

PAI Consideration at Product Level

DECEMBER 2022

Marketing communication

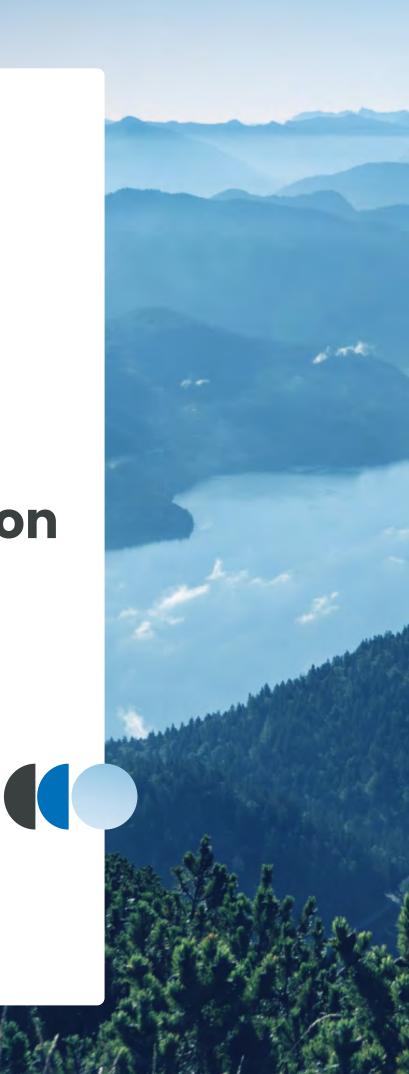
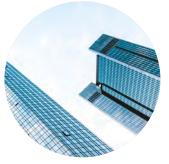


Table of contents.





Context	4
Scope	4

Consideration of PAI at product level 5 Monitoring 5 Exclusions 5 Engagement & Voting (if applied) 5

Data sources	
and quality of data	6

Consideration of PAIs depending on the type of product

Information	11
MSCI ESG Research	11
Trucost	11
ISS	11

Important copyright

8

Context.

The European Union's Sustainable Finance Disclosure Regulation (SFDR) defines sustainability factors as environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

Investment decisions and advice have direct or indirect impacts which may result in negative effects on sustainability factors.

"Principle adverse impact" (PAIs) are defined as negative, material or likely to be material effects on sustainability factors (environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters) that are caused, compounded by or directly linked to investment decisions and advice performed by the legal entity.



Scope.

The PAI Consideration At Product Level Policy is applicable to all funds Article 8 and 9 over which Candriam has full discretion as management company and investment manager (the "Portfolios"). This policy therefore encompasses most of Candriam's asset under management, with some exceptions.

For more information, please directly refer to the product-related documentation on our website:

https://www.candriam.com/en/professional/

Consideration of PAI at -product level.

Candriam considers principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process.

At portfolio level, the consideration of the principal adverse impacts on sustainability factors occurs through one or several of the following means:

Monitoring

Calculation and evaluation of principal adverse impact indicators, including in the regular reporting at financial product level. Some of these indicators may have explicit targets and can be used to measure the attainment of the sustainable investment objective of the product.

Exclusions

Candriam's negative screening of companies and countries aims at avoiding investments in harmful activities and practices and may lead to exclusions linked to issuers' adverse impacts.



Engagement & Voting (if applied)

In order to avoid and/or reduce adverse impacts on sustainability objectives, the financial product also considers adverse impacts in its interactions with companies, through dialogue and voting. Candriam prioritises its engagement and voting activities according to an evaluation of the most material and relevant ESG challenges facing industries and issuers, by considering both the financial and societal/stakeholder impacts. Therefore, the level of engagement with each company within the same product may vary and is subject to Candriam's prioritisation methodology.

Data sources and quality of data.

Candriam combines several data sources. Each data source is analysed to evaluate data quality and relevance. Based on this analysis, Candriam has chosen what we consider to be the strongest provider for each PAI. This selection may change at any time.

Indicators applicable to investments in investee companies

Climate and other environment-related indicators				
PAI 1. GHG emissions	Trucost			
PAI 2. Carbon footprint	Trucost			
PAI 3. GHG intensity of investee companies	Trucost			
PAI 4. Exposure to companies active in the fossil fuel sector	MSCI			
PAI 5. Share of non renewable energy consumption and production	MSCI			
PAI 6. Energy consumption intensity per high impact climate sector	MSCI			
PAI 7. Activities negatively affecting biodiversity sensitive areas	MSCI			
PAI 8. Emissions to water	MSCI			
PAI 9. Hazardous waste and radioactive waste ratio	MSCI			
Social and employee, respect for human rights, anti-corruption and anti-bribery matters				
PAI 10. Violations of UN GC principles and OECD Guidelines for Multinational Enterprises	Candriam & MSCI			
PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN GC principles and OECD Guidelines for Multinanional Enterprises	MSCI			
PAI 12. Unadjusted gender pay gap	MSCI			
PAI 13. Board gender diversity	OEKOM			
PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Candriam & ISS OEKOM			



Indicators applicable to investments in sovereigns & supranationals

Climate and other environment-related indicators				
PAI 15. GHG intensity	EDGAR			
Social and employee, respect for human rights, anti-corruption and anti-bribery matters				
PAI 16. Investee countries subject to social violations	Candriam			

The specific principal adverse impact indicators that are taken into consideration are subject to data quality and availability. They may evolve with improving data quality and availability.

