



Human Rights Policy

Candriam

Table of contents.

- 1. Introduction 3
- 2. Human Rights Governance 3
- 3. Protecting Human Rights as a Company..... 4
 - 3.1. Staff and candidates..... 4
 - 3.2. Suppliers and contingent workers 4
 - 3.3. Clients 5
- 4. Protecting and Advancing Human Rights as an Investor 5
 - 4.1. Our vision and objectives 5
 - 4.2. Pre-investment decision: proprietary ESG analytical frameworks 5
 - 4.2.1. Corporate ESG analytical framework 6
 - 4.2.2. Sovereign ESG analytical framework 7
 - 4.2.3. Post-investment decision: monitoring at several levels 7
 - 4.2.4. Engagement and voting (stewardship of investees) 8
 - 4.2.5. Principal Adverse Impacts and human rights 8
 - 4.2.6. Looking forward 9
- 5. Useful links to Candriam policies..... 9



1. Introduction

Candriam, a global multi-specialist asset manager, is a pioneer and recognised leader in sustainable investments. We have been offering sustainable and responsible investment strategies since 1996 and are proud to be a founding signatory of the UN PRI. Candriam's values are embedded in our name – Conviction AND Responsibility In Asset Management – and these guide our corporate strategy and behaviour.

Respecting and upholding human rights is part of our corporate responsibility, as an employer, in our operations and as an asset manager to whom investors entrust their portfolios. It is our assessment that social issues are as important to address as environmental issues.

Candriam supports the principles enshrined in key international conventions and standards, such as the United Nations Universal Declaration of Human Rights (1948), the International Bill of Rights¹ (1966), the core standards of the International Labour Organization (1998, amended 2022), the UN Global Compact (2000), the UN Guiding Principles on Business & Human Rights (2011) and the OECD Guidelines for Multinational Enterprises (2011).

These principles guide our Human Rights Policy, which applies to all Candriam staff and stakeholders, across the company's operations and investment activities. It applies to any Candriam branch or subsidiary, whenever applicable, and its respective employees.

Links to related statements and policies are provided at the end of the text.

2. Human Rights Governance

Candriam's Group Strategic Committee oversees all strategic aspects pertaining to our activities, including sustainability. It oversees Candriam's due diligence approach for climate and human rights risks, including the formulation and review of appropriate policies.

Candriam's Board of Management and Board of Directors validate the relevant critical policies.

For Candriam's investment activities, the Sustainability Risk Committee oversees and steers the management of extra-financial risks and validates the human rights methodology applied to investments.

With regard to Candriam's operations (human resources and suppliers), the Corporate Social Responsibility (CSR) Ethics sub-Committee, which reports to Candriam's CSR Committee, defines, monitors and assesses human rights risks and related due diligence.

Candriam has put in place a whistleblowing system, which provides (internal and external) whistleblowers with a way to inform Candriam of any regulatory breaches, abuses or failings liable to cause significant harm, so that Candriam may prevent them in time and correct them.

Whistleblowers may make a declaration through the dedicated Whistleblowing Reporting Platform (available both via Candriam's website and intranet).

By doing so, and in compliance with the applicable regulations and procedures, the whistleblower can remain anonymous and will be protected against retaliation.

¹ The International Bill of Rights includes : the UN Universal Declaration of Human Rights 1948; the International Covenant on Economic Social and Cultural Rights (1966) and the International Covenant on Civil and Political Rights (1966)

3. Protecting Human Rights as a Company

Candriam promotes respect for human rights in its value chain and sets clear expectations towards its conducting officers, managers and all other staff across business units as well as towards its suppliers and contingent workers.

3.1. Staff and candidates

Candriam believes that its organisation is strengthened by its model, whereby its employees of diverse backgrounds are given equal opportunities for development.

Candriam has an overarching **Human Resources Policy** in place, which guides its interaction with staff and candidates. Its fundamental principles are to combat various forms of discrimination, harassment and violence; guarantee the health and safety of employees; ensure good working conditions; encourage social dialogue (most staff are covered by collective labour agreements at Candriam or at industry level); ensure equal opportunities and equal treatment between employees and candidates; and to promote a work environment that fosters diversity and inclusion. The policy also supports the abolition of all forms of modern slavery, human trafficking and child labour.

