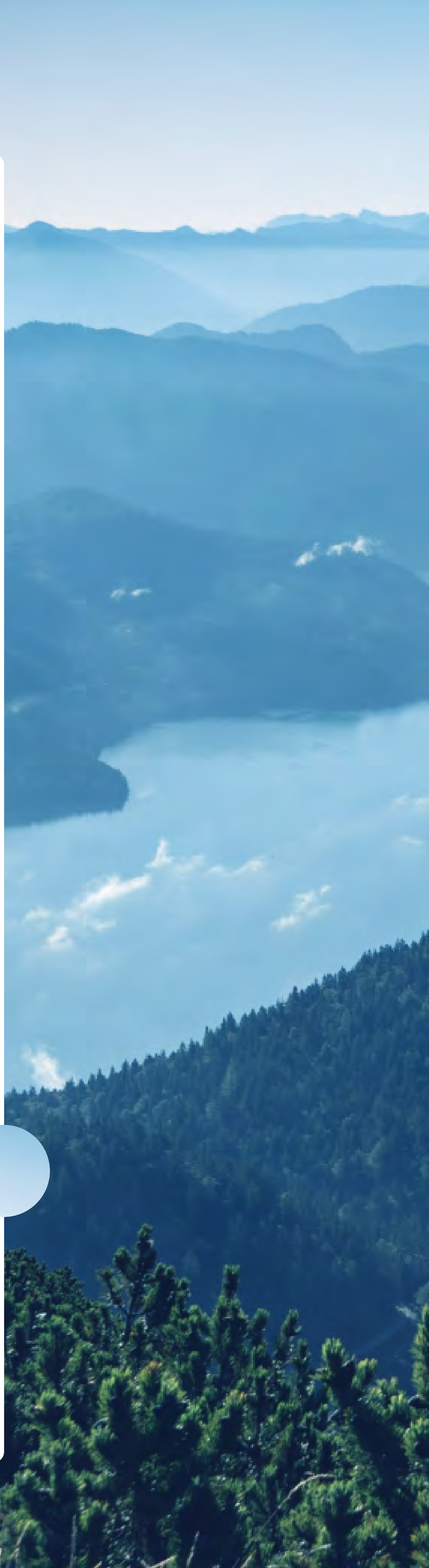
CANDRIAM

A NEW YORK LIFE INVESTMENTS COMPANY

Sustainable Investment Definition under Sustainable Finance Disclosure Regulation (SFDR)



DECEMBER 2022

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Executive Summary.

Context

Under article 2(17) of the European Union's Sustainable Finance Disclosure Regulation (SFDR), a 'sustainable investment' is defined as an investment:

1. in an economic activity that contributes to an environmental objective, or to a social objective;
2. provided that such investments 'do not significantly harm' any of those objectives;
3. and that the investee company follows good governance practices.

Currently this regulatory definition of 'sustainable investment' is rather broad and leaves room for interpretation.

As such, Candriam uses its proprietary ESG framework to define more precisely what it considers a 'sustainable investment' under SFDR. This framework contains Candriam's interpretation and views and is subject to review at any time.

'Sustainable investment' is defined by Candriam at company level for corporate investments and at country level for sovereign investments.

Corporate sustainable investment

Sustainable investments are investee companies that:

1. **For developed markets: have an ESG rating better or equal to ESG 5 and pass the corporate exclusionary screens;**
2. **For emerging markets and the high yield universe: have an ESG rating better or equal to ESG 6 and pass the corporate exclusionary screens.**

Indeed, in Candriam's corporate ESG assessment, sustainable companies are companies which combine a sustainable business model and sustainable practices towards their stakeholders. This assessment is based on the following pillars:

- Business activities analysis: This analysis assesses the extent to which a company's products and services are exposed to and contribute (positively or negatively) to five Key Sustainability Challenges: Climate Change, Resource Depletion, Demographic Evolution, Health & Wellness and Digitalization.

- Stakeholder analysis: This analysis evaluates a company's ability to sustainably incorporate stakeholder interests into its long-term strategy, and its potential impact on its stakeholders.

