CANDRIAM
A NEW YORK LIFE INVESTMENTS COMPANY

Candriam Proxy Voting

This policy will apply to 2026 voting season, from 1 January 2026

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Table of contents.

Introduction Voting and Engagement are complementary efforts 4

Basic principles of the Candriam Voting Policy 6

2.1 Shareholder Rights 6

2.2 Equal Treatment of Shareholders 7

2.3 Board Accountability 7

2.4 Transparency and Integrity of Financial and Non-financial Statements 7

Efficient Corporate Governance Practices 8

3.1 Annual and Special General Meetings 8

3.2 Dividends 9

3.3 Boards of Directors 10

3.4 Remuneration of Directors, Committee Members and Senior Managers 16

3.5 Audits, Financial and Non-Financial Reporting 19

3.6 Share Capital & Anti-Takeover Measures 21

3.7 Climate Change Voting 23

3.8 Other Management Resolutions 24

3.9 Other Shareholder Resolutions 26

Definition & implementation of the Candriam Voting Policy 29

4.1 Candriam Proxy Voting Committee 29

4.2 Voting Scope 30

4.3 Role of Proxy Advisers 31

4.4 Markets Subject to 'Share Blocking' 32

4.5 Identification and Management of Conflicts of Interests 32

4.6 Securities Lending 33

4.7 Links to other Engagement Activities — Direct and Collaborative Dialogues 34

Reporting on Voting 35

5.1 Internal Reporting 35

5.2 External Reporting 36

Introduction

Voting and engagement are complementary efforts.

As a Responsible investor, Candriam pays particular attention to the corporate governance policies, structures and sustainable practices of the companies in which it invests on behalf of its customers and the funds under management. It is Candriam's conviction that sound corporate governance and sustainable practices contribute to the long-term shareholder value creation, which aligns with our fiduciary duty to our clients.

'Corporate Governance' can be defined as "the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as the Board, managers, shareholders and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company's objectives are set and the means of attaining those objectives and monitoring performance".[1]

The Candriam approach to Corporate Governance relies on internationally recognized standards, notably the principles laid down by the OECD[2] as well as by the International Corporate governance Network (ICGN).[3]

Corporate Governance is critical in helping companies achieve their goals and control risks through creating policy and monitoring its implementation. Our voting approach is aligned with the framework we employ to analyse issuers and construct our investment opinions, across our range of investment strategies. Our voting approach is also a core component of our global Engagement Policy and our Active Ownership strategy.

Our Voting and Dialogue activities complement each other.

1 - OECD definition.
2 - OECD (2023), G20/OECD Principles of Corporate Governance 2023, OECD Publishing, Paris, https://doi.org/10.1787/ed750b30-en
3 - ICGN Global Governance Principles. Integrated Reporting, https://www.icgn.org/sites/default/files/2021-11/ICGN%20Global%20Governance%20Principles%202021.pdf

The central goal of the Candriam Voting Policy is to safeguard the interests of all Candriam clients and funds under management, and to foster shareholder value while also taking into consideration the interests of all stakeholders. This Policy is reviewed annually.

Our Policy outlines the high standards of corporate governance set for investee companies and establishes written procedures to ensure proxy votes are cast in the best interest of our clients. Candriam recognizes that there are no "one-size-fits-all" structures. Candriam takes into account market capitalization and ownership structure, legal systems, local corporate governance codes and, finally, company explanations, on a comply-or- explain basis. Indeed, in the event of non-application of the local best recommendations, companies are expected to disclose all recommendations not followed and specific reasons for such deviations. While Candriam seeks to apply a standard of good governance practice, we also factor in regional differences which leads us to introduce *region-specific requirements.* In some cases, we may bring support to some principles that are not yet as accepted in certain geographic regions. Indeed, as a responsible investor, and when going beyond observed market practices and expecting our investee companies to adhere to those ***principle-based requirements***, we choose to promote governance practices which we believe serve the best interests of our clients, and of the ultimate beneficiaries of the investments.

We, as well as the United Nation Principles for Responsible Investment (UN PRI), believe that proper management of Environmental, Social and Governance factors contributes to long-term shareholder value as well as to the management of risk. We make our voting choices to serve the interest of the broadest range of company's stakeholders. Candriam was a founding signatory of the UN PRI in 2006.

Given our company-specific approach, the present Voting Policy describes

- General governance principles, which are the cornerstone of our approach;
- Governance practices we support or, conversely, which are of concern.

Basic Principles of the Candriam Voting Policy.

Candriam makes every effort to ensure that the exercise of voting rights complies with the objectives and investment policy of the portfolios which hold the securities to which the voting rights are linked.

It is an underlying premise that Candriam will abstain from voting, or will vote «Against», in cases where it has reserves about the governance of the company in question, where the proposed resolution contravenes the interests of shareholders, the resolution is unclear, or there is not enough information available. In that respect, before voting, Candriam does its utmost to ensure that it has at its disposal the information it needs to justify its decision.

The following four principles are the cornerstones of Candriam's Proxy Voting Policy.

2.1 Shareholder Rights

The corporate governance structure and practices of companies should protect the rights of shareholders.

Basic shareholder rights include the right to:

- Trade shares;
- Participate and vote at general meetings;
- Elect members of the Board;
- Share fairly in the distributable profits of the company;
- Elect the auditors.

Shareholders also have the right to express their position by voting on proposals concerning fundamental changes to the company, such as:

- Amendments to the Articles of Association, in particular regarding increases in share capital or other changes to the share capital or ownership structure of the company;
- The approval of extraordinary transactions which significantly affect the mission or the capital structure of the company.

2.2 Equal Treatment of Shareholders

The equal treatment of shareholders is one of the basic tenets of sound corporate governance. All shareholders of the same class should be treated equally.

- In principle, and in accordance with the "one share-one vote" principle, all shareholders should have the same voting rights.
- Processes and procedures for general meetings of shareholders should allow for equal treatment of all shareholders. Company procedures should not make it unduly difficult or expensive to cast votes.

2.3 Board Accountability

Board members should be fully informed and act in the medium- and long-term sustainable interests of all shareholders towards value creation. The accountability and structure of the Board of Directors influence the way in which a company is directed and controlled, and the Board should consider nominating a sufficient proportion of independent directors to the Board.

The Board of Directors should demonstrate adequate oversight of materially relevant sustainability risks. These matters vary depending on the company, its business, strategy and activity.Accountability is also appreciated depending on the Board's responsveness to shareholders' feedback and managerial proposals that do not receive substantial support.

2.4 Transparency and Integrity of Financial and Non-financial Statements

Accurate and transparent financial and non-financial information are prerequisites for the efficient functioning of capital markets. Information should be independently audited to the highest standards. Disclosure of information regarding the company's financial and non-financial situation and performance, ownership, and governance should be timely, accurate, and transparent. An annual audit should be performed by an independent auditor for the benefit of the shareholders.

Efficient corporate governance practices.

These four guiding principles (**section 2**), when applied to concrete governance practices, lead amongst other things to: **a well-functioning Board; sound remuneration practices; rigorous and independent audit procedures; and the optimal and fair use of share capital.**

Below are details of some major topics for which we can have a voice when voting at annual and/or special general meetings, and for which we apply a standardised approach for reward or criticism.

3.1 Annual and special general meetings

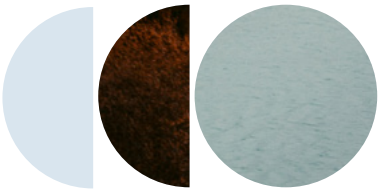
Resolution Type	Examples of resolutions
Managerial	Approval of Financial statements / Statutory reports Amendments to Rights to Call Special Meeting
Shareholder	Amendments to Meeting Procedures Amendments of Articles/Bylaws/Charter - Calling Special Meetings

Shareholders need sufficient time to assess the agenda of a General or Special Meeting if they are to vote in an informed way. In addition, voting procedures should be made as flexible, efficient and confidential as possible to facilitate proxy voting by both national and foreign shareholders.

Candriam takes the approach that:

- The complete agenda of the General/Special Meeting should be available at the latest 21 calendar days before the meeting, together with management's contextual explanations on the resolutions submitted to shareholders' approval. The relevant information should be available on the company's website in both the national language and in English (should the national language not be English);
- The resolutions should each be separate, not bundled;
- The voting procedures should be based on the record date: no measure should be made to block shares during a certain period before the meeting;
- The shareholders should have the opportunity to submit remote votes, by electronic means, by correspondence or via a proxy;
- The shareholders should be able to vote confidentially;
- The shareholders who have used electronic means must be kept informed of the manner in which their vote has been cast; the results of the meeting, furthermore, should be made public

In addition, in case a significant percentage of shareholders are prevented from attending the meeting because of an exceptional event, as soon as feasibility criteria are met and local regulations permit it, Candriam will support the set up of virtual and/or hybrid meetings, depending on the context. Shareholders shall always be enabled to interact with company management at General Meetings, even in these special circumstances



3.2 Dividends

Resolution Type	Examples of resolutions
Managerial	Approve Allocation of Income and Dividends

Dividends may be accused of reflecting a 'short- termist' view of company managements. Indeed, in some regions such as the European Union, there has been a trend toward short-term benefits of shareholders, sometimes through increased pay-outs, while capital spending or research & development ratios declined over the same 15-year period.[4] As a Responsible investor, it is also our duty to voice the long-term interest of stakeholders in the dividend decision.