Periodic reviews of data sources are be performed to continue to ensure the best-possible quality of data according to our analysis.

Consideration of PAIs depending on the type of product.

Candriam differentiates two categories of products, resulting in a different integration of PAI.

The PAI Level 2, the highest level of PAI integration, occurs for all Candriam Article 9 products and Article 8 products with a positive screening approach, the mention «sustainable» in their name or the Belgium SRI label «Towards Sustainability».

The remaining Article 8 products apply the PAI Level 1, a lighter level of PAI integration, with some exceptions:

- PAI 2 is monitored when the products follow their carbon footprint as a sustainability indicator.
- PAI 3 is monitored when the products are within the scope of Candriam's engagement with the Net Zero Asset Manager Initiative (NZAMI). Candriam joined the Net Zero Asset Manager Initiative (NZAMI) in November 2021. The NZAMI brings together asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C and to supporting investing aligned with Net Zero emissions by 2050 or sooner.

For some fund of fund products that are managed by Candriam and invest in external underlying funds and are not covered by these two product categories, please refer to the dedicated due diligence processes.



PAI Level 2:

COMPANIES					
	Materiality	Quality of data	Monitoring	Exclusions	Engagement & Voting
PAI 1. GHG emissions	High	High	Yes		Yes
PAI 2. Carbon footprint	High	High	Yes		Yes
PAI 3. GHG intensity of investee companies	High	High	Yes	Yes	Yes
PAI 4. Exposure to companies active in the fossil fuel sector	High	Medium	Yes	Yes	Yes
PAI 5. Share of non renewable energy consumption and production	High	Low			Yes
PAI 6. Energy consumption intensity per high impact climate sector	High	Low			Yes
PAI 7. Activities negatively affecting biodiversity sensitive areas	Medium	Low			Yes
PAI 8. Emissions to water	Medium	Low			Yes
PAI 9. Hazardous waste ratio	Low	Low			Yes
PAI 10. Violations of UN GC principles and OECD Guidelines for Multinational Enterprises	High	High	Yes	Yes	Yes
PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN GC principles and OECD Guidelines for Multinanional Enterprises	High	Low			Yes
PAI 12. Unadjusted gender pay gap	Medium	Low			Yes
PAI 13. Board gender diversity	Medium	High Yes			Yes
PAI 14. Exposure to controversial weapons	High	High	Yes	Yes	Yes
SOVEREIGN AND SUPRANATIONALS					
PAI 15. Sovereign-GHG intensity	High	Medium	Yes		
PAI 16. Sovereign-Investee countries subject to social violations	High	Medium	Yes	Yes	

PAI Level 1:

COMPANIES						
	Materiality	Quality of data	Monitoring	Exclusions	Engagement & Voting	
PAI 1. GHG emissions	High	High			Yes	
PAI 2. Carbon footprint	High	High	Only for funds with this as sustainable indicator		Yes	
PAI 3. GHG intensity of investee companies	High	High	Only for funds in scope NZAMI		Yes	
PAI 4. Exposure to companies active in the fossil fuel sector	High	Medium			Yes	
PAI 5. Share of non renewable energy consumption and production	High	Low			Yes	
PAI 6. Energy consumption intensity per high impact climate sector	High	Low			Yes	
PAI 7. Activities negatively affecting biodiversity sensitive areas	Medium	Low			Yes	
PAI 8. Emissions to water	Medium	Low				
PAI 9. Hazardous waste ratio	Low	Low				
PAI 10. Violations of UN GC principles and OECD Guidelines for Multinational Enterprises	High	High	Yes	Yes	Yes	
PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN GC principles and OECD Guidelines for Multinanional Enterprises	High	Low			Yes	
PAI 12. Unadjusted gender pay gap	Medium	Low			Yes	
PAI 13. Board gender diversity	Medium	High			Yes	
PAI 14. Exposure to controversial weapons	High	High	Yes	Yes	Yes	
SOVEREIGN AND SUPRANATIONALS						
PAI 15. Sovereign-GHG intensity	High	Medium				
PAI 16. Sovereign-Investee countries subject to social violations	High	Medium	Yes	Yes		

Important copyright Information.



MSCI ESG Research

"MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics products (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 23,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell,

or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.".

Trucost

© S&P Trucost Limited ("Trucost"), an affiliate of S&P Dow Jones Indices LLC. All rights reserved

ISS

© 2022 | Institutional Shareholder Services and/or its Affiliates. This document contains information that is the property of Institutional Shareholder Services Inc. ("ISS") or its subsidiaries. The Information may not be reproduced or redisseminated in whole or in part without prior written permission of ISS. ISS MAKES NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE INFORMATION







€143 B

AUM at 30 June 2022



600

experienced and committed professionals



25 years

Leading the way in sustainable investing

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

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.