The outcome of this assessment is that each company is assigned an ESG Rating ranging from ESG 1 (best) to ESG 10 (worst).

In addition, exclusionary screens, based on norms-based assessment and controversial activities analysis, ensure that minimum safeguards referring to international norms and conventions are in place and that activities that are harmful to environmental or social sustainability are excluded (DNSH principle).

The good governance quality of investee companies is examined in detail as part of the stakeholder analysis.

Please find below an overview of the components of Candriam's corporate ESG assessment and their respective contributions to the three elements of SFDR's 'sustainable investment' definition.

Materiality and degree of importance:

	High
	Average
	Low / No

		COMPONENTS OF CANDRIAM'S CORPORATE RESEARCH AND ANALYSIS FRAMEWORK			
		Business activity	**Stakeholder Management**	**Controversial activities**	**Norms-based**
Components of SFDR's 'sustainable investment' definition	**1. Economic activity that contributes to an environmental or social objective**	x	x		
	2. Do not significantly harm principle	x	x	x	x
	3. Good governance practices		x		x

Sovereign sustainable investment

To be considered a sustainable investment, a country must be part of our eligible sovereign universe. Our eligible sovereign universe consists of those countries that are not excluded by our in-depth negative sovereign screening and that are in the top 75% of countries by sovereign ranking.

The positive contribution of a country to an environmental or social objective is assessed across four sustainable development criteria:

- **Natural Capital:** Our KPIs are designed to assess how a country conserves and sustainably employs its natural resources. We evaluate how a country manages its interactions with global environmental challenges such as climate change, consumption of resources, stewardship of biodiversity, and waste handling.

- **Human Capital:** Our KPIs assess economic and creative productivity, by evaluating education and skill levels, innovation, health, labour participation rates and employment ratios, among other sustainability themes.

- **Social Capital:** Indicators evaluate civil society and state institutions, including transparency and democracy, government effectiveness, corruption, inequalities, and the population's level of security.

- **Economic Capital:** Assessment of a country's economic fundamentals, in order to measure each government's ability to finance and support sustainable policies over the long run.

Our sovereign analytical framework reflects the urgency of dealing with the environmental challenges that our world faces, as well as the fact that Natural Capital is finite and cannot be replaced by other forms of capital. Therefore, the human, social and economic capital scores of a country are each multiplied by the country's natural capital score. Thus, we obtain environmentally weighted human, social and economic capital scores, which reflect how environmentally-efficient a country is in developing its human, social and economic capitals. Through the social capital, we monitor respect for human rights and civil liberties (freedom of expression and belief, associational and organizational rights, personal autonomy and individual rights, and minority rights), primacy of the rule of law and absence of corrupt practices, as well as good democratic governance (democratic accountability, political stability, government effectiveness, and judicial effectiveness).

The overall sustainability rating of a country is the average of the environmentally weighted capitals.

In addition, in-depth negative screening is performed relating to high-risk regimes and minimum standards of democracy. We exclude countries that are deemed to be totalitarian/authoritarian regimes. In addition, we exclude the worst violators of human and political rights (oppressive regimes) on a company-wide basis. Countries are excluded if they do not pass the following three filters:

- Candriam's Highly Oppressive Regimes List – severe human rights violators

- Financial Action Task Force's Call for Action List – state sponsors of terrorism

- Freedom House's Freedom in the World Index – states that are considered 'Not Free'

Moreover, discretionary exclusions can be applied to countries that are violators of international agreements, if such violations are not yet reflected in the available data.

Please find below an overview of the links between the regulatory definition of 'sustainable investment' and Candriam's sovereign sustainability framework:

Materiality and degree of importance:

	High
	Average
	Low / No

	Sustainable development criteria	In-depth negative screening
1. Contributes to an environmental or social objective	x	
2. Do not significantly harm principle	x	x
3. Good governance practices	x	x

Supranational sustainable **investment**

A supranational issuer is considered as sustainable investment if its mission makes a positive contribution to the economic and social development of regions and countries, if it complies with the principles of sustainable development, and if it does not commit any major systematic breaches of the principles of the UN GC.

