



CLIMATE TRANSPARENCY REPORT 2020

Candriam Investors Group

About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-150FABDF-00DB-44D8-8157-A538B613ACD0/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
Name	Candriam Investors Group
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ > 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	Luxembourg
Disclosure of Voluntary Indicators	93% from 38 Voluntary indicators

Candriam Investors Group

Reported Information

Public version

Strategy and Governance

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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For an asset manager, climate-related risks are identified at corporate level (financial/reputational risks) and at investment side (financial, transitional, physical and operational). Opportunities can be found at the investment side in investment in activities /services offering solutions to Climate change related issues : energy efficiency, clean energy and all related products/services in favour of green energy/economy all along the value chain. Regulatory changes and pressure from the stakeholders are key in the materiality of those risks and opportunities.

The transition to a low/ neutral carbon economic world will for sure put pressure on fossil fuel energies. Among the most risky assets, the most carbon -intensive energies and activities will be the first targeted by regulators and /or the less competitive/profitable. As a consequence, fossil fuels -and especially coal - are the most risky and potential so-called 'stranded assets'. In line with the IEA 2 degree scenario, we recognise the role of natural gas for power generation in the path towards a lower carbon economy. At the same time, progressively new cleaner energies technologies to generate power and to favour better use of energies are becoming effective and profitable alternatives.

Based on the analysis done, the time horizon of those identified risks/opportunities is for the majority of our assets (listed equities and corporate bonds) medium to long-term, That's the reason why the decision has been taken in September 2018 to expand our company-wide exclusion policy to directly exposed investee companies to thermal coal (coal extraction, coal-related power generation and new developed activities). This is the first step of our company-wide climate policy. At this stage, indirectly exposed investee companies like the financial sector are targeted by our engagement activities.

Aside from this company-wide policy, our ESG assessment of corporates apply since 2008 takes into account the climate-related risks and opportunities of all investee companies, based on sector specific models. Those models factor the climate-related risks and opportunities at business-model level and at investee's strategies/performances level in function of the (today's and expected) materiality for the sector. Models are forward-looking (5 years time horizon) and help us to identify the companies that are the best positioned in their sector and region. The results of this ESG assessment are used in all fundamental strategies except the hedged funds ones :

- They are embedded in the strategies based on the Best-in-class selection (top 50 %/70 %). These strategies cover all asset classes/regions and target a decarbonisation path.
- They inform the ESG integration process of all fundamental equity and corporate bonds strategies.

All bonds portfolios favour the investment in green bonds for a pocket between 5 and 15 %.

In 2019, the equity quant strategies start to implement a carbon footprint optimisation with at least a target of -30 % compared to benchmark.

Low carbon solutions have been developed in 2015 and fossl fuel free one launched in 2018. In 2019, the launch of a Climate Action fund promotes investments in adaptation and mitigation solutions to the climate change issue.

No

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

Based on our in-house developed ESG models, as explained in detail in SG01.6 CC, the first identified step has been to tackle the short/medium-term risks related to the exposure to thermal coal. This has been concretely implemented in our company-wide exclusion policy. Divestment from thermal coal exposure in the extractive and power generation exposed companies is effective since December 2018 for all funds over which Candriam has the full discretion as management company and asset manager as well as segregated accounts for which the final client has agreed.

The SRI Best-in-class strategies have already implemented in 2019 a formal exclusion of unconventional oil & gas and limited exposure to conventional oil & gas (in line with IEA 2 degrees scenario). These strategies cover all asset classes (equities, bonds, asset allocation) and all regions (incl. emerging markets) and target a decarbonisation path. They are already reducing their carbon footprint by 40-50 % against benchmark.

All fundamental equities and corporate bonds strategies integrate the climate change issue in their financial selection.

All bonds portfolios favour the investment in green bonds for a pocket between 5 and 15 %.

Equity quant strategies implement a carbon footprint optimisation with a minimum target of -30 % carbon footprint compared to benchmark.

