer add a position in this issuer. All sector reviews are communicated to portfolio managers and include : the sector model description, the issuers included/excluded from the universe, the issuer's ESG profiles and outcomes of direct dialogues.

Each month, the ESG team provides the SRI eligible universe to the portfolio managers. All information related to the final decision based on the different ESG screenings, issuer's ESG factors are systematically taken into account by our portfolio managers to manage SRI processes but also to integrate ESG factors in their financial selections. The portfolio manager manages the portfolio on a day-to-day basis and regular tactical and strategic committees are organised in the month in order to revise the strategies applied. During the decision committees or at any time an issuer profile is discussed, the portfolio manager presents the issuers profiles that include the ESG factors systematically taken into account (Governance score, ESG score, norms-based decision, ESG business model risks). ESG analysts also participate to this monthly meeting in order to discuss ESG issues and issuer's ESG profiles.

| | | | |
|-------|-----------|-------------|-------|
| FI 13 | Voluntary | Descriptive | PRI 1 |
|-------|-----------|-------------|-------|

FI 13.1 Describe your RI approach for passively managed fixed income assets.

At Candriam, since 2010 we also apply an ESG screening to our Indexed funds because we are convinced that reputational risks strongly influence financial valorisation. Our passive managed fixed income are subject to an exclusionary screening and to a norms-based screening.

Screenings applied to corporates (financial and non-financial)

- controversial activities screening : Any issuers exposed to the weapons industry are permanently excluded from investments if they are involved in the manufacture or sale of controversial weapons(cluster munition, anti-personnel landmines, depleted uranium, chemical and biological weapons). Issuers exposed to tobacco (>5% revenues) and/thermal coal (>10% revenues) are also excluded.
- norms-based screening : Issuers are evaluated based on the 10 principles of the United Nations Global Compact covering Human and Labour rights, Environment and Corruption/Governance. If there are evidences of repeated and significant violations of these principles with no appropriate response or change of behaviour from the issuer, the issuer is excluded from investments.

Screenings applied to governments

- exclusionary screening : financing countries on the FATF/GAFI list is prohibited.
- norms-based screening : the norms-based analysis determines whether or not a country is considered as "not free" by Freedom House, if they have signed and ratified the main international conventions and, lastly, evaluates their compliance with these conventions. 18 international conventions/treaties are considered, among which - the main Human Rights conventions; - the Conventions of the International Labour Organisation; - the Ottawa Anti-Personnel Mine Ban Convention; - the Convention on Biodiversity and Protocol on Biosecurity
- Countries that are considered as "not free" and/or have not signed and/or ratified one or more of the 18 international conventions/treaties are excluded from investments.

| | | | |
|-------|--|---------------|-------|
| FI 14 | Mandatory to Report, Voluntary to Disclose | Core Assessed | PRI 2 |
|-------|--|---------------|-------|

Private

| | | | |
|-------|--|---------------------|---------|
| FI 15 | Mandatory to Report, Voluntary to Disclose | Additional Assessed | PRI 1,2 |
|-------|--|---------------------|---------|

FI 15.1 Indicate how you typically engage with issuers as a fixed income investor, or as both a fixed income and listed equity investor. (Please do not include engagements where you are both a bondholder and shareholder but engage as a listed equity investor only.)

| Type of engagement | SSA | Corporate (financial) | Corporate (non-financial) |
|---------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Individual/Internal staff engagements | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Collaborative engagements | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Service provider engagements | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

FI 15.2 Indicate how your organisation prioritises engagements with issuers.

| | SSA | Corporate (financial) | Corporate (non-financial) |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| Size of holdings | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Credit quality of the issuer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Duration of holdings | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Quality of transparency on ESG | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Specific markets and/or sectors | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Specific ESG themes | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Issuers in the lowest ranks of ESG benchmarks | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Issuers in the highest ranks of ESG benchmarks | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Specific issues considered priorities for the investor based on input from clients and beneficiaries | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

If 'other' has been selected, please give a description

We also may engage in response to ESG impacts that have already occurred (e.g. ESG controversies), as a response to divestment pressure or under our client(s)' request.