Context.

Under article 2(17) of the EU's Sustainable Finance Disclosure Regulation (SFDR), a 'sustainable investment' is defined as investment

- **(1)** in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities,

- **(2)** provided that such investments 'do not significantly harm' any of those objectives,

- and **(3)** that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

The principle of 'do not significantly harm' (DNSH) under SFDR is linked to the consideration of principal adverse impacts (PAI)[1] and alignment of the investments with minimum safeguards. Minimum safeguards refer to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Currently this regulatory definition of 'sustainable investment' is broad and leaves room for interpretation.

As such, Candriam uses its proprietary ESG framework to define more precisely what we consider a 'sustainable investment'. This framework is presented in this document, which describes and explains Candriam's interpretation and views. It is subject to review at any time.

For the avoidance of doubt, 'sustainable investment' is defined by Candriam at issuer level, that is at corporate or country level, and not at the level of economic activities. In some specific cases, such as bonds with specific use-of-proceed, 'sustainable investment' may be defined at issue/instrument level.

1 Principle Adverse Impact indicators have been defined by the ESAS. The current list of the mandatory PAI is annexed to this document.

Corporate sustainable investments.

Candriam's proprietary ESG research and analysis framework enables us to set clear requirements and minimum thresholds to identify those companies that qualify as sustainable investments. Candriam's ESG corporate research and analysis framework is structured around the following pillars:

Proprietary ESG analysis, composed of:

- **Business activity analysis**
- **Stakeholder analysis**

In-depth negative screening, composed of:

- **Controversial activities exclusions**
- **Norms-based assessment**

Proprietary ESG analysis

Candriam has developed a structured and consistent ESG research and integration process enabling the assessment of risks and opportunities that stem from the business and operations of companies. This process identifies and analyses sustainability-related risks and opportunities, and companies' contributions to sustainability objectives from two distinct but interlinked angles: Business Activities and Stakeholder Management. Both analyses are designed to assess companies' ability to contribute to sustainability objectives and to identify those companies whose activities or stakeholder management could cause harm to environmental and/or social objectives.

Sustainability challenges, like global warming and the depletion of natural resources, test the resilience of financial and economic systems and of the companies that operate in them. At the same time, they also offer opportunities to foster innovation by investing in companies that create solutions to alleviate or solve these challenges. This goes beyond environmental matters and includes the social and governance dimension of corporate behaviour. Fully integrating ESG reflects our conviction that specific environmental, social and governance issues are being and/or will be priced by financial markets participants due to policy, technological and/or societal change.

Business activity analysis

Candriam's business activities analysis assesses the extent to which a company's products and services are exposed to and contribute, positively or negatively, to five Key Sustainability Challenges (KSC): Climate Change, Resource Depletion, Demographic Shifts, Health & Wellness and Digitalization. These challenges are long-term trends that considerably influence the economic environment in which companies operate and determine the future challenges in the market as well as the long-term growth opportunities.

Through the business activity analysis, Candriam assesses companies' contributions to environmental and/or social objectives.

Economic activities contributing to an environmental objective:
Candriam's business activities analysis favours activities contributing positively to environmental objectives. Our analysis of the contribution of each activity to the KSC of Climate Change is based on both internationally recognized research regarding the top-contributing sectors to GHG emissions globally, as well as on in-depth analysis conducted by the International Energy Agency (IEA) with regards to the level of progress of each sector relative to its decarbonisation pathway. The Resource Depletion KSC assesses to what extent companies' activities contribute positively and/or negatively to the availability or scarcity of resources in our ecosystem.

Economic activities contributing to a social objective:
Candriam's business activities analysis favours activities contributing positively to social objectives. Firstly, the KSC Demographic Evolution aims at capturing companies positively contributing to the challenges and opportunities that arise from changing trends in overall human population, in specific sub-groups, like young and elderly people across countries, regions and/or more specific locations. Secondly, Health & Wellness assesses both negative and positive contributions to global health. This KSC is deeply linked to UN Sustainable Development Goal 3 (SDG 3): Ensure healthy lives and promote well-being for all at all ages. Finally, KSC Digitalization aims at addressing the 4th industrial revolution. Through this KSC, we focus especially on the digitalization that delivers clear benefits to society and the economy. It encompasses both the infrastructure of the ICT sector, which is composed of Internet networks, electronic equipment, and the related sustainable applications.