Dedicated policies (such as a remuneration policy, a recruitment policy, a diversity & inclusion (D&I) policy, a non-discrimination and anti-harassment policy, a work from home policy) and detailed procedures complement the overarching Human Resources Policy so as to ensure effective implementation.

Actions to ensure we can live up to the standards we set ourselves include the following examples: the deployment of a guide to responsible recruitment; the strengthening of our Know Your Employee procedure; a yearly quality of life at work and staff engagement survey; the introduction of a satisfaction questionnaire for applicants and the establishment of D&I ambassadors across Candriam's main office branches, reporting directly to the company D&I Committee.

Our objective is to foster and maintain a **culture of sustainability and respect**, shared at all company levels. We want to ensure that all staff have a proper understanding of these important matters, across investment, client-facing, operations and support functions. We have an on-boarding and off-boarding process, which ensures two-way information sharing.

All staff must sign and abide by the Candriam **Employees Code of Conduct**. All staff must periodically complete a mandatory **training** on anti-discrimination and anti-harassment. Adherence to Candriam's **values** is part of the **annual assessment process** for all our staff.

Candriam has implemented further internal training courses on modern slavery for all employees, with specific requirements for certain departments such as Human Resources, for which it will be mandatory. As part of Candriam's ESG training programme, all staff can undertake additional human rights training.

3.2. Suppliers and contingent workers

Candriam builds long-standing relationships with key suppliers and ensures that expectations of business behaviour are clear and consistent.

Candriam has developed an internal **Sustainable Procurement Policy**. Alongside the key principles of business integrity and anti-corruption, the human rights approach for suppliers is built around the same fundamental principles that guide Candriam's own Human Resources Policy.

Suppliers are requested to subscribe to and adhere to Candriam's **Supplier Code of Conduct**, which is published on the Candriam website. A **due diligence** process, with attention to human rights, is conducted prior to onboarding new suppliers and is periodically reviewed during the supplier relationship management process. For legacy suppliers, the due diligence process is organised based on the operational risk and spend priority.

Candriam's **Working Guidelines for Contingent Workers** must be signed by suppliers' employees when onboarded to execute a mission for Candriam. Thereby all contingent workers commit to respect

Candriam's own Code of Conduct, legal and compliance obligations (including but not limited to the respect of human rights, labour conditions, environmental respect, integrity, ethics and anti-corruption).

Candriam aims to continuously improve the process to monitor and onboard suppliers who respect the Sustainable Procurement Policy, including human rights. Consequently, in 2024, we focused on improving process automation for vendor monitoring and onboarding.

The Procurement Department receives regular **training** on human rights issues.

3.3. Clients

To ensure alignment with international standards, Candriam utilises a global due diligence tool that flags individuals or entities charged or indicted for serious human rights violations. For high-risk profiles, sectors or countries, an enhanced due diligence is conducted by the Know Your Customer (KYC) team. Based on the outcomes of this assessment, certain entities may not be considered for business engagement.

Relationships are periodically reviewed in a risk-based approach, and alerts flagged by anti-money laundering (AML) processes or due diligence tools trigger a follow-up investigation. In accordance with applicable sanctions regimes (e.g. UN and EU), Candriam may be required to freeze, restrict or reject accounts and transactions that violate sanctions laws.

4. Protecting and Advancing Human Rights as an Investor

4.1. Our vision and objectives

The protection and advancement of human rights for all, and in all regions of the world, is essential to ensuring a sustainable collective future. As an investor, we may be exposed² to human rights outcomes through the activities, products or services of investee companies and through the practices of investee countries. Such human rights issues reflect the double materiality principle: investments can have negative impacts on human rights outcomes. In turn, exposure to human rights risks can negatively affect the financial value of portfolios and lead to reputational damage for investors.