Systemic risks such as the exposure to fossil related stranded assets is also considered as a trigger for engagement.

| FI 15.3 Indicate when your organisation conducts engagements with issuers. | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | SSA | Corporate (financial) | Corporate (non-financial) |
| We engage pre-investment. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We engage post-investment. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We engage proactively in anticipation of specific ESG risks and/or opportunities. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We engage in reaction to ESG issues that have already affected the issuer. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We engage prior to ESG-related divestments. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other, describe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| FI 15.4 Indicate what your organisation conducts engagements with issuers on. | | | |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| | SSA | Corporate (financial) | Corporate (non-financial) |
| We engage on ESG risks and opportunities affecting a specific bond issuer or its issuer. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We engage on ESG risks and opportunities affecting the entire industry or region that the issuer belongs to. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We engage on specific ESG themes across issuers and industries (e.g., human rights). | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other, describe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| FI 15.5 Indicate how your organisation ensures that information and insights collected through engagement can feed into the investment decision-making process. | | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | SSA | Corporate (financial) | Corporate (non-financial) |
| Ensuring regular cross-team meetings and presentations. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Sharing engagement data across platforms that is accessible to ESG and investment teams. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Encouraging ESG and investment teams to join engagement meetings and roadshows. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Delegating some engagement dialogue to portfolio managers/credit analysts. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Involving portfolio managers when defining an engagement programme and developing engagement decisions. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Establishing mechanisms to rebalance portfolio holdings based on levels of interaction and outcomes of engagements. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Considering active ownership as a mechanism to assess potential future investments. | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Other, describe | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We do not ensure that information and insights collected through engagement can feed into the investment decision-making process. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If 'other' has been selected, please give a description
 information are also systematically shared through intranet & also ESG alert channels.

FI 15.6 Additional information.[OPTIONAL]

The ESG analysts in charge of Stewardship activities coordinate the engagement initiatives cross Candriam and ensures the existence of appropriate communication channels.

Depending the cases, outcomes of engagement initiatives are thus communicated to portfolios' managers through :

- **Quarterly SRI meetings** with SRI Ambassadors and notably with the three Fixed Income Ambassadors (Sovereigns, Corp, Money Market)
- **Sector committee reports**, which detail the dialogues that occurred during the sector reviews
- **SRI Monitoring Alerts and SRI Alerts**
- **Engagement report** published annually since 2009 (https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities_annual-report2018.pdf)
- **Informal dialogue between SRI analyst and Financial analysts** following the same issuers.
- **Regular tailor-made institutional client reports**
- **At events** we organize for our clients or to which we participate

FI 16 Mandatory to Report, Voluntary to Disclose Additional Assessed PRI 1,2

FI 16.1 Indicate if your publicly available policy documents explicitly refer to fixed income engagement separately from engagements in relation to other asset classes.

✓ Yes

FI 16.2 Please attach or provide a URL to your fixed income engagement policy document. [Optional]
<https://www.candriam.be/4956c2/siteassets/medias/publications/brochure/commercial-brochures/sri-brochure/stewardship-policy-2019.pdf>

○ No

FI 16.3 Additional information [OPTIONAL]
 Regarding our Corporate coverage, as our SRI analysis is done based on the same ESG sector models for issuer in the bond and/or equity scopes, we apply our engagement policy in the same way for both kinds of issuers.
 Regarding engagement with SSA, all the collaborative initiatives we are involved in are listed in our yearly published engagement report, available under <https://www.candriam.co.uk/494b32/siteassets/medias/publications/brochure/corporate-brochures-and-reports/engagement-report/engagement-activities-annual-report2018.pdf>

FI 17 Mandatory to Report, Voluntary to Disclose Additional Assessed General

FI 17.1 Indicate whether your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or performance.