Following this analysis, each company receives a Business Activity Score. Companies whose business activities are found to have adverse impacts on KSCs will see this reflected in their Score.

Stakeholder analysis

Candriam's stakeholder analysis evaluates a company's ability to sustainably incorporate stakeholder interests into its long-term strategy, and its potential positive or negative impact on its stakeholders. These stakeholders are the Environment, Society, Employees, Suppliers, Clients and Investors. Thus, stakeholder analysis examines a company's interactions with its stakeholders and assesses the quality of management of these interactions.

The good governance quality of investee companies is examined in detail as part of the stakeholder analysis, notably in the analysis of the Investors pillar.

The relation with Investors encompasses an examination of the decision-making structures and rules of how the company is governed as well as of the long-term prospects of the company to adapt to a changing world and sustain its profitability. Board accountability, audit and reporting practices, the respect of investors rights, remuneration, sustainability strategy and sustainable profitability are all criteria that are considered during the assessment.

Further, the assessment of good governance includes an examination of the stability of senior and operating management, transparency and stability of reporting and operating execution, medium- and long-term strategy, the level of value-enhancement of acquisitions and investments, etc. Operations are assessed over time and relative to peers – market share gains, innovation, meeting of customer needs, and working capital management. The dividend and shareholder history are reviewed in determining whether management is shareholder friendly.

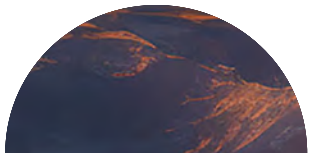
The Environment pillar of the stakeholder analysis focuses on the assessment of process and product-related environmental impacts. It covers water consumption & related emissions, other atmospheric emissions, land use and biodiversity, disposal and recycling, and energy and climate change.

The Employees, Suppliers, Customers and Society pillars cover many themes including, recruitment & retention, working conditions, staff relations, commercial practices, quality & safety assurance, community relations, and practices of suppliers.

As a result of the stakeholder analysis, each company receives a Stakeholder Score.

In-depth negative screening

Candriam applies corporate exclusionary screenings based on norms-based assessment and controversial activities analysis. These include minimum safeguards with regards to international norms and conventions and allow for the exclusion of activities that are harmful to environmental and/or social sustainability. This negative screening process is an important step in excluding those companies that do not comply with good governance practices and do not meet the DNSH standards laid out in SFDR. In addition, it also aims at reducing sustainability-related risks.



Controversial activities analysis

Candriam's in-depth analysis of controversial activities allows for the exclusion of companies that carry out activities that do significant harm to sustainability objectives.

This analysis covers several mandatory PAIs and therefore allows us to exclude from the investment universe those companies whose activities causes adverse impacts.

For a detailed description of Candriam's SRI exclusion policy, please refer to:
https://www.candriam.com/496775/siteassets/medias/publications/brochure/corporate-brochures-and-reports/exclusion-policy/candriam-exclusion-policy.pdf

Norms-based analysis

We conduct in-depth research into corporates' compliance with international norms and standards. As a result, we exclude companies that have significantly and repeatedly breached any of the ten principles of the United Nations Global Compact (UN GC) or the guidelines for multinational enterprises defined by the OECD. Accordingly, this analysis covers the following areas: Human Rights, Labour Rights, Environment and Corruption.

During this analysis, we extensively examine companies' alignment with good governance principles. For example, with regards to the criteria outlined in the area of Corruption under the UN GC, we analyse corporate governance and examine if businesses work against corruption in all its forms, including extortion and bribery. Our screen excludes companies failing to promote and strengthen measures to prevent and combat corruption more efficiently and effectively or to promote integrity, accountability and proper management of public affairs and public property. This includes, among others, severe controversies regarding bribery of national public officials, abuse of functions, illicit enrichment, financial obstruction or irregularities, tax evasion or anti-competitive practices.