Since 2015, carbon footprint data are computed at portfolio level and decarbonisation solutions are offered to our clients. Among those, low carbon solution have been applied, fossil fuel free and climate action funds have been launched. Those solutions are used in segregated mandates and for asset allocation purpose.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9
CC**

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

Yes

Describe

The Global Strategic Committee oversees the company-wide strategies inclusive those related to climate change issues. The CIO and ESG teams are responsible for steering the integration of ESG and climate aspects into investment strategies and acts as the Executive Office of the Global Strategic Committee.

The dedicated ESG research team is made of 13 ESG analysts (as of December, 2019). Climate-related issues are of course a core-aspect of our in-house developed ESG analysis, on the basis of the above-mentioned principles: review of risks and opportunities, targeted issues per industry / sector, life-cycle approach, qualitative and absolute assessment of investment opportunities. Based on the sector model and assessment of companies, they score companies and can provide a decision on the material climate risks associated. During this process, analysts also consider the potential for engagement to encourage improved management of climate-related risks and opportunities. Indeed, since 2015, Energy Transition is one of our 3 conviction topics in the dialogue with companies. In 2019, Energy transition was also one of

our favourite conviction topics within direct dialogues, Energy/Utilities/Financials being the Top 3 target sectors.

During regular Investment Committee, ESG analysts present the results of the assessed ESG material factors, including climate ones and the companies final evaluation. Individual portfolio managers are responsible for constructing portfolios taking into account the applied ESG approach (exclusion, Best-in-class, integration, thematic) and for segregated mandates, client-specific objectives, including ESG and climate ones.

Since 2015, we use Trucost carbon-related data and they are available to portfolio managers. On a monthly basis, portfolio carbon footprint are delivered for more than 40 % of our AUM. A quarterly report is published for all SRI funds and a selection of funds. Each year the scope of funds/ mandates is enlarged. A yearly report is prepared for funds/ mandates that are part of the French Law Art 173. Those reports contain the following data relating to climate change:

- Portfolio carbon footprint "in CO2 equivalent (in tonnes) per €1 million in sales" in comparison with its benchmark
- Portfolio carbon footprint "in CO2 equivalent (in tonnes) per €1 million invested" in comparison with its benchmark
- Analysis of the contribution of the different sectors to the carbon footprint of each portfolio
- Analysis of sector contribution of the issuer investees to the carbon footprint of each portfolio
- Weighted average carbon footprint
- Analysis of a set of indicators of the contribution to energy transition at the portfolio level
- 2 degree IEA scenario
- Exposure to fossil fuel reserves

A project has been launched end 2019 to measure portfolio temperature.

No

**SG 1.10
CC**

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

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC

Mandatory to Report Voluntary to Disclose

Public

Descriptive

General

**SG 07.5
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Investor relations

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (1)

Proxy voting committee and execution

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

Risk management department

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

**SG 07.6
CC**

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

Board members are informed about the strategic orientations incl. RI orientations and new investment developments decided by the Global Strategic Committee. As pioneer in SRI, Candriam also helps its shareholders to develop further its RI offer and commitment. The Board members also take part to our annual Institutional seminar that offers the opportunity to present our SRI expertise and new research in the RI field.

The SRI business plan as well as investment unit business plans are presented each year to the Global Strategic Committee and Executive committee for approval and implementation. Additionally, the CSR committee pilots and monitors the implementation of CSR/ESG investment projects by the different units.

From 2020, a ESG Risks Committee will report on ESG and climate-related risks on a quarterly basis to the Global Strategy Committee which oversees Candriam's strategic orientations of which ESG company-wide exclusion policy, projects related to ESG integration, launch of new products/strategies.

**SG 07.7
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Following the requirements of FR ART 173 and TCFD recommendations, end 2016, **a dedicated SRI operational committee** has been launched gathering 2 members of the Global Strategic committee (CIO traditional investment and COO), SRI teams, representatives of client relations and solution department, operational desk in charge of reporting. This committee meets on a two-month basis and oversees and monitors progress in follow up of requests, resources needed (data, workload, reportings, publication).