Thus, it is our responsibility to identify and minimise the potential negative human rights outcomes of investments, to understand the potential human rights risks issuers are exposed to and to manage them accordingly. This is an essential part of the risk management measures we implement when our clients entrust us with the creation of long-term value for their portfolios. It is also our objective to spot investment opportunities that embody good practices or make positive contributions to human rights matters. Moreover, we seek to use our position as an investor to positively influence human rights issues through the exercise of voting rights and dialogue with issuers.

To achieve these objectives, we have deeply embedded human rights at all stages of our sustainable investment process.

4.2. Pre-investment decision: proprietary ESG analytical frameworks

The analysis of human rights has long been an integral part of our proprietary ESG analytical frameworks. We develop granular evaluations of the human rights issues and potential risks at company, sector and country levels, and build an understanding of how investment portfolios are linked to them.

² As an investor, Candriam primarily invests in publicly listed instruments and does not take controlling or high ownership stakes through which it could cause or contribute to negative human rights outcomes. Please note that for Candriam's investments in third-party funds investing in private equity, the human rights policies that are specific to those funds apply, in addition to the fund-of-fund due diligence process. The way in which Candriam addresses the human rights outcomes it may cause through its own business activities are described in the earlier sections of this document.

Moreover, our assessments of the overall sustainability of corporate and sovereign issuers take into consideration human rights matters.

4.2.1. Corporate ESG analytical framework

Candriam's corporate ESG framework is structured around two screening pillars and two fundamental analysis pillars, in line with the principle of double materiality and with the objective of developing a comprehensive view of companies' human rights performance and identifying human rights-related risks that may affect the portfolio's potential long-term value. While human rights are an essential part of the analysis of all companies, they will be even more heavily weighted in the case of issuers, activities and sectors with intrinsically high human rights stakes. This materiality assessment is conducted systematically as part of the annual update of ESG sector models by ESG analysts: ESG analysts update the proprietary ESG models for their respective sectors and attribute relative weightings to ESG issues, including those pertaining to human rights. Sector models are updated more frequently in case of structural changes or events warranting a refresh.

- **Screening pillars:**

- **Norms-based assessment:** Candriam systematically evaluates compliance of corporates with international norms and standards, including those pertaining to human rights, and monitors and evaluates any incidents. This notably includes the principles of the United Nations Global Compact pertaining to human rights, as well as the Universal Declaration of Human Rights. ESG analysts continuously monitor issuers to identify any controversies with regards to these norms. When a controversy is identified, analysts assess its magnitude and severity, as well as the issuer's reactivity and the credibility of its response. Based on this analysis, controversies are classified according to a traffic-light system.
- **Controversial activities analysis:** ESG analysts assess companies' business activities to identify those issuers that are active in oppressive regimes. Our Oppressive Regimes List is comprised of countries in which human rights are severely breached on a regular basis, fundamental liberties are systematically denied and the security of people is not guaranteed due to government failure. We also look extremely carefully at totalitarian states or those countries in which the government is involved in war against its own people. Further, we systematically evaluate companies' exposure to controversial activities that can have particular implications in terms of human rights violations. For example, activities such as nuclear weapons and adult content can have particularly material implications in terms of human rights matters.

The results of these screening pillars are implemented in our strategies via Candriam's Exclusion Policy³, which specifies several levels of exclusions depending on portfolios.

- **Fundamental analysis pillars:**

- **Stakeholder management analysis:** Our ESG analysts evaluate issuers' ability to sustainably incorporate stakeholder interests into their long-term strategy, and their potential positive or negative impact on these stakeholders. These stakeholders include employees, suppliers, customers, investors, the environment and society. As part of the proprietary models developed for each sector, ESG analysts systematically assess the materiality of each stakeholder for each sector and quantify each stakeholder's relative materiality. Stakeholders such as employees, suppliers, customers and society are of particular importance for human rights evaluations and will therefore be assigned relatively significant weights in sectors subject to high human rights risks and impacts. For example, in evaluating relationships with suppliers, ESG analysts consider whether a company proactively seeks to prevent potential human rights abuses in its supply chain. This analysis is adapted to the specificities of each company. In the case of a raw materials producer, analysts will pay particular attention to the impact on the rights of local communities and whether human rights impact assessments are carried out.
- **Business activity analysis:** Candriam assesses the extent to which a company's business activities, products and services are exposed to and contribute, positively or negatively, to key