The dividend policy must be justifiable. The profit distribution rationale must strike a balance between shareholder dividend expectations, and the needs of the company with respect to sustainable medium- and long-term development, both financial and non-financial. Any dividend assumed to be detrimental to financial structure, to long-term business development, and/or not respecting the equal treatment of shareholders should be avoided.

In specific circumstances, such as in case of high uncertainty in financial markets and exceptional economic downturns, caution is recommended; especially when cash preservation appears the most likely way to protect business and workforces. For companies which have received loans or subsidies from government assistance programs, suspension of dividend payments should be the rule, although some exceptions may be justified.

4 - Study on Directors' duties and sustainable corporate governance, European Commission final report (EY, July 2020).

3.3 Boards of Directors

Resolution Type	Examples of resolutions
Managerial	Director or Chairperson (re-) election Election of Directors of important subcommittees Discharge of the Board Individual discharge of Directors
Shareholder	Elect a Shareholder Nominee to the Board Elect a Director Elect Minority Representative Elect an independent Chairperson Disclose the competency matrix for the Board Removal of Existing Board Directors

The structure and composition of a Board of Directors may vary; some countries have preferred structures. In a voting context, Candriam may encounter companies with either a single-tier structure (Board composed of a mix of executive and non-executive directors) or with a two-tier structure (management and supervisory boards are independent from each other).

For clarity, this policy will use "Board of Directors" to refer to both single-tier Boards of Directors and to two-tier Supervisory Boards.

The composition of the Board of Directors, its independence, and its competence each have a significant impact on overall governance issues and, consequently, on the value of the company.

The role of the Board of Directors is, inter alia[5], "to review and guide corporate strategy, major plans of action, risk policy, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestures". The Board of Directors provides leadership, works towards the long-term prosperity and shareholder value of the company; sets and exemplifies the values and standards of the company, and establishes a framework for the effective assessment of risks and opportunities. The Board should also ensure compliance with the applicable legislation.

Board members should act on a fully informed basis, in good faith, with due diligence and care. They should act in the best interests of all stakeholders.

An efficient Board of Directors will comprise individuals with a diverse mix of experience and competencies. Its members should have both analytical and strategic skills. The Board, and particularly non-executive directors, should demonstrate independence and exercise objective judgment over corporate affairs. Independent non-executive Board members should be capable of exercising objective and independent judgment, particularly where there is a potential conflict of interest.

Board members are collectively responsible for the oversight and control of the company and its management. We also believe that individual directors can and should be held responsible for their sphere of action and/or individual actions. Accordingly, Candriam might decide not to support the re-election of a Board Chairperson or of the relevant director if we consider that they have failed in their duties of oversight and control.

5 - OECD, https://www.oecd.org/corporate/ca/corporategovernanceprinciples/1930700.pdf

Below we discuss some of the elements we consider when evaluating the composition, structure, and organisation of companies.

Separation of Chairperson and CEO

There should be a clear separation of the roles of Chairperson of the Board and CEO. This is necessary to ensure a balance of power at the helm of the company. The two roles are different and should not be held by the same individual. The Chairperson presides over Board meetings, sets the agenda, ensures that timely and relevant information is provided to other Board members, controls the flow of information, and focuses on shareholder interests. The CEO, on the other hand, manages the company on a day-to-day basis. These roles can be combined in exceptional circumstances but only on a temporary basis.

CEO Becoming Chairperson

Candriam does not oppose a CEO becoming Chairperson after a cooling-off period of two years, under normal circumstances. We will strive to ensure that there are safeguards in place to provide room for manoeuvre to the new CEO.

Lead Independent Director

The Lead Independent Director (LID) is the reference point for the coordination and contributions of the independent directors. Amongst other roles, the LID serves as liaison between the Chairperson and the independent directors, presides over the yearly assessment of the Chairperson by the non-executive directors and has the authority to convene and preside over independent directors-only meetings. Candriam believes that the presence of the LID is beneficial to the efficient functioning of the Board as long as such directors are able to allocate sufficient time to the role. For European companies with a non-independent chairperson, Candriam requires that the board has a lead independent director appointed.

Structure of the Board

The role of non-executive directors is to constructively challenge management strategy and decisions and to monitor management performance.

Non-executive directors bring an external perspective to company affairs and raise issues that might not have been brought up by management. The Board of Directors should consist of a sufficient proportion of independent non-executive directors. We believe that **in mature markets, Boards of controlled companies should consist of at least one-third independent directors. For non-controlled companies, at least fifty percent of directors should be independent.** For emerging markets, Candriam acknowledges that practices differ from one region to another but favours when companies adopt best practices.

Candriam's assessment of independence is based on the links between a non-executive director and the company, including both private or professional links which could potentially affect the independent exercise of judgment.

Candriam does not believe that a "connected" or non-independent director is, per se, detrimental to a company Board or overall corporate governance and evaluates the structure of the Board as a whole.

For Candriam, "A director is independent if he/she has no relationship(s) with the company, the group, or its management that could impair their judgment and/or create a conflict of interest. The independent director challenges management strategy and expresses their opinion in the best interests of all the shareholders".

Consequently, a non-executive director will not be considered independent by Candriam if he/she:

- Has been an employee or a manager of the company or group during (at least) the previous five years;
- Has or has had, during the previous five years, a material business relationship with the company either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
- Has close family ties with any of the company's advisors, directors or senior employees;
- Holds cross-directorships with executive directors or those in a comparable role;
- Represents a significant shareholder;
- Has excessively[6] served on the Board as a non-executive or supervisory director.
- Has received or is receiving additional remuneration from the company other than his/ her director's fees;
- Is not considered independent by the company.

6 - A director is no longer considered independent if he/she has served on the board more than three mandates. According to the methodology, mandates can be maximum four years.

Competence of the Board

The structure of the Board and its independence are not an end in themselves. Candriam believes that the competence and the expertise of candidates for the Board and current Board members are also crucial and require scrutiny. Mere biographical details do not suffice; as a general rule, shareholders should be provided with a detailed report of the skills and competences of Board members including a clear Board skills matrix where directors' backgrounds and competences are objectively assessed and communicated. Individual track records, broken-down into Board and Committee meetings' attendance, and past performance are evaluated when electing or re-electing Board members.

The board should have a sufficient understanding and expertise of the industry in which the company operates. Candriam also supports election of directors possessing competences on sustainability topics identified as important challenges (in a risk / opportunity perspective) by the company.

Where it is material, Candriam expects company Boards to develop and disclose how they oversee cyber risk, data protection and Artificial Intelligence ("AI"), and the control mechanisms in place. The Board should possess the appropriate skills and experience to fulfill this oversight role and demonstrate a comprehensive understanding of the infrastructure needed to protect valuable information assets, key intellectual property, and confidential customer data.

Indeed, for the first time, in 2024 companies in the US are required to include their cybersecurity risk management and governance frameworks in their Annual Reports (Form 10-K or 20-F) following the SEC's cybersecurity rule adopted in July 2023. In Europe, ESRS and CSRD also require companies to report on how risks related to data collection, use and storage are managed. As cybersecurity and data privacy risks increase, companies must be ready for heightened regulatory expectations and stakeholder scrutiny. Inadequate Board oversight of these risks could result in votes against director elections, executive remuneration, and discharge.

Personal Development and Appraisals

The company should provide an induction program for new Board members which should include, amongst other things, an overview of the company's business and structures, and of its financial dynamics, specificities and risks. In addition, directors' needs should be regularly reviewed, and training offered to Board members on an ongoing basis, including on sustainability-related topics, when challenges faced by the company require it.

The performance of individual Board members should be appraised annually by the Nominations Committee. Candriam strongly encourages the disclosure of an independently-verified skills matrix for each individual to accompany the nomination of directors. This independent verification should be performed by an external third party and should not rely on self-assessment.

Board Size

Boards should be neither so small that they lack the necessary expertise, breadth of experience, and independence required, nor so large that through their excessive size, they become inefficient and incapable of taking decisions. Board requirements and needs will vary from company to company but Candriam believes that Boards should comprise a minimum five members and a maximum of 15 members.

Time Commitments

Companies should ensure that Board members can devote sufficient time to their duties and responsibilities and review time commitments regularly. Time commitments vary by country and market; 'overboarding' of directors is a common problem in certain markets.

Candriam generally considers **that individuals should not hold more than four positions at listed companies** while executive and chairperson positions are counted as three and two, respectively. We pay special attention to the role of chairs of various committees, especially the audit committee chairs and lead independent directors due to the growing workload brought with these positions and their importance. Consequently, Candriam may consider that Directors holding such roles should accept a reduced number of positions at listed companies.

Separate Meetings for Independent Non-executive Directors

In order to fulfil their role and responsibilities such as challenging management strategy, scrutinizing its performance, succession planning and ensuring accuracy of the financial information, independent non-executive directors should be able to meet without the executive directors being present. Companies should disclose the frequency and attendance of such meetings.

Board Committees

Companies should establish separate Nomination, Audit, Remuneration and Sustainability Committees with disclosed terms of reference to advise the Board as a collegial body. They should be fully independent, or at least consist of a majority of independent directors, with no executive directors (the latter may attend, but only at the invitation of the Committees). In case the board has failed to establish a key committee, the board is considered to be fulfilling the roles of such committees. Committees should meet regularly, and attendance should be disclosed. They should be entitled to seek external professional advice.

The Nomination Committee should ensure that performance appraisals are carried out, propose new directors to the Board as well as key nominations (members of the Management Board, members of the Executive Committee and executive directors who are not Board members), regularly review succession planning (to ensure smooth transitions and the long-term success of the business) and ensure that the Board is fitted with the right mix of competence, expertise and skills.