Sustainable Investment Definition

As a result of **Candriam's ESG analysis**, each issuer is assigned:

- a Business Activity Score that gauges how an issuer's business activities contribute to key sustainable challenges, and
- a Stakeholder Score that measures how an issuer interacts with and manages its key stakeholders.

Together, these Scores determine an overall ESG Rating for each issuer, the latter ranging from an ESG 1 to ESG 10. Issuers with an ESG Rating of ESG 1 are the best-performing issuers in the full universe of issuers.

Candriam considers that the following companies meet the requirements and philosophy outlined in article 2 (17) of SFDR and can therefore be considered 'sustainable investments':

1. **For developed countries:** Companies with an ESG Rating better or equal to ESG 5 and that are not excluded due to controversial activities or norms-based analysis.
2. **For emerging markets and the high yield universe:** Companies that have an ESG rating better or equal to ESG 6 and that are not excluded due to controversial activities or norms-based analysis:
    - **Emerging markets:** Many emerging market companies are still in the early stages of measuring their sustainability impact, setting targets and integrating sustainability into core decision-making processes. However, significant advances are being made. In fact, emerging market issuers are increasingly integrating sustainability themes into their business activities and developing product offerings that contribute to the transition to a low-carbon economy. From a stakeholder analysis perspective, these companies are starting to become more responsible by measuring the sustainability impacts of their operations and, progressively, setting targets to reduce their negative impact and/or increase their positive impact. We want to take this positive momentum into account in our assessment of emerging market companies by allowing investment in companies rated ESG 6 in Candriam's ESG rating framework.
    - **High yield:** For the high yield space, extending the inclusion of ESG 1 to ESG 6 companies allows us to exclude not sustainable companies, notably from the non-conventional energy sector, while still providing diversification. Indeed, the high yield universe is composed of up to 15% of companies from the non-conventional energy sector. These activities are not considered sustainable because of their energy and resource intensity. The exclusion of these companies by virtue of our exclusion policy and business analysis means a better carbon footprint at the portfolio level.

The table that follows provides an overview of the links between the three components of the regulatory definition of 'sustainable investment' and Candriam's corporate sustainability framework:

Materiality and degree of importance:

(dark shade)	High
(light shade)	Average
(white)	Low / No

	Business activity	Stakeholder Management	Controversial activities	Norms-basd
1. Economic activity that contributes to an environmental or social objective	x (High)	x (Average)		
2. Do not significantly harm principle	x (Average)	x (Average)	x (High)	x (High)
3. Good governance practices		x (High)		x (High)

For more information about how Candriam integrates the DNSH principle into its ESG analysis, please refer to:
[Do Not Significantly Harm Policy (candriam.com)]

Sovereign sustaina-ble invest-ment

Sovereign sustainable investment.

Candriam's sovereign sustainability analysis framework allows us to set clear requirements and minimum thresholds to identify if an investment in a government bond can be considered a 'sustainable investment'.

Candriam's sovereign sustainability framework is structured around the following pillars:

- **Sustainable development criteria:** Human Capital, Natural Capital, Social Capital and Economic Capital
- **In-depth negative screening**

Our eligible sovereign universe consists of those countries which perform best across the sustainable development criteria and are not excluded by our in-depth negative screening assessment.

Sustainable development criteria

Countries' positive contribution to an environmental or social objective is assessed across four sustainable development criteria - **Human Capital, Natural Capital, Social Capital and Economic Capital.**

These four capital domains incorporate a wide range of material ESG factors which we evaluate using our internally defined Key Performance Indicators (KPIs). This generates a dynamic capital-based analytical tree, which covers the sustainable development challenges and opportunities faced by each nation.

Natural Capital

Our KPIs are designed to assess how a country conserves and sustainably employs its natural resources. We evaluate how a country manages its interactions with global environmental challenges such as climate change, consumption of resources, stewardship of biodiversity, and waste handling.

Human Capital

Our KPIs assess economic and creative productivity, by evaluating education and skill levels, innovation, health, labour participation rates and employment ratios, among other sustainability themes.