| | SSA | Corporate (financial) | Corporate (non-financial) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| We measure whether incorporating ESG impacts portfolio risk. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We measure whether incorporating ESG impacts portfolio returns. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| We measure the ESG performance/profile of portfolios (relative to the benchmark). | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| None of the above | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

FI 17.2 Describe how your organisation measures how your incorporation of ESG analysis in fixed income has affected investment outcomes and/or ESG performance. [OPTIONAL]

For FI funds/portfolios applying active management of corporate issuers based on SRI Best-in-class screening
 ESG Performance :
 An ESG scoring of the portfolio is provided that is based on the results of our in-house SRI analysis described on Question FI 04.
 This report shows

- the global ESG score of the portfolio compared to the benchmark
- the global micro and macro scores resulting from our analysis and this compared to the benchmark scores;
- the detail of the micro analysis that will say the score of the portfolio compared to the benchmark for the different stakeholder's relation (employees, environment, suppliers, clients, society, investors);
- the detail of the macro score that will say the score of the portfolio compared to the benchmark for the different global sustainability trends (climate change, resource depletion, health & wellness, demographic evolutions, developing economies, interconnectivity)

For all FI active and passive management applying a ESG screening:

- Contribution of the ESG selection to the fund's risks and financial performances:
- As far as the risks and performances are concerned, we regularly compare the metrics of the funds applying ESG screenings with those of the others. A monthly file is provided by the reporting performance business unit.

FI 17.3 Additional information.[OPTIONAL]

Additionally, ESG impact indicators are regularly computed for the portfolio and its benchmark in order to provide a global view of our ESG screening impact. Those impact indicators include :

- E - carbon footprint
- E - water footprint
- E - 2 degrees scenario analysis
- S- goals to improve occupational health & safety performances
- S- collective bargaining agreement
- S- women on Board of Directors
- G - Board's of directors independence
- G - external auditor's independence
- G- audit Board independence

FI 18 Voluntary Descriptive PRI 1,2

FI 18.1 Provide examples of how your incorporation of ESG analysis and/or your engagement of issuers has affected your fixed income investment outcomes during the reporting year.

✓ Example 1

| Corporate (non-financial) | |
|--|---|
| | ESG issue and explanation |
| | This European issuer belongs to the Food, Beverage and Tobacco sector. It has been excluded from our investments due to its exposition to tobacco (revenue derived from sales of tobacco products superior to 5%). |
| ESG incorporation in passively managed funds | |

| |
|---|
| Impact on investment decision or performance |
| <p>This issuer is not eligible to all our portfolios (Candriam controversial activity policy applied by end 2018).</p> <p>Our passively managed funds and SRI corporate strategies were positively impacted by this decision, with a higher loss for this issuer than for the benchmark (-3.8 % return vav sovereign against -1.7 % excess return vav sovereign for the benchmark).</p> |

Example 2

| | |
|--|---|
| Corporate (financial) | |
| ESG issue and explanation | <p>This North American issuer belongs to the Banks sector.</p> <p>It has been excluded from our SRI universe for Breaches of the UN Global Compact principles under the Governance category due to the succession of poor commercial practices and tax evasion.</p> |
| ESG incorporation in passively managed funds | |
| Impact on investment decision or performance | <p>Our passively managed funds and SRI corporate strategies were positively impacted by this decision given the negative performance of this excluded issuer (-3.2 % against -1.7 % for the benchmark).</p> |

Example 3

| | |
|--|---|
| Corporate (financial) | |
| ESG issue and explanation | <p>This North American issuer belongs to the Banks sector.</p> <p>It has been excluded from our SRI universe for Breaches of the UN Global Compact principles under the Governance category due to the succession of poor commercial practices such as exchange rate manipulation and money laundering.</p> |
| Screening | |
| Impact on investment decision or performance | <p>The bonds of this company delivered a positive excess return on the year (-1.5%) and so its exclusion contributed negatively to the performance vav the benchmark of our indexed and ESG corporate processes</p> |