The assessment and management of climate related issues are part of the daily activities of

- ESG analysts teams in charge of the selection of companies in function of the climate change impact. This factor is part of the ESG assessment model for all sectors since 2008. In their role, they are responsible for the follow-up of new trends in the field and development of new tool/models to evaluate and measure climate risks and opportunities. They also are in charge of engagement activities related to climate change issues, coordinated by stewardships dedicated ESG analysts .

- Portfolio managers in charge of piloting climate change targets in the portfolios they manage : targets are explicit in low carbon strategies and they have to favour less climate impacting issuers in others.They evaluate the impact of decision on portfolio carbon footprint

Climate-change issues and targets are discussed during Investment meetings with Heads of Investments processes and representatives of ESG team.

- Risk management teams validate investment process and control implementation of ESG policies and strategies.

From 2020, a ESG Risks Committee will report on a quarterly basis to the Global Strategy Committee which oversees Candriam's strategic orientations of which ESG company-wide exclusion policy, projects related to ESG integration, launch of new products/strategies.

- Data management and reporting officers have to deliver the portfolio reports related to climate change (carbon footprint, 2 degrees scenario, % exposure to coal, energy mix,brown/green shares). Part of those have been outsourced to the environmental service provider Trucost.

- Proxy voting committee oversees and monitor the implementation of voting guidelines incl. those related to ESG shareholders resolution and the link with investee companies dialogues.

Candriam is signatory of Montreal Carbon Pledge and publish each year the carbon footprint of the SRI product range and progress made. Candriam France is submitted to FR ART 173 and Candriam provides compliant tailor-made reports for their clients submitted to.

- Our annual Montreal Carbon Pledge statement

<https://www.candriam.com/en/professional/market-insights/topics/sri/montreal-carbon-pledge--candriam-discloses-its-carbon-footprint-2019/>

- Our statement and dedicated FR ART 173 webcorner (available in French, and translated in English with some delay)

<http://www.candriam.com>

SG 07.8
CC

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

SG 13.1

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors

Describe

Sector models are developed as basis for the ESG companies assessment. Those models are built by ESG analysts expert by sector and take into account the future evolution of material risks and opportunities for the sector and for the company in function of their activities and exposure to those.

- Yes, in order to assess future climate-related risks and opportunities

Describe

Climate-related risks and opportunities are part of all sector models developed by our ESG analysts to assess companies, especially when we assess the business model of companies (product/services, geographical exposure of activities/clients). This assessment covers the whole value chain. ESG analyst also use 2 degrees scenario and Transition Pathway initiative to inform their assessment of companies climate policies and positioning towards climate risks.

- No, our organisation does not currently carry out scenario analysis and/or modelling

SG 13.2

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify

For our Best-in-class approach, more under SG13.3.

In European Equity ESG integration, sector weights are function of global exposure to sustainability trends.

We do not consider ESG issues in strategic asset allocation

SG 13.3 Additional information. [OPTIONAL]

Our SRI Best-in-class screening approach is well balanced towards the ESG pillars and is based on sector-specific ESG models taking into account the material ESG risks and opportunities for the sector and the new trends. Our final SRI selection is sector neutral and we verify its impact on the ESG quality of the portfolios.

As for example of our modelling of new ESG trends, in the stakeholder's management sector model (Micro analysis), the ESG analyst expert of the sector determines the relevance (weighting) of the various ESG themes for the sector. Based on qualitative sector data and, where possible on historic quantitative data, the relevance of each theme is determined according to the frequency of interactions, their financial impact and future prospects.