The Remuneration Committee is tasked primarily with ensuring that the compensation of Executive Directors is aligned with corporate performance and with the long-term interests of shareholders.

At least one member of the Committee should have sufficient expertise in the field of remuneration. Remuneration of key individuals such as the members of the Management Board, members of the Executive Committee and executive directors who are not Board members should also be under the supervision of the Remuneration Committee.

The Audit Committee has a number of important responsibilities which include assessing and querying the financial and non-financial reporting issues raised during the drafting of the financial and non-financial statements; ensuring the accuracy and integrity of the financial statements; reviewing the company's internal financial controls and risk management systems and procedures; selecting and monitoring the external auditor; considering the re-appointment, resignation or termination of the external auditor; drafting a policy for the provision of non-audit services; and reviewing the whistle-blowing procedures.

The expertise of the members of the committee is also examined (presence of financial experts, such as Chartered Accountants and Certified Auditors) in order to ensure that they possess sufficiently robust backgrounds in accounting and audit.

We also believe the Audit Committee role includes raising issues of material climate risks with auditors, and presenting corporate reporting which is transparent regarding these risks. The Audit Committee should ensure that the financial impact of climate risks is reflected in the financial reporting. Therefore, members of the Audit committee, and in last resort, the board Chair, shall be held responsible where climate risks represent a material headwind to a business and the reporting of these risks is deemed inadequate or financial statements are viewed to be misleading.

The Sustainability Committee is responsible for all aspects of the Board's sustainability strategy and for accompanying its implementation. This includes ensuring that the company's climate strategy is aligned with the Paris Agreement, underpinned by science-based targets, interim milestones, and transparent progress reporting. This committee should focus on the materially relevant sustainability topics for the company and its stakeholders. It should also be competent to oversee the management actions on sustainability and report it to the board; therefore, members should have sufficient backgrounds to fulfil such duties.

For high-emitter sectors as defined by Paris-aligned benchmark, Candriam requires that:

• As of January 1, 2024, high-emitter companies in our net-zero engagement coverage;

• As of January 1, 2025, all high-emitter companies in developed markets[7]

• As of January 1, 2026, large-cap companies belonging to the high-emitter sectors in emerging markets

• As of January 1, 2027, all companies belonging to the high-emitter sectors in emerging markets to have an Sustainability committee established at the board level.

Candriam views the establishment of a dedicated sustainability committee as a key element of effective board governance. Where such a committee has not been established, responsibility for initiating and ensuring that appropriate governance structures are in place lies with the Board Chair.

Discharge of Directors from Liability

Board Members must act on a fully informed basis, in good faith and with due diligence and care. They must act in the best interests of the sustainable medium- and long-term growth of the company and in the best interests of the shareholders. The Board must also ensure compliance with applicable laws and regulations.

Considering this principle, and also that resolution may limit legal claims against directors in some jurisdictions, Candriam will vote AGAINST the discharge in countries where the resolution is binding and when there is no legal requirement to put such a resolution to vote. We will abstain in other cases.

Appointment or Renewal of Board Members

One of the most important voting decisions for shareholders is the election of the directors. Candidates must be assessed individually on their skills, independence of non-executive directors, and competence. Companies should describe the expertise and experience that each individual brings to the board while taking into account the individual and overall board tenure for board refreshment. Average tenure of the board is taken into account in markets where tenure is not considered as a deciding factor for independence.

A resolution for the appointment or renewal of members of the Board will be approved, in principle, provided:

- The appointment maintains the balanced structure of the Board;
- Sufficient biographical and competence information is available;
- The resolution deals with the appointment of an individual and not a group of individuals;
- The term of office does not exceed four years.

7 - Developed markets include Europe, North America, Australia and New Zealand

Except under exceptional circumstances, an appointment must be made on the basis of a proposal from the Nomination Committee to the Board of Directors. Co-opting is frowned upon.

Candriam values Board diversity. When competencies are comparable, we will support election of candidates bringing more diversity to the board.

Diversity on Board

Candriam encourages diversity at board level within all its aspects and recognizes that diversity within boards contributes to more effective governance, improved strategic oversight, and stronger long-term financial performance. Diverse perspectives support better decision-making and enhance a company's ability to identify and manage risks in complex and evolving markets.

Candriam expects companies to have at least 33% of the underrepresented gender in mature markets unless stricter local regulations apply. For emerging markets, Candriam expects companies to have at least both genders being represented. Where these expectations are not met, Candriam considers it the responsibility of the Board Chair and the Nomination Committee to ensure that appropriate measures are taken to improve gender balance at board level. In cases where there is not sufficient representation and no credible plan for progress exists, Candriam expects the Board Chair to lead efforts to address this gap as part of sound governance practice.

With the enforcement of the Women on Boards directive, EU members are required to have 40 percent of non-executive director posts or 33 percent of all director posts occupied by women by the end of June 2026. In line with this regulatory change, we will require our European investee companies to have 40 percent of their non-executive positions on the board to be filled by underrepresented gender as of January 1, 2026.

Candriam also recognises ethnic and cultural diversity as a vital component of effective board composition. In markets where such data is available, Candriam expects at least one director to bring ethnic diversity to the board. This approach aligns with and is encouraged by local governance codes and principles[8].

Candriam believes that boards should consist of members who have diverse soft and hard skills. We believe this is a matter that should be addressed by companies and on which they should communicate clearly through appropriate disclosure. Companies should also ensure that Board reflects the diversity of their stakeholders in the representation including the regions where they operate. In line with this, Candriam supports the appointment of employee representatives to the board.

8 - Financial Reporting Council, UK Corporate Governance Code 2024, https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code
Parker Review Committee, Ethnic Diversity in UK Boards, 2021, https://www.ft.com/content/36e027f9-499a-4aed-9f40-7d95b9f49a5a
Canada Business Corporations Act, RSC 1985, c. C-44, Diversity Reporting Requirements
Canadian Securities Administrators, Corporate Diversity Reporting Rule, https://corporatefinanceinstitute.com/resources/esg/csa-corporate-diversity-reporting-rule-canada

3.4 Remuneration of Directors, Committee Members and Senior Managers

Resolution Type	Examples of resolutions
Managerial	Approve Remuneration policy Approve Remuneration report Approve compensation of individual directors Approve/Amend Deferred Share Bonus Plan Approve Increase in Aggregate Compensation Ceiling for Directors
Shareholder	Introduction of non-financial performance criteria Compensation Claw-back demand Limit on Executive Compensation

Remuneration is an important Corporate Governance issue because its structure has an impact on long-term performance. It also sets out the values of a company and helps define abuses or perceived abuses which could pose reputational risks. Candriam believes that companies need to be able to attract and retain high-calibre individuals and motivate executives. However, an adequate remuneration structure should be set up to prevent unnecessary risk-taking.

Candriam's compensation policy is based on the pay- for-performance principle. A balance should be struck between performance and risk-taking.

Candriam is a strong advocate of the say-on-pay principle. Shareholders should have the right to express their opinion on executive remuneration both ex-ante and ex-post. Candriam considers the existence and the degree of independence of the Remuneration Committee when assessing any remuneration resolution.

Disclosure and Transparency

Remuneration of Directors should be clearly set out and allow for year-on-year comparisons. Remuneration is not restricted to salary, bonus, share options and restricted stock, but also includes pensions, termination payments, perks and other types of cash and incentives. Shareholders should have a clear view of remuneration levels and a good understanding of the total packages paid to members of the Board. Nevertheless, it is important to recall that disclosure standards regarding remuneration can significantly vary depending on the regions. The following principles represent Candriam's view of Best Practice.

- Remuneration should consist of a fixed and a variable element (for executives). Remuneration levels should be in line with national and sector standards. Variable remuneration should reward performance and relevant performance criteria should be attached to incentives. Correspondingly, in case of significant underperformance, no payment should be granted to executives. Performance should be compared against a disclosed peer group benchmark. The remuneration of the CEO should be set out separately.
- Any significant change in the remuneration structure and/or levels should be explained.
- The remuneration policy should be implemented by the Remuneration Committee. Levels of the general work-force's remuneration and of the company's financial situation should be taken into consideration. No Executive Director should be able to set his/her own remuneration.

Candriam will also assess when possible whether the interests of the managers are aligned with those of the employees. In particular, any change in the executives' or CEO pay-ratio, calculated based on the total remuneration package, including variable remuneration, should be well explained and be in alignment with the company's business performance.

Companies are encouraged to disclose their pay ratios, ideally including outsourced workers, as this metric offers investors, workers, and other stakeholders consistent data on employee pay levels. Candriam expects its investee companies to justify any increase of more than 10% in the gap.

Basic Salary

Basic salaries should be in line with market and industry levels. The rationale behind any significant increase in salary should be clearly explained.

Performance Criteria

Stringent performance criteria form a key part of the remuneration report as they enable a better assessment of the variable remuneration scheme.

The performance criteria must be quantifiable, measurable and targets must be sufficiently challenging. Different performance measures shall be used for the short-term and long-term incentive plans. The scorecard providing a comprehensive measure of corporate performance must be sufficiently balanced and shall include material factors covering the challenges the company should meet, including those in the financial, economic, social, environmental, and technological spheres, to anticipate, prevent, and manage risks which would otherwise weigh on the business. In particular, we are in favour of including non-financial metrics in the executive remuneration schemes to align executive remuneration with climate change objectives. Such metrics shall be measurable, transparent and specific and companies should avoid tick-the-box practices when integrating non-financial KPIs in their executive remuneration. As of 2024, Candriam will prioritize companies to have a deeper analysis of investee companies' executive remuneration schemes and check whether performance metrics chosen are in line with the companies' KPIs. The list of priority companies is expected to grow progressively.