Example 4

| | |
|--|--|
| Corporate (non-financial) | |
| ESG issue and explanation | <p>This emerging market issuer belongs to the Energy sector.</p> <p>It has been excluded from our SRI universe for Breaches of the UN Global Compact principles under the Labour Rights category due to the repetitiveness of serious accidents.</p> |
| Screening | |
| Impact on investment decision or performance | <p>This issuer delivered a negative return of 6 % against the benchmark. Its exclusion from the SRI corporate strategies generated a positive contribution to the performance.</p> |

Example 5

| |
|-----|
| SSA |
|-----|

| | ESG issue and explanation |
|-----------|---|
| | <p>This European country is underweighted based on our SRI best-in-Universe country screening. The country scores is 62, with some weaknesses against European peers, especially in social capital and economic sustainability.</p> <p>The main strengths of the country are :</p> <p>Amongst the healthiest people in the World, achieving one of the highest life-expectancy Worldwide, and recording low prevalence of chronic diseases. (Human Capital)</p> <p>An economy slightly more energy efficient than average (in GDP per unit of energy use), combined with a high share of renewables within its energy mix (Natural Capital)</p> <p>A full-democratic country still improving on some criteria such as the protection of press freedom, enjoying a high level of security (Social capital).</p> <p>The main challenges this country is facing are</p> <p>A low rate of employment with a high youth unemployment rate (Human capital)</p> <p>An above average exposure to corruption& bribery, combined with an higher prevalence of poverty than the OECD average (Social Capital)</p> <p>A high public indebtedness (Economic Capital) With a score above 50, as developed country, this country is eligible for investments in SRI portfolios. Given its score and the combination with the economic growth factor, this country has to be underweighted vav its benchmark weight.</p> |
| Screening | |
| | Impact on investment decision or performance |
| | <p>This underweighting had a net positive impact on the performance against benchmark for our SRI developed debt strategy.</p> |

| CM1 01 | Mandatory | Additional Assessed | General |
|--|---|---------------------|---------|
| CM1 01.1 | Indicate whether the reported information you have provided for your PRI Transparency Report this year has undergone: | | |
| <input type="checkbox"/> Third party assurance over selected responses from this year's PRI Transparency Report <input checked="" type="checkbox"/> Third party assurance over data points from other sources that have subsequently been used in your PRI responses this year <input checked="" type="checkbox"/> Third party assurance or audit of the correct implementation of RI processes (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal audit of the correct implementation of RI processes and/or accuracy of RI data (that have been reported to the PRI this year) <input checked="" type="checkbox"/> Internal verification of responses before submission to the PRI (e.g. by the CEO or the board) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Whole PRI Transparency Report has been internally verified <input type="checkbox"/> Selected data has been internally verified <input type="checkbox"/> Other, specify <input type="checkbox"/> None of the above | | | |
| CM1 02 | Mandatory | Descriptive | General |
| CM1 02.1 | We undertook third party assurance on last year's PRI Transparency Report | | |
| <input type="radio"/> Whole PRI Transparency Report was assured last year <input checked="" type="radio"/> Selected data was assured in last year's PRI Transparency Report <input type="radio"/> We did not assure last year's PRI Transparency report <input type="radio"/> None of the above, we were in our preparation year and did not report last year. | | | |
| CM1 02.2 | Whole report was assured in last year's PRI Transparency Report | | |
| Who has conducted the assurance | | | |
| -Afnor for French national SRI label for Equities, Corporates invested SRI funds - Deloitte for compliance of holdings of SRI funds commercialized in Belgium (in practice, covers all our SRI Best-in-class product range and strategies) | | | |
| Assurance standard used | | | |
| <input type="checkbox"/> ISAE/ ASEA 3000 <input type="checkbox"/> ISAE 3402 <input type="checkbox"/> ISO standard <input type="checkbox"/> AAF01/06 <input type="checkbox"/> AA1000AS <input type="checkbox"/> IFC performance standards <input type="checkbox"/> ASAE 3410 Assurance Engagements on Greenhouse Gas Statements. <input type="checkbox"/> National standard <input checked="" type="checkbox"/> Other | | | |
| Specify | | | |
| French national SRI Label | | | |
| Level of assurance sought | | | |
| <input type="radio"/> Limited or equivalent <input checked="" type="radio"/> Reasonable or equivalent | | | |
| Link to external assurance provider's report | | | |
| https://www.candriam.com/en/professional/funds-search/afnor-certification/ | | | |
| CM1 02.2 | Selected data was assured in last year's PRI Transparency Report | | |
| What data has been assured | | | |
| <input checked="" type="checkbox"/> Financial and organisational data <input checked="" type="checkbox"/> Data related to RI activities <input checked="" type="checkbox"/> RI policies <input checked="" type="checkbox"/> RI processes (e.g. engagement process) <input checked="" type="checkbox"/> ESG operational data of the portfolio <input type="checkbox"/> Other | | | |
| Relevant modules | | | |
| <input checked="" type="checkbox"/> Organisational Overview <input checked="" type="checkbox"/> Strategy and Governance <input checked="" type="checkbox"/> Direct - Listed Equity Incorporation <input checked="" type="checkbox"/> Direct - Listed Equity Active Ownership | | | |