- Frequency: the frequency at which certain events occur, such as accidents, fines, legal disputes or the publication of information briefs, and the degree of attention given to stakeholders;
- Financial impact: the magnitude of the impact of an ESG issue on sales, margins, assets (tangible and intangible), etc.;
- Future prospects: the probability that the relevance of an issue will increase or decrease due to a change in frequency or financial impact over the next five years.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 13.4 CC

Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

Initial assessment

Describe

Initially, 2 degree scenario analysis has been discovered by our ESG team in 2015 when portfolio analysis have been delivered for our SRI funds/mandates. Those confirm by quantitative data that our in-house developed assessment of companies taking into account their business model sustainability was aligned with the scenario. Since then, it has been used to identify companies at risk in non SRI portfolio and to back our decision to expand our corporate-wide strategy to exclude coal from our investments. In parallel to this decision, since 2015, green bonds have been favoured in corporate bonds strategies with an initial target of 5-10 % pocket and since 2018 10-15 %. The research made on the carbon data led us to develop decarbonisation optimisation process and to launch low-carbon investment strategies. Since 2019, ESG analysts also use TPI to inform their assessment of companies energy transition strategies.

Incorporation into investment analysis

Describe

Scenario analysis is used in ESG selection of companies and for the monitoring of strategies applied to SRI funds/mandates and low-carbon strategies. Access to climate-related data by portfolio managers make them aware of carbon risks in portfolio, investments that are the largest contributors and associated risks. All equities and corporate bonds processes (incl. since 2019 quant equities ones) integrate now the climate change issue in the selection process.

Inform active ownership

Describe

In 2015, we signed the Montreal Carbon Pledge initiative and committed ourselves to make progress in the path towards lower carbon footprint for our SRI product range. At the same time, we identified Energy Transition as one of our conviction topics to put forward in our stewardship activities. Since then, we have also signed the Investor Agenda initiative and the Commitment to support a just Transition on Climate change.

The ESG assessment and collected information on companies also feed and back our dialogue with companies and voting activities. We have concentrated further our efforts by engaging all sectors on energy related issues including :

- Materials and Utilities, on thermal coal divesting: 13 European utilities companies targeted in 2019 by a dedicated direct dialogue on Just Transition, and contact taken with 8 companies in relation to our Coal Exclusion Policy
- Energy, on scenario analysis with focus on short/medium term target and inclusion of Scope 3
- Finance, on risk disclosure, climate policies and carbon emissions / intensity performance-linked credit& lending practices : 33 banks and insurance companies engaged in 2019 in a dedicated direct dialogue campaign launched

Candriam voting policy is aligned with our commitments and explicitly mentions we consider that all listed-companies should publish and implement a comprehensive climate change policy in line with accepted principles such as those of the Task Force on Climate-related Financial Disclosures (TCFD). Therefore, we recommend a vote in favour of resolutions demanding public report on hold companies' scenarios and climate strategy. We always consider the relevance, consistence and feasibility of the measure before casting our vote. TCFD recommendations are part of our voting guidelines. In 2019, we supported the shareholders resolution at Amazon, BHP, Equinor, Exxon, UPS, Westpac. We are also pleased to co-file shareholders resolutions related to environmental issues and TCFD disclosure. In 2019, this has been the case for the climate shareholders resolution filed at BP AGM.

As signatory and active member of the Climate Action 100 + initiative, we use our ESG expertise and knowledge on companies to contribute to the dialogue with targeted companies. We also are pleased to contribute as signatory to the CDP campaign on environmental disclosure data (30 letters in 2019).

Other

SG 13.5 CC

Indicate who uses this analysis.

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

SG 13.6 CC

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

At Candriam, the first step to evaluate impacts of climate-related risks was initiated by the ESG team when they identify climate-related risks and opportunities across sectors and assess material impacts on companies. Their analysis and assessment cover since 2008 all companies part of classical benchmarks used in investments strategies. The French Art 173 and launch of TCFD recommendations were at the origin of the set-up of an operational committee monitoring the computing of portfolios carbon footprint and available climate-related data. A proposition was made by SRI team to the Global Strategic Committee to look at the most potential stranded assets. The derived decision was our company-wide thermal coal divestment from end 2018.

Since then, further steps were implemented : SRI strategies exclude unconventional oil& gas as well as conventional oil & gas companies with carbon intensity not aligned with the IEA 2DS. All fundamental equities and corporate bonds strategies integrate the climate change factor in their investment process. The Equity quant process implements a carbon footprint optimisation targeting at least a -30 % reduction compared to benchmark.