Lastly, we prefer that companies do not rely solely or heavily on Total Shareholder Return and/or Earnings Per Share as the criterion for long-term incentive, as this metric alone may not fully reflect the overall performance of the executives.

Short-term Incentives

Maximum potential awards should be disclosed, as should performance targets. Any increase in the maximum potential awards should be justified. Candriam welcomes and encourages the introduction of share awards as part of the range of short-term incentives. Candriam will not support the payment of a bonus, or the whole remuneration report, if an exceptional negative event occurred during the year under review. Bonuses, in particular, cannot be justified when a company has been involved in environmental disasters, human deaths and fatal accidents. Candriam expects directors to forgo their bonuses in this case.

Additionally, Candriam welcomes the introduction of a deferral mechanism under short-term incentives.

Lastly, we expect our investee companies to ensure that payout levels for target and threshold performance remain reasonable, and executives should be incentivized to perform above the targets for financial and non-financial metrics.

Long-term Incentives

Maximum potential awards should be disclosed and any increase in them justified. Long-term incentives should be linked to (preferably multiple) performance conditions, the choice of which should be clearly justified. A relevant comparison group should be used. Appropriate vesting scales should be established to reward superior performance. Candriam also welcomes the use of quantifiable and objective non-financial performance targets, in addition to financial targets, as long as they are relevant to the business and aligned with the factors impacting the business and measure the company's operational performance.

Environmental and social-related criteria are thus welcome in this context.

The rationale behind the choice of the performance criteria should always be made clear, for both long- and short-term schemes.

Company performance is measured over a period that is relevant to each company and their strategies. In any case, such period should not be shorter than three years. On the other hand, we favour extending performance periods that are matching with companies' strategies.

Candriam favours minimum shareholding requirements for executive directors proportionate to perceived remuneration to align their interest with those of shareholders.

Stock Option Plans

Candriam analyses the stock option plans by calculating the stock dilution associated with their issue, but also pays close attention to their exercise price to ensure beneficiaries are truly incentivized.

However, we also note that stock options could lead to excessive risk-taking. As such, we encourage companies to introduce another share-based award plan that is linked to metrics other than share price performance.

Pension Arrangements

Contributions to the pension plan or equivalent are an integral part of executive remuneration. The structure and operation of the pension plan should be consistent with the pension plan for all members of staff. Contributions to the pension plan should be based solely on the fixed remuneration of the executives. If the contributions to the pension plan are calculated on a different basis, the reasons should be disclosed and justified. As an alternative to the defined benefit plans, Candriam favors companies adopting defined contribution plan as long as the contribution effort is distributed in a balanced manner between the beneficiary and the company.

Excessive Remuneration

Total remuneration amounts and their potential excessiveness will depend, for instance, on the company's financial situation and the sector in which it operates. Candriam pays particular attention to significant increases in salary, bonus equity-based awards and one-off payments that are not directly linked to performance. More specifically and as a matter of fairness, Candriam will not accept changes in performance- based policies based on multi-year performance cycles, if the sole given reason is to reduce the impact on compensation of a particularly unfavourable year. Retesting of LTIP performance conditions can be supported if there is evidence of management's best effort (case by case) combined with a high risk of losing retention power (case by case).

Recruitment Incentives

Candriam understands the need for corporations to attract high-quality executives but will pay particular attention to recruitment incentive payments or "golden hellos". Such payment should be in line with what a new joiner's loss and should only cover what was forfeited from a previous external incentive. This kind of award undermines the justification of long-term schemes which encourage executives to achieve long-term performance targets; their generalisation, however, might be counter-productive. In addition, such upfront payments run counter to the pay-for-performance philosophy enshrined in Candriam's policy.

Other Non-performance-related Cash Awards

These non-performance-related cash awards include relocation awards, school fees and *ex gratia* payments and will be carefully scrutinised. Such other benefits should not be excessive by amount and be reasonably limited by time.

Termination Provisions

Whilst Candriam can understand the rationale for such provisions, it will ensure that such payments are not excessive (equivalent to two years of pay). The inclusion of other parts of the remuneration in the determination of the separation payment will depend on the circumstances of the individual's eventual departure and on the remuneration policy.

Compensation Recovery Policies

Candriam welcomes the introduction of compensation recovery ("claw-back") policies, which enable companies to recoup, a posteriori, all or part of the incentive-based remuneration in the case of, for example, restatements, or if an executive commits an act detrimental to the company.

Non-executive Remuneration

The fees paid to non-executive directors should be disclosed. What is expected from them has increased in recent years and they should receive a fee commensurate with their time commitment and responsibilities. They should not participate in stock options and restricted stock, bonus or pension plans as this may create improper incentives.

When the remuneration policy or report are not up for vote, or disclosure of remuneration packages is unsatisfactory, Candriam may vote Against the Chair and/or member of the Remuneration Committee.

3.5 Audits, Financial and Non-Financial Reporting

Adoption of integrated reporting and the disclosure of non-financial information are supported by Candriam and any concern regarding the information reported must be targeted. Special attention is paid to the non-reporting of sustainability performance that are considered material to companies' business activities.

Resolution Type	Examples of resolutions
Managerial	Approval of Statutory report / Financial statements Report of Auditors Ratification of Auditors
Shareholder	Dismiss/Remove Existing Statutory Auditors Limit Auditor in Provision of Non-Audit Services Deliberations on Possible Legal Action Against Directors/(Internal) Auditors

The efficient operation of capital markets depends to a great extent on the accuracy of, and confidence in, the financial statements. One of the most important duties of Directors is to ensure that the annual report and other publications provide a true and fair view of the financial situation of the company.

Accurate Financial and Non-financial Disclosure

Financial and non-financial statements should be drafted, audited and disclosed to high-quality standards of accounting. An annual audit should be conducted by an independent auditor to provide external and objective assurance on the way in which the financial and non-financial statements are drafted and presented. Channels for disseminating information should afford users fair, timely and cost-effective access to relevant information.

Company reports and accounts must be made available sufficiently ahead of the Annual General Meeting and must contain the following elements:

- A determination of the perimeter covered;
- A description of the organisation, including a definition of the management bodies, and the field of operations of the company;
- A clear description of the strategy and prospects of the company;
- A report on the management of the human resources;
- The statutory financial information, including off- balance-sheet items; information on any current court actions and an overview of the risks facing the company;
- Aspects of the internal audit;
- A description of the company's stakeholder- management policy, together with any corporate, environmental and social risks and opportunities.

In particular, Candriam expects listed companies to disclose information on their exposure and management of key responsibility risks including climate change, biodiversity, bribery and corruption, human rights, employee health and safety, and labour standards. Specifically, Candriam will pay particular attention to the disclosure by the auditors on how they have taken climate risks into account in their report. We expect companies to disclose quantitative assumptions and estimates such as those related to emissions trajectories, carbon pricing, and transition costs, aligned with a 1.5°C pathway, consistent with the Paris Agreement of 2015, and to ensure these assumptions are consistent across financial and narrative reporting. A vote Against the auditor reappointment (or auditor remuneration if first item not available), as well as against the annual report may be cast if the reporting falls short of our minimum expectations[9].

The statutory information must be accessible, coherent and provide a true and fair view of the financial and non-financial situation of the company. Candriam considers the compliance of companies with the mandatory reporting requirements for sustainability matters.

We also scrutinize opinions of the auditors (unqualified, qualified and adverse). Any refusal to approve the management report and/or the accounts can be justified if the statutory auditors express reservations or refuse to certify the accounts after discovering, for instance, serious irregularities.

Independence of the Audit Process

External auditors carry out a rigorous and objective statutory audit for the benefit of shareholders. The auditors must be independent from the management of the company and should not provide services that could jeopardise their independence. Threats to independence include advocacy, familiarity, and self-interest.

Candriam welcomes the election of external auditors *unless*:

- Non-audit fees exceed 40 percent of all fees paid to the auditor, if no reasonable explanation is provided. Candriam estimates the fees charged for an advisory mission could jeopardize the independence of the audit;
- Fees charged for services other than auditing and the audit fees themselves are not published separately. Companies should provide clear disclosure on the scope of the fees;
- There has been a change of auditor during the fiscal year without any reasonable explanation;
- The auditors can be considered affiliated to the company;
- The auditing company's name is unknown at the time of the election;
- The rotation principle has not been respected. Candriam expects companies to change their auditors after 10 years of service (in the case of joint auditors, the maximum tenure is 24 years) and to change the key audit partner after 5 years in Europe. For the rest of the world, Candriam expects the auditors to change after 20 years;
- There are known compelling concerns over the Key Audit Partner.

Statutory audit fees should be linked to group structure and turnover. The amount earmarked for auditor remuneration (for the statutory audit, consultancy services or other services, including fiscal advice) should be clearly set out.

The Audit Committee should regularly assess the objectivity and independence of the auditor and clearly set out the company's policy (in terms of prohibitions, restrictions, procedures, rotation of auditor and audit partners) and safeguards with regard to the auditor's independence for their audit services for financial and non-financial statements. The policy for the provision of non-audit services should be clearly disclosed.