| | | | |
|--|---|-------------|---------|
| CM1 03 | Mandatory | Descriptive | General |
| CM1 03.1 | We undertake confidence building measures that are unspecific to the data contained in our PRI Transparency Report: | | |
| <input checked="" type="checkbox"/> We adhere to an RI certification or labelling scheme | | | |
| CM1 03.2 | Which scheme? | | |
| <input checked="" type="checkbox"/> National SRI label based on the EUROSIF Transparency guidelines | | | |
| | % of total AUM the scheme applies | | |
| | <input checked="" type="radio"/> < 25% <input type="radio"/> 25-50 % <input type="radio"/> 50-70 % <input type="radio"/> >75 % | | |
| <input type="checkbox"/> B-corporation | | | |
| <input checked="" type="checkbox"/> UK Stewardship code | | | |
| | % of total AUM the scheme applies | | |
| | <input type="radio"/> < 25% <input checked="" type="radio"/> 25-50 % <input type="radio"/> 50-70 % <input type="radio"/> >75 % | | |
| <input type="checkbox"/> GRESB | | | |
| <input type="checkbox"/> Commodity type label (e.g. BCI) | | | |
| <input type="checkbox"/> Social label | | | |
| <input type="checkbox"/> Climate label | | | |
| <input type="checkbox"/> RIAA | | | |
| <input checked="" type="checkbox"/> Other | | | |
| | Specify | | |
| <p>Our complete SRI product range covering all asset classes and regions is available on the Belgian market and submitted to the Beama-Febelfin methodology on SRI funds. Among the conditions to fulfill to be recognized as an SRI fund, there are some related to the type of ESG screening applied and the implementation process of the SRI approach to the fund has to be audited by an external auditor. This is done on a yearly basis. Our ESG research and our related operational processes have been fully audited in 2015 by an Austrian auditor in order to get the Eco-label for one tailor-made SRI mandate applying our Best-in-Class completed by a tailor-made normative and controversial activities screening. In 2017, for the first time, an Afnor certification of our ESG approach and investment process has been conducted to get the French national SRI label for 5 of our SRI funds (Candriam SRI Equity World, North America, Pacific, Candriam Bond Euro corporate and Candriam SRI Global High Yield). This certification has been conducted end 2018 and the funds have got their labellisation confirmed.</p> | | | |
| | % of total AUM the scheme applies | | |
| | <input checked="" type="radio"/> < 25% <input type="radio"/> 25-50 % <input type="radio"/> 50-70 % <input type="radio"/> >75 % | | |
| <input type="checkbox"/> We carry out independent/third party assurance over a whole public report (such as a sustainability report) extracts of which are included in this year's PRI Transparency Report | | | |
| <input checked="" type="checkbox"/> ESG audit of holdings | | | |
| CM1 03.4 | Describe the process of external/third party ESG audit of holdings, including which data has been assured. | | |
| <p>Compliance of portfolio holdings to ESG selection is conducted by an external auditor on a yearly basis for all SRI funds commercialized on the Belgian market as this is part of the conditions put forward by Beama-Febelfin SRI methodology.</p> <p>The Afnor certification conducted to get the French SRI national label has also controlled the ESG compliance of the audited funds to the ESG selection approach applied.</p> | | | |
| <input type="checkbox"/> Other, specify | | | |
| <input type="checkbox"/> None of the above | | | |