From 2020, a new Committee dedicated to Climate and ESG risks gathers Risk managers, ESG team members and representative of investments strategies. The target is to develop/follow up the climate change issue based on a structured framework that identify material short/medium/long term risks across all strategies. This should inform our corporate strategies and further feed our ESG integration approach. A quarterly report will be addressed to the Global Strategic Committee in order to take strategic decisions at company level.

No

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> Transition Pathway Initiative
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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SG 14.1

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)

other description (1)

Health and Wellness

- Other, specify(2)

other description (2)

Developing economies

- None of the above

SG 14.2

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		21	689	253	857
Currency	EUR				
Assets in USD		23	908	092	663

Specify the framework or taxonomy used.

We consider as low carbon or climate resilient investments :

- all funds and segregated accounts applying our Best-in-class approach as this approach selects issuers that are reducing their exposure to climate-related risks and favour exposure to alternative energies and adaptation/mitigation solutions/behaviours in all sectors. Additionally, this approach excludes companies exposed to unconventional as well as exposed to conventional oil& gas and carbon intensive electricity generation above the IEA 2DS. This approach leads to portfolio carbon footprint that are on average 50 % lower than their traditional benchmarks.
- funds and segregated accounts that have as objective to be fossil fuel free and /or have as target to reduce by more than 50 % their carbon footprint compared to their traditional benchmark.
- all those funds and segregated accounts are monitored by a report including carbon footprint and energy mix.

note : this figure does not take into account the assets that have divest from thermal coal exposure as a first step in our corporate-wide climate strategy (64 % of total AUM).

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

SG 14.3

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

SG 14.5

Additional information [Optional]

ESG assessment and SRI selection

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

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

The Climate change issue

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

Energy transition as a conviction topic

Since 2015 Candriam has chosen to promote three long-term engagement topics (our 'conviction topics'), among which Energy transition, that covers the shift to more renewable sources of energy but also improved

energy efficiency and storage. In the Phase I, the issue is first raised through dialogue with companies belonging to one or few specific and highly relevant sectors. In Phase II, leveraging on this knowledge, the conviction topics is chosen as a priority topic in dialogue with bottom 15% of our Top 50% selected companies when relevant. In Phase III, topic-related outreach program is expanded cross Candriam, for fundamental analysts and fund managers but also for other departments such as purchasing service.

Call to governments and authorities to act

Candriam has signed several statements or collaborative initiatives calling states or control authorities to act for better management of climate change-associated challenges, but also committing ourselves. Here below some of the initiatives or statement we signed over the past 3 years and that fall under this category :

- Montreal Carbon Pledge
- G20 Energy Efficiency Investor Statement
- Paris Pledge for Action
- Fiduciary Duty In the 21st Century Statement
- Investor statement to G20 governments on phasing out subsidies for fossil fuels
- 2019 Global Investor Statement to Governments on Climate Change
- Australian extractives sector, IGCC Public Sign On Letter
- Open Letter in support to Amazon Soy Moratorium

SG 14 CC	Voluntary	Public		General
SG 14.6 CC	Provide further details on the key metric(s) used to assess climate-related risks and opportunities.			

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

SG 14.7
CC

Describe in further detail the key targets.

Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	from 2015		Publish and monitor carbon footprint of our SRI product range to align this with low carbon strategies - progressively extend the scope to other kind	File 1:Montreal Carbon Pledge 2019.docx
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	1 / from 2017		exclusion of company's exposed to extraction of thermal coal or thermal coal power generation above 10 % revenues 1/for SRIbest-in-class strategies	File 1:SRI controversial-activity-policy-en-2019.pdf
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target	2/ from 2018		exclusion of companies exposed to extraction of thermal coal or thermal coal power generation above 10 % revenues 2/ for all other strategies	File 1:Candriam divests from coal and tobacco.docx File 2:Candriam company wide exclusion policy.pdf
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	from 2019		all SRI funds exclusion of unconventional oil and gas and limited exposure conventional oil and gas exposure to IEA Scenario	File 1:2019 transparency code SRI BIC funds.pdf
<input type="checkbox"/> Absolute target <input checked="" type="checkbox"/> Intensity target	from 2019		Equity quant strategies – target at least 30 % carbon footprint reduction against benchmark	

**SG 14.8
CC**

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

- Processes for climate-related risks are integrated into overall risk management

Please describe

A transversal operational committee gathering representatives of risk management, ESG team, operations and reporting, client relationship managers was set up in 2016 to work on the carbon data and overseeing/monitoring the computation of portfolio carbon footprint. Please refer to answer to questions SG 7.7 CC for further details.