The auditor should be appointed or re-appointed by the general meeting of shareholders. On independence grounds, the auditing companies are subject to the principle of rotation. In addition, the auditors ought to be elected for a reasonable period of time: the election of the auditing company for a period of less than a year is not to be supported.

Should the original statutory auditor be replaced, the reasons behind the change should be clearly explained.

Internal Audit

The Audit Committee should ensure that an efficient internal control system is in place to assess the effectiveness and efficiency of operations, the reliability of financial and non-financial reporting, as well as compliance with all applicable laws and risk management systems (including whistleblowing policies and systems). The internal audit function should be independent and separated from the line management structure. It should also be in regular contact with the Chairperson and the Audit Committee, which should receive periodic reports on the results of the audit. The efficiency of the internal control process should be regularly reviewed by the Audit Committee.

9 -Please refer to page 14 for the audit committees' responsibility on climate accounting

3.6 Share Capital & Anti-takeover Measures

Resolution Type	Examples of resolutions
Managerial	Issuance of shares with/without pre-emptive rights Increases in Authorized Preferred and Common Stock Share buybacks / Share repurchases Conversion of Multiple Voting Shares to Common Shares Ratification of a 'poison pill' Adopt / Increase Supermajority Vote Requirement for Mergers Approve Tender Offer
Shareholder	Change in structure of voting rights

The decision to increase the share capital through the issue of new shares or other financial instruments such as warrants, convertible bonds and options should be taken at the Annual General Meeting. The authorizations sought should not exceed two years.

Issuance of Shares with Pre-emptive Rights

Any planned increase should attribute subscription rights to existing shareholders. Candriam attaches importance to the pre-emption rights of existing shareholders in order to avoid the unnecessary dilution of value and control. Share capital increase with pre-emptive rights should be limited to 50% of the issued share capital. The reason for any superior authority should be justified and explained by the company. The authority sought should not exceed two years. However, if the authorization slightly exceeds the forecast lifetime of 24 months (e.g., 26 months), Candriam will likely vote in favour of this resolution.

Issuance of Shares Without Pre-emptive Rights

A degree of flexibility for company financing and any "pre-emptive rights" can be waived in exceptional circumstances or if the company provides a compelling rationale. These should be limited to 10% of the existing issued share capital and a valid reason given. The authority sought should not exceed two years. However, if the authorization slightly exceeds the forecast lifetime of 24 months (e.g., 26 months), Candriam will likely vote in favour of this resolution.

Share Repurchases

Share repurchases are usually regulated by law or by exchange listing rules. They can be used to distribute surplus cash efficiently, to enable the Board of Directors to indicate a severe undervaluation of the shares by the market, to optimize the capital structure, or to compensate for the dilution of capital associated with the issue of stock options or shareholding plans for company members of staff. Candriam will approve share repurchase provided that:

- There is no repurchase of own shares during results announcement periods;
- There is no repurchase of own shares at market close;
- Information relating to the reason for the transaction is given both ex-ante and ex-post;
- Buybacks are not systematically debt-financed and do not jeopardize the financial stability of the company;
- Buybacks do not appear to be a way to bypass the dividend policy;
- There are no «own-share» buybacks for trading reasons. Nonetheless, Candriam will issue a positive voting recommendation if the «own- share» buyback programme is entrusted to a third party (one that will thus guarantee the liquidity of the securities).

Control-Enhancing Mechanisms

Although Candriam understands the need for a stable shareholder base, we are in principle opposed to control-enhancing mechanisms which alter the proportions of ownership and control. Consequently, Candriam will recommend voting against any mechanism that might violate the principle of "one-share, one-vote" by (a) favouring any one shareholder or a specific group of shareholders or (b) by restricting their rights through the installation of mechanisms such as those listed below (list not exhaustive):

- Multiple voting share classes, such as those with either:
    - Equal par value or no par values but with different voting rights; or
    - In the form of shares with dissimilar par- values (and different market prices) and yet the same voting rights.
- Ownership ceilings: where the number of shares that a shareholder can own directly or indirectly, and thus vote, is restricted. Voting right ceilings: where a shareholder can hold any amount of shares but voting rights are capped, or progressively reduced, through a series of thresholds that curb the right to vote by requiring that a certain number of shares be aggregated in order to cast a vote.
- Priority shares: these grant certain privileges to one or more shareholders. The holder of any such shares may have the possibility of appointing directors directly to a Board, casting multiple votes with one share or giving their consent to the appointment of a director.
- Golden shares: these shareholders, typically a public sector entity, may be entitled to veto a particular resolution such as a merger, a foreign participation in the share capital, or the appointment of Directors.

Anti-takeover Provisions

Candriam does not consider the introduction of anti-takeover devices, or the existence of any anti-takeover devices already in place, to be in the interests of the shareholder owners of the company. We will, in principle, vote against the introduction of such devices.

As a consequence, introduction of poison pills or transactions which transfer the legal title of a key asset to a friendly foundation to deter takeover bids, as well as share repurchases during a bid period at a price above fair market value, will generally not receive our support. We believe them to be contrary to the best interest of shareholders.

3.7 Climate change Voting

Climate change and environmental, social and governance extra-financial issues have long been of particular interest to Candriam. We believe that all listed companies should publish and implement credible, comprehensive and detailed climate change strategies in line with accepted principles, such as those of the Task Force on Climate-related Financial Disclosures (TCFD).

The Paris Agreement of 2015 sets a global goal of limiting average temperature rise to well below 2°C, with efforts to limit the rise to 1.5°C. Achieving this requires companies, particularly high-emitter companies, to reassess their portfolios, assets, and business models in order to anticipate and favour the transition to a low-carbon economy. We have developed a detailed framework[10] to assess a company's climate strategy. Our framework evaluates not only the ambition of a company's transition strategy, but also the credibility and feasibility of its implementation.

To be credible, a company's climate strategy must extend beyond transparency alone. **We expect disclosure of capital allocation plans consistent with stated climate ambitions, interim targets on the path to net zero, and regular reporting on progress toward those targets.** These disclosures must be supported by a stable, experienced, and accountable governance structure at board and senior management level, to ensure that commitments are both ambitious and feasible.

This axiom is integrated throughout the Candriam voting policy and has impact on how we approach several voting items on:

- **Climate risk oversight at board level, section 2.3;**
- **Remuneration of Directors, Committee Members and Senior Managers, section 3.4, Performance Criteria;**
- **Audits, Financial and Non-Financial Reporting, section 3.5; - Mergers, Sales, Split and Acquisitions, Section 3.7**
- **Say on Climate Vote, Section 3.8;**
- **Other shareholder resolutions, section 3.9, Climate Change and Environmental Issues ;**

10 -Candriam Net Zero Assessment framework (climate_strategy_gb.pdf, p36-37)

3.8 Other Management Resolutions

Mergers, Sales, Splits & Acquisitions

Strategic Transactions are important corporate events that have a long-term impact on shareholder value. When voting for such an operation, Candriam assesses whether the transaction creates value for the company and shareholders in the medium and long term and whether the proposed form of the transaction upholds the principle of equal treatment of shareholders.

More specifically and regarding potential carbon intensive assets involved in the proposed operation, additional analysis will be performed to assess its impact with regards to achievement of a temperature increase of maximum 1.5 degrees C.

Related-party Transactions

Related-party transactions, that is, the rationale and terms of such transactions, should be fully disclosed and justified. Most related-party transactions (inter-company loans, guarantees from parent to foreign subsidiary) do not, in theory, raise serious governance concerns as long as they are executed in accordance with normal market terms. Particular attention will be paid when these involve major shareholders or directors.

Employee Share Plans

Candriam welcomes the introduction of employee share plans to encourage the alignment of employee interests with those of shareholders. Employee share plans are considered beneficial as they contribute to improved equality across corporate workforce. We appreciate when such plans include an incentive aspect and we also take here into account potential excessiveness in dilution.

Say on Climate Vote

CCandriam welcomes the introduction of management- sponsored 'Say-on-Climate' resolution and views them as a useful tool for accountability of company climate transition plans. Our approach is aligned with the Investor Position Statement: A Call for Corporate Net Zero Transition Plans[11] we supported.

We have developed a detailed framework to assess company climate strategies. Our framework evaluates both the ambition of a company's transition strategy, as well as the credibility and feasibility of its implementation[12]. Our criteria for a "Yes" vote are sector-specific, with stricter requirements for sectors critical to the energy transition. A "No" vote may be cast:

- if the plan:
    - lacks credible interim targets;
    - fails to demonstrate capital alignment;
    - shows insufficient progress relative to prior commitments; or
- if governance arrangements do not support accountability for delivery

Say on Biodiversity Vote

11 - Initiative led by IIGCC, July 2021. https://www.iigcc.org/download/investor-position-statement-vote-on- transition-planning/?wpdmdl=4798&refresh=61afa5b578c5f1638901173

12 -Candriam Net Zero Assessment framework (climate_strategy_gb.pdf, p36-37)sh=61afa5b578c5f1638901173

Candriam also welcomes the introduction of management-sponsored 'Say-on-Biodiversity' resolutions, viewing them as a valuable mechanism to enhance corporate accountability on nature-related transition plans.

We employ a dedicated assessment model to evaluate a company's exposure to key biodiversity dimensions.

Our evaluation framework for corporate management practices is aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) — a market-led, science-based global initiative that supports businesses and financial institutions in identifying, reporting, and managing their nature-related dependencies, impacts, risks, and opportunities.