| | | | |
|---|--|-------------|---------|
| CM1 04 | Mandatory | Descriptive | General |
| CM1 04.1 | Do you plan to conduct third party assurance of this year's PRI Transparency report? | | |
| <input type="radio"/> Whole PRI Transparency Report will be assured | | | |
| <input checked="" type="radio"/> Selected data will be assured | | | |
| CM1 04.2b | Selected data will be assured | | |

| What data will be assured | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Financial and organisational data |
| <input checked="" type="checkbox"/> | Data related to RI activities |
| <input checked="" type="checkbox"/> | RI policies |
| <input checked="" type="checkbox"/> | RI processes (e.g. engagement process) |
| <input checked="" type="checkbox"/> | ESG operational data of the portfolio |
| <input type="checkbox"/> | Other |

| Relevant modules | |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Organisational Overview |
| <input checked="" type="checkbox"/> | Strategy and Governance |
| <input checked="" type="checkbox"/> | Direct - Listed Equity Incorporation |
| <input checked="" type="checkbox"/> | Direct - Listed Equity Active Ownership |
| <input checked="" type="checkbox"/> | Direct - Fixed Income |

We do not plan to assure this year's PRI Transparency report

| CM1 04.2a | Provide details related to the assurance that will be conducted | |
|-------------------------------------|---|--|
| 30102019 | | |
| | Who will conduct the assurance | |
| | Auditor and Verifier of the Belgian Quality Standards for RI products | |
| | Assurance standard to be used | |
| <input type="checkbox"/> | ISAE/ ASEA 3000 | |
| <input type="checkbox"/> | ISAE 3402 | |
| <input type="checkbox"/> | ISO standard | |
| <input type="checkbox"/> | AAF01/06 | |
| <input type="checkbox"/> | AA1000AS | |
| <input type="checkbox"/> | IFC performance standards | |
| <input type="checkbox"/> | ASAE 3410 Assurance Engagements on Greenhouse Gas Statements. | |
| <input type="checkbox"/> | National standard | |
| <input checked="" type="checkbox"/> | Other | |
| | Specify | |
| | Defined Belgian Quality Standards for RI funds | |
| | Level of assurance sought | |
| <input type="radio"/> | Limited or equivalent | |
| <input checked="" type="radio"/> | Reasonable or equivalent | |

| CM1 05 | Mandatory | Descriptive | General |
|--------|-----------|-------------|---------|
|--------|-----------|-------------|---------|