From 2020, a new working group dedicated to Climate and ESG risks will gather Risk managers, ESG team members and representative of investments strategies. The target is to develop a framework to identify material short/medium/long term risks across all strategies in order to further develop our corporate strategies, further feed our ESG integration approach and decide on the appropriate metrics. Until now, the identification of material risks related to climate issues was derived from the ESG team based on the in-house developed models to assess companies and their exposure to climate change. Research conducted on carbon data and scenario analysis were also used.

- Processes for climate-related risks are not integrated into overall risk management

Yes

Please describe

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

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

The last 3 years, climate definitively entered the financial market arena and energy transition accounts for the most prominent part of our direct and collaborative engagement, and in 2019, in an even more pronounced proportion than previous years.

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

- CDP - Non Discloser Campaign, lead investor for 23 corporates this year
- Decarbonisation (IDI) Initiative
- Climate Action 100+& Climate Change Transition for Oil & Gas, active investor for 5 corporates
- Making Finance Work for People and Planet
- 2019 Global Investor Statement to Governments on Climate Change
- Investor Statement On Deforestation& Forest Fires in the Amazon
- Australian extractives sector, IGCC Public Sign On Letter
- Open Letter in support to Amazon Soy Moratorium
- Investor statement to EU policymakers on the future of Corporate reporting

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

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

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

Candriam voting policy is aligned with our commitments and explicitly mentions we consider that all listed-companies should publish and implement a comprehensive climate change policy in line with accepted principles such as those of the TCFD. Therefore, we recommend a vote in favour of resolutions demanding public report on hold companies' scenarios and climate strategy. We always consider the relevance, consistence and feasibility of the measure before casting our vote. We also engage in the pre-season of voting on the energy transition topic. In 2019, we co-filed the BP shareholders resolution on climate and supported those at Amazon, BHP, Equinor,Exxon, UPS ans Westpac AGMS.

At last, Candriam continues to support TCFD recommendations :

- as a member of several industry associations
- when answering public consultations such as those in relation to the EU Sustainable Finance Action Plan (EU Taxonomy, EU low carbon and Paris agreement benchmarks, EU ECO-LABEL, non-financial disclosures directives)
- when sharing its view at international events such as the 2018 OECD meeting on Integration of Climate change into Institutional Investment.

More details on our engagement achievements are available in our 2019 Engagement Annual review, under

<https://www.candriam.com/4942d0/siteassets/medias/publications/sri-publications---candriam-policies/engagement-report.pdf>

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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SG 15.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
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Yes

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

%	
---	--

18

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

Energy efficiency / Clean technology

Asset class invested	
----------------------	--

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area	
--	--

23

Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area	
--	--

11.5

Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area	
--	--

18.4

Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area	
--	--

16.5

Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

13.2

Hedge funds

Brief description and measures of investment

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

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

Renewable energy

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

23

Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

11.5

Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

18.4

Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

16.5

Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

13.2

Hedge funds

Brief description and measures of investment

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

Country exposure and policy related to Renewable energy is part of the assessment of management of natural capital (25 % weight of ESG country final score) of our ESG screening

applied for all our SRI Best-in-class funds and mandates invested in government bonds.