In our analysis, we apply the TNFD's four foundational pillars: governance, strategy, risk and impact management, and metrics and targets.

We support a biodiversity plan when it effectively addresses the company's material biodiversity exposures and incorporates a strategy that is consistent with the TNFD framework.[13][14]

Non-Financial Disclosure

When voting on a company's Non-Financial Reporting, Candriam may consider the following factors:

- The company failed to address a material controversial sustainability issue;
- The company is underperforming compared to peers on sustainability policies and/or reporting;
- We have material concerns on the completeness and/or quality of the non-financial reporting;
- The company has failed to make its non-financial reporting available to shareholders in a timely manner;
- The absence of assurance on sustainability reporting – irrespective of whether sustainability reporting is mandatory.

Change of Corporate Domicile

When voting on a resolution regarding a change in corporate domicile, Candriam will vote on a case-by-case basis. It will assess the adequacy of disclosure on the rationale for the move, the tax implications, and the long-term effects of tax treaties. We will also evaluate whether the new jurisdiction better aligns with shareholder interests in terms of economic and governance factors, and carefully consider any other potential motivations that could lead to reputational damage (eg, aggressive tax or labour optimisation).

13 - Candriam Biodiversity Strategy 2024_10_wp_biodiversity_strategy_gb.pdf5 -Candriam Net Zero Assessment framework (climate_strategy_gb.pdf, p36-37)sh=61afa5b578c5f1638901173
14 - Candriam TNFD report 2024

3.9 Other Shareholder Resolutions

Shareholder democracy is one of the basic tenets of corporate governance.

As a founding signatory of the UN Principles for Responsible Investment initiative in 2006, Candriam believes that material sustainability issues and their integration into long-term corporate strategy are of paramount importance.

In line with PRI Principles, Candriam seeks appropriate reporting on sustainability issues by entities in which it invests. Companies should disclose their sustainability strategy, policy together with any key performance indicators, KPIs.

In analysing sustainability proposals, Candriam considers the added value for shareholders. Incremental shareholder value is an important criterion in evaluating the proposals.

Candriam supports shareholder proposals that enhance transparency, sustainability, and accountability, particularly those related to the environment, climate, nature, and social issues. Our voting aligns with the broader commitments and market-based practices that are embedded in Sustainable and Responsible Investing approaches. We generally favour resolutions that improve shareholder value while adhering to these objectives. Our voting decisions also consider the alignment of Board members with the Paris Agreement and overall sustainability objectives.

When Candriam votes on sustainability resolutions, it considers the company management (e.g., does management have efficient policies and systems in place), and any explanations that address investor queries.

Given the recent increase in shareholder proposals that question corporate sustainability initiatives, Candriam adopts a case-by-case approach to assess these proposals. Our evaluation focuses on alignment with fiduciary duties, long-term shareholder value and our engagement priorities. We generally do not support proposals that weaken governance standards, create significant costs without clear benefits, fail to protect minority shareholders' interests, or conflict with internationally recognized standards and objectives.

Most resolutions deal with miscellaneous company-specific miscellaneous issues, such as election of directors, amendments of bylaws, and proxy access.

As to Environmental and Social resolutions, they mainly address climate change issues, board diversity or gender pay equality. When reasonable and aimed at improved transparency and corporate best practices, Candriam votes according to its Sustainable philosophy. Candriam votes against shareholder resolutions when the proposals seek to micro-manage the company or are either insufficiently clear or too prescriptive.

Candriam has adopted detailed sustainability resolutions guidelines in order to deliver accurate analysis and votes.

Candriam also has the ability and regularly takes the initiative to file or co-file shareholder resolutions when appropriate.

Climate Change and Environmental Issues

Based on our global approach of climate change, we recommend a vote in favour of resolutions asking carbon intensive companies to set emission reduction targets for and/or to publicly report on their scenarios and climate strategies, as well as to increase transparency.

Candriam is also aware of the absolute necessity to protect biodiversity and encourages companies to disclose what actions and means they put in place to ensure their activities are not detrimental and to prevent and restore any harm they may cause to biodiversity.

We always consider the relevance, consistency and feasibility of measures demanded in any resolution before casting our vote.

Diversity and Pay Equality

Diversity is said to have a positive impact on long- term shareholder value and competitiveness, and may reduce potential legal and reputational risks. Effective discrimination practices are observed in all industries. Activists are urging companies to improve their gender and racial mix, and to publish their diversity data. Local legislations also encourage or require listed companies to hire women at Board level, which we welcome. Candriam values Board diversity and considers that Boards should include a sufficient proportion of women both in executive and non-executive positions. Candriam requires companies to have at least 33% of women on their board (or higher is requested by local laws) in developed markets and might vote Against the re-election of the Chairperson if no progress has been made. Candriam also considers that companies should disclose and work towards the reduction of their gender pay gap. Monitoring and disclosing their gender pay gap should enable companies to reduce it.

Many countries have privacy or other laws which prevent companies from disclosing, or even collecting, data on ethnic diversity or ethnic pay gaps. Therefore, we will support resolutions on ethnic diversity data, as soon as companies do not face legal barriers preventing proper implementation of requested measures.

In that respect, Candriam also encourages third-party racial equity or civil rights audits.

Political Activities and Lobbying

Transparency and accountability are key in corporate political spending and in the use of corporate funds to influence legislation. Political spending and lobbying payments may include direct and indirect contributions to political candidates and parties. A lack of transparency would expose the company to reputational and operational risks, while a greater disclosure would enable shareholders to better understand the risks and benefits of these activities and/ or spending. Candriam recommends voting in favour of increased transparency, including disclosing the list of the company's association memberships, depending on the company's current level of disclosure, and the feasibility of the measure proposed.

Human Rights

With respect to the OECD Multinational guidance on Human Rights, and to the United Nations Guiding Principles on Human Rights, Candriam will support resolutions seeking better disclosure of measures in place to identify/prevent/respond to related salient risks as well as to encourage transparency over these same risks. In its vote, Candriam considers relevant characteristics of the demand, as well as the company's current level of disclosure and the feasibility of the proposed measure.

Aligned with guidelines expressed by the UN High Commissioner on Human Rights, Candriam considers reproductive rights as a fundamental right, which means that all related resolutions will be treated the same way as all other fundamental rights.

Consumer Issues

Responsible consumption may provide a solution to achieving both economic growth and sustainable development. Consumers are increasingly sensitive to the mistreatment of animals, to Genetically Modified Ingredients, controversial businesses, product safety, tobacco-related risks, and other topics. This is a multiple-issue topic, and votes must be based on case-by-case evaluations. For these issues, Candriam cannot provide a unique answer. Nevertheless, our votes may have common patterns, such as increasing disclosure and reporting on risks related to these products. Current levels of disclosure, the existence of related controversies, regulations and the feasibility of the resolution may influence our vote for any particular company.

Tax Strategy

Candriam also encourages companies to pay their fair amount of tax and does not favour the use of tax optimization scheme as a mean of avoidance, nor of any tax havens as listed on the GAFI/OECD list. Companies should ensure appropriate transparency and Candriam supports country-by-country tax reporting.

Summary of Situations Triggering Votes Against Management

Voting items	Concerns that could lead to a vote against the Board and/or the Management
Shareholders Rights	Candriam may vote against the Board and/or Management if there are reservations about the company's governance, if the proposed resolution contravenes the interests of shareholders, is unclear, if insufficient information is provided, or if it is not shared in a timely manner with investors.
Board Composition	If there are concerns about the independence of the Board, committee composition, Board structure,or the board's time commitments and its ability to effectively oversee financial and non-financial risks with financial material impact as outlined in Candriam's policy, or if the board lacks sufficient diversity in gender, ethnicity, geography, or relevant skills that could materially affect decision-making and risk oversight.
Financial Statements	If Candriam may have concerns regarding the accuracy and transparency of the financial reports, particularly in the absence of an auditor.
AGM and Special Meetings	A vote against may be considered if shareholders are not given enough time to review the agenda, if there are bundled resolutions, or if there is a lack of confidentiality concerning shareholder votes.
Dividends	Candriam may oppose dividend-related resolutions if the dividends are seen as excessively reflecting a short-term management outlook, if the dividend policy cannot be justified or lacks a clear rationale, or if the dividend is perceived as detrimental to the company's financial structure, long-term business development, or does not respect the equal treatment of shareholders.
Remuneration	Concerns may lead to opposition if there is a lack of disclosure and transparency regarding remuneration and a lack of granularity on alignment with pay-for-performance principles, if the CEO pay ratio and peer levels of remuneration are not properly considered, if there is an imbalance between variable and fixed compensation relative to Candriam's policy, if non-financial performance metrics are not integrated, or if the remuneration is deemed excessive compared to market best practices.
Audit, Non-Financial Reporting	Candriam may vote against if there are concerns regarding the independence of the auditor (perhaps due to the tenure) or the amount of fees paid to the auditor, especially for non-audit services. Moreover, Candriam may vote against the Board and/or the Management if a controversial material sustainability issue with potential financial implications has not been addressed, if the company underperformed compared to its peers on sustainability policies and reporting, or if there are material concerns about the completeness, accuracy, or reliability of non-financial reporting that could impact stakeholders' assessment of the company's financial and sustainability risks.
Climate Change Policy	A vote against may be considered if the company's climate change policy is underperforming based on the Candriam's Net Zero Assessment as well as compared to peers, international standards, and market best practices, if there is a lack of disclosure, or if the climate targets are deemed excessively weak.
Biodiversity Policy	A vote against may be considered after a continuous previous engagement if the company's biodiversity policy is underperforming based on the Candriam's assessment framework as well as compared to peers, international standards, and market best practices, if there is a lack of disclosure, or if the biodiversity targets are deemed excessively weak.
Management Resolutions	Candriam may oppose management resolutions if they do not create, or may destroy, value for the company and shareholders in the medium and long term, or does not uphold the principle of equal treatment of shareholders.
Shareholders Resolutions	Candriam evaluates shareholder resolutions based on their added value for shareholders. The company supports reasonable resolutions that aim to improve transparency and corporate best practices, provided they align with Candriam's sustainable philosophy.