³ [Candriam Exclusion Policy](#)



sustainability challenges (KSCs). These KSCs are Health & Wellness, Digitalisation, Demographic Change, Climate Change and Resource Depletion. While human rights issues are linked to all KSCs, those particularly important in our human rights assessments are Health & Wellness, Digitalisation and Demographic Change. For instance, Digitalisation is linked to human rights matters such as privacy and freedom of speech. Similarly, the way companies contribute to the trend of Health & Wellness can have implications for the human right to health and well-being, including food and medical care. The way in which these KSCs are analysed is a function of the models developed systematically by our ESG analysts, which are materiality-based, meaning that key sustainability challenges will be weighted according to their relevance for specific sectors. This makes those challenges that are most critical for each issuer's sustainability, including their respect of human rights, the central focus of this analysis.

Together, these fundamental analysis pillars allow us to evaluate the extent of a company's exposure to human rights risks and its ability to prevent, address, mitigate and remedy the human rights outcomes arising from its business operations. These analytical outputs are integrated into our strategies through rules and guidelines defined for different types of funds and mandates.

4.2.2. Sovereign ESG analytical framework

Candriam's sovereign ESG framework is composed of a screening process and a fundamental analysis.

- **Screening:** In accordance with Candriam's Exclusion Policy, we do not invest in the debt of sovereign or quasi-sovereign entities that are on Candriam's Oppressive Regimes List, which covers severe human rights violators. Further, we implement exclusions pertaining to the Financial Action Task Force Call for Action List and Freedom House's Freedom in the World Index. We may also apply discretionary exclusions proposed by the ESG Team and validated by Candriam's Sustainability Risk Committee. These discretionary decisions take into account participation in international conventions (e.g. Second Optional Protocol to the International Covenant on Civil and Political Rights). ESG analysts continuously monitor countries' compliance with this set of democracy and freedom filters.
- **Fundamental analysis:** This analysis delves into the four forms of sovereign capital and their sustainable development: Human Capital, Social Capital, Natural Capital and Economic Capital. The analysis produces a score for each capital and an overall country score. These scores are integrated into our investment strategies through guidelines and rules defined for different types of funds and mandates. While human rights risks and outcome are in many ways linked to the development of all four forms of sovereign capital, Human and Social Capital are of particular importance in the assessment of countries' human rights risks and impacts. For example, our Human Capital analysis covers issues such as health, slave labour and discriminatory labour practices. Social Capital also includes a variety of matters intimately connected to human rights, including freedom of expression and belief, as well as civil liberties and minority rights.

4.2.3. Post-investment decision: monitoring at several levels

Our consideration of human rights issues does not stop once an investment decision has been made. Instead:

- Candriam's ESG Investment Policy defines ESG rules that portfolio managers must follow, in line with the ESG characteristics of the products they manage. The policy is monitored by Risk Management via a constraints management system.
- The implementation of the ESG assessment results into portfolios, including the assessment of human rights outcomes and risks, is closely monitored. ESG indicators and associated limits, including PAIs (Principal Adverse Impacts⁴), are defined by the Risk Management department, validated by the Sustainability Risk Committee, monitored by Market Risk Management, and integrated into risk reports.
- Once invested, issuers continue to be monitored on an ongoing basis using our proprietary ESG analytical frameworks. Changes with regards to human rights issues are evaluated to determine appropriate actions to be taken.

⁴ Sustainable Finance Disclosure Regulation, SFDR.



- Candriam also monitors ESG performance at portfolio level. Depending on the portfolio, this can for example include tracking the performance of the portfolio in ESG matters in comparison to its benchmark or reporting on specific ESG key performance indicators.

4.2.4. Engagement and voting (stewardship of investees)

Human rights are an important consideration in our exercise of voting rights and in the direct and collaborative dialogues we conduct with issuers. The insights we gather through these engagement activities on issuers' human rights practices also feed our investment decision-making process.