Green buildings

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

23

Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

11.5

Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

18.4

Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

16.5

Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

13.2

Hedge funds

Brief description and measures of investment

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

Sustainable forestry

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

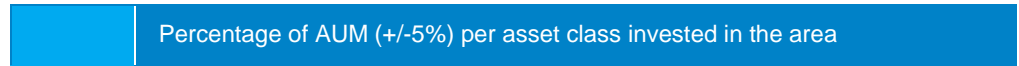
15

Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

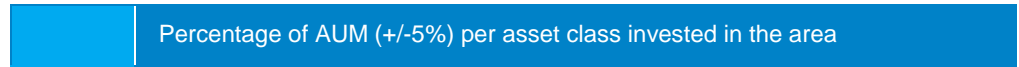
11.5

- Fixed income - Corporate (financial)



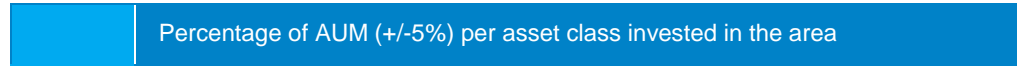
18.4

- Fixed income - Corporate (non-financial)



16.5

- Fixed income - Securitised



13.2

- Hedge funds

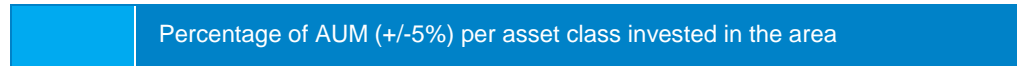
Brief description and measures of investment

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

- Sustainable agriculture

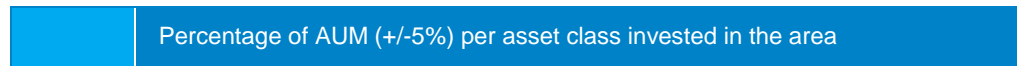
Asset class invested

- Listed equity



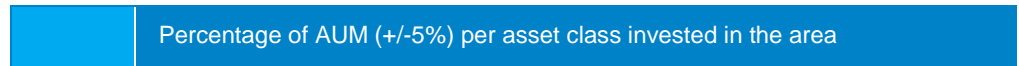
15

- Fixed income - SSA



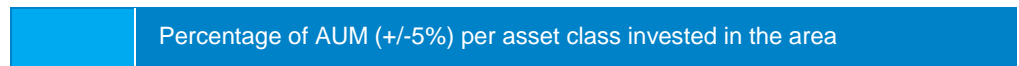
11.5

- Fixed income - Corporate (financial)



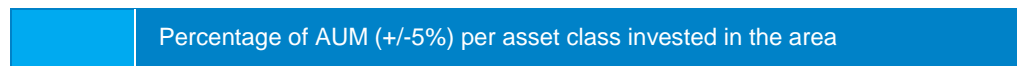
18.4

- Fixed income - Corporate (non-financial)



16.5

- Fixed income - Securitised



13.2

- Hedge funds

Brief description and measures of investment

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

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

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

15

- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

11.5

- Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

18.4

- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

16.5

- Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

13.2

- Hedge funds

Brief description and measures of investment

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

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

Global health

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

17

Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

11.5

Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

18.4

Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

16.5

Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

13.2

Hedge funds

Brief description and measures of investment

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

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

Water

Asset class invested

Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

15

Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

8.6

- Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

13.7

- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

15.4

- Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

5.2

- Hedge funds

Brief description and measures of investment

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

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

- Other area, specify

Demography

Asset class invested

- Listed equity

Percentage of AUM (+/-5%) per asset class invested in the area

17

- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

11.5

- Fixed income - Corporate (financial)

Percentage of AUM (+/-5%) per asset class invested in the area

18.4

- Fixed income - Corporate (non-financial)

Percentage of AUM (+/-5%) per asset class invested in the area

16.5

Fixed income - Securitised

Percentage of AUM (+/-5%) per asset class invested in the area

13.2

Hedge funds

Brief description and measures of investment

Demography is a ESG issue that is taken into account in our SRI assessment screening of corporates : exposure of activities/products that offer solutions to the challenge of demography and ageing population incl. for sectors like the pharmaceutical one or the food and beverages one.

This is also a challenge that is part of our country assessment screening. This is taken into account in the country's human capital management (25 % weight of ESG country final score) and in the economic sustainability assessment of countries.

No