Disclaimer: *The above list is non-exhaustive and does not preclude Candriam from casting votes against the Management and/or the Board on matters beyond those outlined. Candriam reserves the right to vote in accordance with its fiduciary responsibilities and investment principles, based on a comprehensive assessment of each situation.*

Definition & implementation of the Candriam Voting Policy.

4.1. Candriam Proxy Voting Committee

Proxy voting activities fall under the ultimate responsibility of the Candriam Global Strategic Committee as part of our investment process. The Candriam Proxy Voting Committee is the 'guardian' of our voting policy and is responsible for its implementation.

This Committee, dedicated to the responsible exercise of voting rights by Candriam, Voting Committee has a four-fold mission:

- **The Proxy Voting Committee defines the general policy** for the exercise of Candriam's voting rights and for the evolution of the policy. In particular, the Committee is responsible for reviewing the voting policy at least annually, adapting it to new corporate governance developments or to enforce new regulations. The Committee is also responsible for reviewing associated detailed guidelines; ie, the Annual General Meeting (AGM) reading grid.

- **The Proxy Voting Committee reviews voting** proposals made by ESG analysts, and assesses the effectiveness of votes cast at shareholder meetings. The Committee reviews Candriam's voting decisions both **a priori** and **a posteriori**, focusing on meetings and resolutions viewed as sensitive.

- **The Proxy Voting Committee** ensures that Candriam Voting policy is properly implemented into operating procedures and that changes to policy, as adopted by the Committee, are enacted in a timely manner subsequently. In practice, the committee is informed of any operational incident and/or of potential or effective deviation of proxy voting policy, and agrees on resolution.

- **The committee** reviews and validates the Proxy voting Annual review before its release.

The Proxy Voting Committee may approve an override of standard voting guidelines when a departure is necessary to protect the long-term interests of clients and beneficiaries, and supported by a clearly documented and objective rationale.

Any override decision must:

- be independent of any actual or potential conflicts of interest.
- follow the escalation procedure described in Section 4.5, and
- include a written rationale showing how the decision aligns with Candriam's fiduciary duties and/or stewardship objectives.
- All overrides will be documented, reviewed, and reported internally to ensure consistency, integrity, and oversight.

The Proxy Voting Committee is informed of contacts taken with companies with respect to AGMs and reviews potential escalation in partnership with the Candriam Stewardship Workstream[15] including, but not limited, to co-filing a resolution, launching a collaborative engagement, pre-declaring votes, or submitting question at general meetings.

The Committee may decide on a specific engagement campaign targeting companies demonstrating weak governance practices. Such campaigns allow Candriam to explain its voting philosophy and promote its proxy voting principles.

The Committee consists of internal representatives from the Management, Operations, Compliance and ESG Research & Stewardship Teams and of an external expert.. Representatives of the Legal department may attend meetings upon request.

The Committee meets regularly during the AGM season.

15 - Internal committee, reviewing and challenging engagement activities coordinated by the ESG team

4.2. Voting Scope

Candriam's proxy voting policy applies to the open- ended funds which are managed by an entity of the group Candriam. This policy also applies to dedicated funds and mandates if the underlying client has given his agreement to the application of such policy.

The following funds are excluded from the proxy voting activities:

- Bond-only funds,
- Absolute return and other investment funds whose positions are subject to rapid change;
- Funds of funds;
- Funds for which the Proxy Voting Committee believes that the proxy voting costs are too high with respect to the fund's NAV.

For portfolio management mandates or funds dedicated to a corporate entity listed on regulated markets:

- If general meetings of this entity or its affiliates fall within Candriam's voting policy scope, Candriam will refrain from exercising voting rights for shares or securities associated to this entity or its affiliates held within the considered dedicated fund or mandate, unless the client specifies otherwise and it is permitted by law.

Every December, the scope of funds falling into the voting perimeter is defined for the upcoming financial year. The scope may exceptionally evolve during the year, integrating newly managed portfolios for instance, and as soon as feasibility conditions are validated with internal teams, (sub-) custodians and our proxy advisor. The companies for which votes will be cast are also defined at this time.

The voting scope should include every listed company held in funds which are part of the voting perimeter, unless one or more of the following elements compels otherwise:

- Involved shares are not eligible for voting (e.g. shares with no associated voting rights, no position in portfolios, no effective record date or AGM date).
- Late votes due to positions opened after the cut off date, or no holdings available at the date of the meeting as position was sold.
- Power of Attorney (long-term power, or meeting-specific) made it impossible to proceed;
- Involved shares are subject to 'market blocking' constraints and the related process may have impacted the availability of holdings and liquidity of the fund, and consequently on the realisation of the investment objectives and policy;
- Voting and recording procedures in the issuer's country of origin (e.g. omnibus account practices) are unwieldy and either pose too much of a risk to the investment strategy or are disproportionate compared to sensitivity of the relevant meeting;
- Costs linked to the exercise of voting rights in a given country or for a given company are too high relative to profits of the fund to which the voting rights have been assigned;
- Due to conflicts of interest, (please refer to dedicated section on **Management of Conflicts of Interest, section 4.5**).

When present in our voting portfolios and when deemed relevant, we may also vote for:

- bondholder meetings,
- for general meetings of external funds (included in Candriam selection list) with presence in our portfolios. Please note that given the specificity of funds' governance structure, specific voting guidelines have been defined,

The scope is submitted to both Proxy Voting and Global Strategic Committees for approval.

The list of open-ended funds included in Candriam's voting perimeter is available on Candriam website in the voting section. The identity and nature of the dedicated funds and mandates for which Candriam received voting delegation are not made public.

4.3. Role of Proxy Advisers

Candriam uses a proxy voting advisor, ISS, which provides custom voting recommendations based on Candriam's specific voting policy. Candriam does not base its voting decision on ISS's standard or house voting policies for Candriam-managed assets. Candriam may use additional proxy voting advisor(s) if deemed necessary and these recommendations are non-binding.

ISS is specifically tasked with:

- Receiving the lists of every position held in voting portfolios from custodians / sub-custodians and informing Candriam of upcoming related shareholders' meetings;
- Analysing resolutions according to Candriam's custom voting guidelines, and detailing for each voting item, our principles of votes, as defined in the Candriam voting policy;
- Providing access to an electronic voting platform for the exercise of voting rights, and registering our instructions and rationales of votes;
- Transmitting voting instructions to the end issuer via the appropriate custodian and sub-custodian network; and
- Providing non-binding research and operational support to facilitate Candriam's exercise of its independent voting decision.

Every item listed in the AGM agenda is assessed based on the Candriam custom voting guidelines.

While taking into consideration the voting recommendations of one or more advisers, these recommendations are treated as input into Candriam's own analysis and Candriam has the final say in the votes we exercise. Especially in more complex situations, Candriam's dedicated stewardship analysts may perform a full internal analysis of some or all of the items to be presented at a shareholder meeting, in addition to any custom recommendations provided by ISS or others. In this way, Candriam reassesses items for meetings that are potentially controversial.

The merits of every **shareholder , climate/nature, and merger and acquisition** resolution are systematically assessed internally against Candriam's voting policy and the best interests of our clients. This includes resolutions for which a proxy advisor has provided preliminary recommendations based on its policy, in all such cases, Candriam systematically re-analyses each item based on materiality and Candriam's voting policy before a final decision is made.

- The decision to re-assess voting items internally is based on several factors, including:
- The nature of these specific voting items;
- The potential for controversy regarding the issuer;
- The potential for controversy of items subject to intervention during the meeting;
- The existence of a direct or collaborative dialogue with the company with respect to one or more of the agenda items of the meeting.
- The relative importance of Candriam's share ownership;
- The relative importance of the involved issuer in Candriam's managed assets.

Should our proxy advisor

- Miss its deadlines and not provide custom recommendations, or
- Declare itself unable to provide such recommendations, then the full analysis of the meeting items will be performed internally as soon as the meeting is part of our voting scope (please refer to **section 4.2**) **and when materially feasible.** In such cases, Candriam will exercise voting rights, where possible, on the basis of its own analysis and voting policy without reliance on proxy advisor input.

In all cases, and while we recognize the help our proxy advisers provide in meeting our ownership responsibilities, every voting instruction is driven by the Candriam Voting Policy and/or other clients' custom policies and remains our ultimate responsibility.

An assessment of the quality of our proxy adviser(s)' research and service is performed at least annually by the Candriam Stewardship Team, in collaboration with Candriam's Middle Office. This review includes, among other elements, an assessment of methodologies, potential biases, any conflict of interest and application of Candriam's voting policy. A due diligence addressing, amongst other items, information security risks and business continuity risks, is also performed regularly by Candriam's Risk Department, Candriam's Risk Department including including a review of any material conflicts of interest and ownership structure of the proxy adviser(s).