Voting activity

Candriam makes every effort to ensure that the exercise of voting rights is aligned with the protection of human rights. We have had our own Voting Policy since 2005; it includes the human rights performance of companies when analysing ballots and determining votes. Our voting analysts consider the following:

- Social performance scores
- Past and present controversies

Every year, Candriam defines a list of companies likely to be subject to “highly sensitive” votes, which may lead to sanctioning votes. Human rights constitute one of the key factors in this list. Companies with poor scores on human rights benchmarks and/or involved in specific controversies are included in our watchlist, and we exercise voting rights, among other avenues, to signal our position and concerns. Any companies involved in human rights issues, such as forced labour, are systematically added to the watchlist.

Engagement activity

Candriam seeks to promote the protection of human rights through engagement with investee companies and countries. This field of engagement has become more prominent over the past five years. Areas in which human rights risks are most salient include, but are not limited to, supply chain management, forced labour and digital rights.

For corporate issuers for example, Candriam clearly expresses through its engagements that issuers should demonstrate, amongst other elements:

- the existence of a strong human rights policy
- strong human rights governance
- regular human rights impact assessments
- human rights due diligence procedures covering operations and supply chains
- human rights risk remediation procedures
- a whistleblowing programme
- regular human rights performance reporting.

4.2.5. Principal Adverse Impacts and human rights

In accordance with the Sustainable Finance Disclosure Regulation (SFDR), Candriam integrates Principal Adverse Impacts (PAIs) into its sustainable investment process, and tracks and reports on PAIs, including those that can be linked to human rights issues (i.e. PAIs 9, 10, 11, 12, and 16⁵). Through this integration of PAIs, Candriam also implements the Do No Significant Harm (DNSH) principle as defined by SFDR.

PAIs are integrated into investment decisions via Candriam's ESG analytical framework and its Exclusion Policy. Moreover, Candriam's engagement activities contribute to avoiding or reducing adverse impacts. Thus, all requested PAIs are covered by our ESG assessment framework, our Exclusion Policy and/or our engagement activities.

⁵ Mandatory PAI10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises, 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises, 12. Unadjusted gender pay gap, 16. Investee countries subject to social violations, Additional PAI 9. Lack of human rights policy

4.2.6. Looking forward

Remaining at the forefront of embedding human rights considerations into our investment decisions requires us to *anticipate* issues likely to have particularly significant impacts on human rights in the future, for two reasons:

1. We continue to see an increase in the financial materiality of human rights, i.e. their potential impact on issuers' financial performance and reputation, and hence on portfolios' overall risk/return profiles.
2. Institutional clients require it, notably because of the role of these considerations in comprehensive risk management.

For example, the areas of child protection and labour rights are likely to become more prominent and should benefit from concerted efforts. Candriam seeks to play a role here, notably through our engagement activities and a thematic strategy focused on companies that contribute to the well-being of children.

Data accessibility, quality and materiality are key challenges in integrating human rights into sustainability assessments. Here, over the next few years, we will focus on developing innovative and meaningful approaches to leverage the increased disclosures following the implementation of the Corporate Sustainability Reporting Directive, in which human rights are an essential pillar, and the Corporate Sustainability Due Diligence Directive.

Monitoring human rights on a country level is a complex process, as the jurisdictions with the most severe violations also lack freedom of speech. Thus, Candriam participates in various initiatives aimed at providing a more accurate measurement of sovereign human rights performance and will continue to promote strategies and thought leadership focused on incorporating human rights into investment decision-making.

5. Useful links to Candriam policies

As a Company:

- [Candriam Diversity & Inclusion Charter](#)
- [Candriam Non-Discrimination and Anti-Harassment Policy](#)
- [Candriam Whistleblowing Procedure](#)
- [Candriam Supplier Code Of Conduct](#)

As an Investor:

- [Candriam Exclusion Policy](#)
- [Candriam Sustainability Risk Management Policy](#)
- [Candriam Engagement Policy](#)
- [Candriam Proxy Voting](#)