| CM1 05.1 | Provide details related to the third party assurance over selected responses from this year's PRI Transparency Report and/or over data points from other sources that have subsequently been used in your PRI responses this year | |
|-------------------------------------|---|--|
| | What data has been assured | |
| <input checked="" type="checkbox"/> | Financial and organisational data | |
| <input checked="" type="checkbox"/> | Data related to RI activities | |
| <input checked="" type="checkbox"/> | RI Policies | |
| <input checked="" type="checkbox"/> | RI Processes (e.g. engagement process) | |
| <input checked="" type="checkbox"/> | ESG operational data of the portfolio | |
| <input type="checkbox"/> | Other | |
| | Relevant modules | |
| <input checked="" type="checkbox"/> | Organisational Overview | |
| <input checked="" type="checkbox"/> | Strategy and Governance | |
| <input checked="" type="checkbox"/> | Direct - Listed Equity Incorporation | |
| <input checked="" type="checkbox"/> | Direct - Listed Equity Active Ownership | |
| <input checked="" type="checkbox"/> | Direct - Fixed Income | |
| | Who has conducted the assurance | |
| | - Afnor for French national SRI Label for Equities, Corporates invested SRI funds - Deloitte for compliance of holdings of SRI funds commercialized in Belgium | |

| | |
|--|--|
| Assurance standard used | |
| <input type="checkbox"/> ISAE/ ASEA 3000 <input type="checkbox"/> ISAE 3402 <input type="checkbox"/> ISO standard <input type="checkbox"/> AAF01/06 <input type="checkbox"/> AA1000AS <input type="checkbox"/> IFC performance standards <input type="checkbox"/> ASAE 3410 Assurance Engagements on Greenhouse Gas Statements. <input type="checkbox"/> National standard <input checked="" type="checkbox"/> Other | |
| Specify | |
| French national SRI Label | |
| Level of assurance sought | |
| <input type="radio"/> Limited or equivalent <input checked="" type="radio"/> Reasonable or equivalent | |
| Please provide: | |
| http://www.candriam.com/en/professional/funds-search/afnor-certification/ https://www.candriam.com/en/professional/funds-search/afnor-certification/ | |

| | | | |
|--------|-----------|-------------|---------|
| CM1 06 | Mandatory | Descriptive | General |
|--------|-----------|-------------|---------|

| | |
|---|---|
| CM1 06.1 | Provide details of the third party assurance of RI related processes, and/or details of the internal audit conducted by internal auditors of RI related processes (that have been reported to the PRI this year) |
| What RI processes have been assured | |
| <input checked="" type="checkbox"/> Data related to RI activities <input checked="" type="checkbox"/> RI policies | |
| Specify | |
| policies related to all RIactivities | |
| <input checked="" type="checkbox"/> RI related governance <input checked="" type="checkbox"/> Engagement processes <input checked="" type="checkbox"/> Proxy voting process <input checked="" type="checkbox"/> Integration process in listed assets <input checked="" type="checkbox"/> Screening process in listed assets <input checked="" type="checkbox"/> Thematic process in listed assets <input type="checkbox"/> Manager selection process for externally managed assets <input type="checkbox"/> Manager appointment process for externally managed assets <input type="checkbox"/> Manager monitoring process for externally managed assets <input type="checkbox"/> Other | |
| Who has conducted the assurance | |
| Afnor | |
| When was the process assurance completed(dd/ mm/yy) | |
| 14122018 | |
| Assurance standard used | |
| <input type="checkbox"/> IIA's International Standards for the Professional Practice of Internal Auditing <input type="checkbox"/> ISAE 3402 <input type="checkbox"/> ISO standard <input type="checkbox"/> AAF 01/06 <input type="checkbox"/> SSE18 <input type="checkbox"/> AT 101 (excluding financial data) <input checked="" type="checkbox"/> Other | |
| Specify | |
| Afnor for French national SRI label | |
| Level of assurance sought | |
| <input type="radio"/> Limited or equivalent | |

| | | | |
|--------|-----------|-------------|---------|
| CM1 07 | Mandatory | Descriptive | General |
|--------|-----------|-------------|---------|

CM1 07.1 Indicate who has reviewed/verified internally the whole - or selected data of the - PRI Transparency Report . and if this applies to selected data please specify what data was reviewed

CEO or other Chief-Level staff

Sign-off or review of responses

Sign-off

Review of responses

The Board

Investment Committee

Compliance Function

RI/ESG Team

Investment Teams

Legal Department

Other (specify)