4.4. Markets Subject to 'Share Blocking'

Some markets have implemented 'share blocking' practices. In these markets, shareowners are not able to vote for shares which have been traded or lent for some period of time ahead of, and sometimes following, the date of the shareholder meeting. As a result, any trade made after a vote has been cast (for involved amount of shares) during the share blocking period, may induce administrative or management burden, and ultimately payment of penalties if the trade fails.

In general, Candriam will vote between 20% and 100% of every equity position, so as to allow ad- hoc trading if needed. A proper communication with the investment manager will ensure that based on the investment strategy of the portfolio and on the economic environment, a decision is taken to consider whether to vote, and the percentage of shares to be blocked.

4.5. Identification and Management of Conflicts of Interests

As stated, Candriam exercises voting rights in compliance with its voting policy. Procedures are in place to identify, and manage potential conflicts of interest within all Candriam activities, including our voting activities. Examples of potential conflict of interest include flawed voting decisions through of lack of independence. The person making the voting decision is not fully independent of the issuer in question, such as:

- The company to be voted on has relevant commercial relations with Candriam;
- Candriam directors are acquainted with the board members of the issuer being voted on;
- Candriam employee who is involved in the proxy voting decision-making process has a significant personal or family relationship with the particular company;
- Resolutions are voted for any other reason, not in the best interest of shareholders, but to the benefit of a third party.

Material conflicts of interest that are identified must trigger an escalation process involving the Senior Management.

Should a conflict of interest arise regarding a vote, the Head of Compliance is to be immediately notified, as well as the Proxy Voting Committee. The best approach will be determined in full cooperation with the Compliance Department. At each level, the "best interest of clients" principle is paramount in the decision outcome.

The Proxy Voting Committee will consider the facts and circumstances of the pending vote and the potential or actual material conflict and make a determination as to how to vote: following proxy advisor's recommendation based on Candriam's own proxy voting policy and guidelines without any intervention, or perform a full internal analysis for sensitive resolutions or Abstain votes will be considered, as well as obtaining voting instructions from clients in case of concerned mandates.

- A post-vote review of our voting decisions is performed by our Proxy Voting Committee.

Candriam's identification, prevention, and management of conflicts of interest policy[16] is applicable in all cases.

16- Identification, prevention, and management of conflicts of interest policy, https://www.candriam.com/en-gb/professional/SysSiteAssets/medias/legal/regulatory-information/conflict-of-interests-policy-en.pdf

4.6. Securities Lending

Candriam engages in securities lending programs for some portfolios. When shares are lent, Candriam cannot exercise voting rights for these shares.

There are no securities lending programs for the sub funds of Candriam Sustainable SICAV.

For funds with securities lending programs and which are included in the voting perimeter, a minimum of 50% of every position is systematically reserved for voting (except for those which trade in 'share blocking' markets, where the reserved proportion may be smaller)[17]. In practice, we rarely have a significant proportion of holdings on loan around the dates of near shareholder meetings.

For funds having received the French SRI Labels[18], a recall of the shares is systematically performed (unless materially impossible) in order to be able to vote for 100% of the securities held in the considered portfolio.

The decision to recall some or all of the shares on loan may occur when materially feasible and when the meeting is considered of particular importance, such as:

- A controversial item is on the agenda, including specific shareholder resolutions, resolutions seeking approval for corporate actions, or resolutions posing a threat to the fundamental rights of shareholders;
- A shareholder resolution deserves our full support as a passing threshold will be difficult to reach and the topic is of primary interest for shareholders
- We are a co-filer of a shareholder resolution;
- We want to express our full voting interest for the considered meeting as a continuity of an existing engagement with the company;
- We conclude that management should be sanctioned; for example, for failing to manage a severe controversy or for particularly poor risk management practices, with proven consequences on shareholder and stakeholder interests.

17 - This 50% minimum threshold has been effectively put in place mid-January 2023. Before that, the 20% threshold applied.
18 -List to be found under www.candriam.com/en/professional/funds-search/afnor-certification/

4.7. Links to other Engagement Activities — Direct and Collaborative Dialogues

As described in the Candriam Engagement Policy, Candriam holds regular dialogues on its own initiative or at the request of the issuer on strategy, risk management and sustainability matters that we assess as material for the company and relevant to our long-term investment view. These interactions are undertaken solely on behalf of our clients and in accordance with Candriam's independent principles and fiduciary responsibilities.

The period before the AGMs can be productive for exchanges with top management and/or chairs of sub-committees. The objective of our dialogues, as for the rest of our engagement, either direct or in collaboration with other investors, is threefold, specifically:

- Encouraging improved disclosure and in particular obtaining more information on specific resolutions;
- Supporting investment decision making
- Influencing corporate practices, notably by explaining our voting policy, especially when one of the resolutions on an AGM agenda is not aligned with what we consider to be corporate governance best practices.

In some cases, these pre-AGM dialogues are part of ongoing dialogues conducted with the company throughout the year.

Candriam considers that companies should maintain an open dialogue with investors over the year and that Board responsiveness is an element of good corporate governance.In exceptional circumstances, and following an internal escalation process, Candriam may independently decide to:

- Exercise voting rights against management to express concerns regarding governance and strategy on
- Supporting or file a shareholder resolution;
- Raise questions or make statements at AGMs to highlight material governance and sustainability issues

Candriam conducts all engagement and voting activities independently and does not coordinate its voting decisions, engagement actions, or investment strategy with any other investor. While Candriam may participate in industry initiatives or collective forums, all stewardship decisions are made solely according to Candriam's own policies and analysis, without agreement, concerted action, or commitments with other investors. Any escalation is undertaken individually by Candriam, based solely on our analysis and not as part of any coordinated activity with other investors.

Pre-declaration of voting intentions can be considered either as an escalation measure or when predeclaration may answer to stakeholders' demand for improved transparency or serve an engagement objective. Any Pre-declaration will be submitted to our Proxy Voting Committee. More details can be found in our Engagement Policy[19].

For compliance rules applicable to the voting process that are related to acting in concert, insider information and exchanging information with other investors and/or asset managers, please refer to our engagement policy.

19 - Pre-declaration of voting intentions, when used, is made only in accordance with Candriam's Proxy Voting Policy and is never coordinated with third parties or used to agree on collective voting outcomes. Candriam's engagement and voting decisions are always taken independently, based on our own policies, and never as part of a 'group' as defined under Section 13(d) of the U.S. Securities Exchange Act.

Transparency: Reporting on voting.

In compliance with the sixth UN PRI principle[20], we undertake to regularly report on our voting activities both internally and externally.

5.1. Internal Reporting

The ESG Research & Investment Team ensures that communication channels exist internally to provide updates on upcoming AGMs, stimulate exchanges with fundamental analysts and investment managers to explain our voting guidelines, and to discuss resolutions when more inputs are needed for taking a stand regarding voting instruction. Investment managers are informed of contacts taken with companies both in the context of shareholder meetings and also of any contact taken individually or collaboratively on specific sustainability topics that may have impact on our voting decisions.

As described (**section 4**), our Proxy Voting Committee receives regular reports on votes, and participates in the decision on any escalation processes (including resolution co-filing) following an unsuccessful engagement that may have an impact on our voting decisions.

20 - Principle 6: "We will each report on our activities and progress towards implementing the Principles".

5.2. External Reporting

We use our corporate website as our main external means of communication for our annual Proxy and Engagement reviews, and to disclose the details of our votes.

In accordance with the European Shareholder Rights Directive II (SRD II), details of all votes case for Candriam's open-ended funds under the Candriam Policy are available on our website the business day after the meeting date[21]. The website will also show our voting approach and information on how Candriam exercised the voting right as well as our rationale on the most sensitive votes and/or resolutions. Rationales are systematically available when we do not follow company's management recommendation.

Should a conflict of interest arise in connection with engagement activities, an explicit reference will be made in our disclosures, explaining how Candriam has dealt with it.

Rationales are available one day after the AGM. However, in case of escalation (cf. section 4.7) or to satisfy stakeholders' demand, our Proxy Voting Committee may decide to pre-declare our intention of vote.

Under some specific contractual agreements, Candriam clients benefit from regular updates on their portfolios and related engagement analysis. When relevant, they also receive:

- The detail of the votes (proxy voting) for their portfolio with the associated rationale for decisions on management and shareholder resolutions;
- Our annual Proxy and Engagement reviews.

Presentations made outside of any contractual relationships with clients are also opportunities to share our experience and the outcomes of our votes.

Any meetings we have with clients present an opportunity to receive feedback on our voting strategy and reporting. Candriam welcomes feedback to improve our approach.

21 - VDS Dashboard, https://vds.issgovernance.com/vds/#/NDA0Nw==/

€156 B

of assets under management 30 June 2025

600 +

Experienced and committed professionals

+ 25 years

Leading the way in sustainable investing

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Candriam consistently recommends investors to consult via our website www.candriam.com the key information document, prospectus, and all other relevant information prior to investing in one of our funds, including the net asset value ("NAV) of the funds. This information is available either in English or in local languages for each country where the fund's marketing is approved.

*As of 31/12/2022, Candriam changed the Assets Under Management (AUM) calculation methodology, and AUM now includes certain assets, such as non-discretionary AUM, external fund selection, overlay services, including ESG screening services, [advisory consulting] services, white labeling services, and model portfolio delivery services that do not qualify as Regulatory Assets Under Management, as defined in the SEC's Form ADV. AUM is reported in USD. AUM not denominated in USD is converted at the spot rate as of 30/06/2024.

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