Social Capital

Indicators evaluate civil society and state institutions, including transparency and democracy, government effectiveness, corruption, inequalities, and the populations' level of security.

Economic Capital

Assessment of a country's economic fundamentals, in order to measure each government's ability to finance and support sustainable policies over the long run.

Our sovereign analytical framework reflects the urgency of dealing with the environmental challenges ahead of us that our world faces, as well as the fact that Natural Capital is finite and cannot be replaced by other forms of capital. Therefore, the human, social and economic capital scores of a country are each multiplied by the country's natural capital score. Thus, we obtain environmentally weighted human, social and economic capital scores, which reflect how environmentally-efficient a country is in developing its human, social and economic capitals. Through the social capital, we monitor respect for human rights and civil liberties (freedom of expression and belief, associational and organizational rights, personal autonomy and individual rights, and minority rights), primacy of the rule of law and absence of corrupt practices, as well as good democratic governance (democratic accountability, political stability, government effectiveness, and judicial effectiveness).

Our framework considers more than 400 individual factors that influence countries and evaluates the relevance of each factor for each country at every level of development and point in time over the last 20 years. It identifies KPIs for each issue under consideration, and constructs scores for each of the capitals, giving more weight to the areas that matter for each country.

Factors are grouped into Issues, and those into Capital Components. These Factors capture both short-, medium-, and long-term issues, challenges and/or opportunities and are updated at varying frequencies, depending on the nature of the information.

Every country has the same Factors, Issues and Components that comprise its score, but the importance that our materiality assessment process assigns at every level of analysis is specific for each country and each point in time.

The overall sustainability rating of a country is the average of the three environmentally weighted capitals. Countries are ranked according to this arithmetic average.

Please find below a graphic illustrating how the SDGs are embedded in our framework:

In-depth negative screening

An in-depth negative screening is performed relating to high-risk regimes and minimum standards of democracy. We exclude countries that are deemed to be totalitarian/authoritarian regimes. In addition, we exclude the worst violators of human and political rights (oppressive regimes) on a company-wide basis. Countries are excluded if they do not pass the following filters:

- Candriam's Highly Oppressive Regimes List – severe human rights violators
- Financial Action Task Force's Call for Action List – state sponsors of terrorism
- Freedom House's Freedom in the World Index – states that are considered 'Not Free'

In addition, discretionary exclusions can be is applied to countries that are violators of international agreements if such violations are not yet reflected in the available data.

For each country, Candriam assesses the positive contribution to an environmental or social objective through the sustainable development criteria and applies the in-depth negative review. **Countries considered sustainable investments** are those that are not in the bottom 25% ranked countries and that pass the negative screening.

The table below provides an overview of the links between the regulatory definition of 'sustainable investment' and Candriam's sovereign sustainability framework:

Materiality and degree of importance:

(dark blue)	High
(light blue)	Average
(white)	Low / No

	Sustainable development criteria	In-depth negative screening
1. Contributes to an environmental or social objective	x	
2. Do not significantly harm principle	x	x
3. Good governance practices	x	x

Supranational sustainable investment.

Candriam's supranational sustainability framework allows us to set clear requirements and minimum thresholds to identify investments that can be considered sustainable.

Candriam's ESG supranational analysis framework is structured around an assessment of supranational organizations' missions and alignment with minimum safeguards, international norms and conventions.

A supranational issuer is considered as sustainable investment if its mission makes a positive contribution to the economic and social development of regions and countries, if it complies with the principles of sustainable development, and if it does not commit any major systematic breaches of the principles of the UN GC.

Note that most of today's supranational organizations meet the mission condition due to the very nature of their activities.

Minimum percentage for strategies classified as Article 8 and 9 under SFDR regulation.

Article 9 strategies

- Minimum 75% invested in 'sustainable investments', including direct investments and long exposure of single-underlying derivatives.
- Maximum 25% invested in 'not-sustainable investments'. This can be allocated to cash, other derivatives or investments that respect minimum safeguards but may not qualify as sustainable investments. The purpose of these investments is liquidity management as well as risk management, for example management of market risks such as concentration risk.

Article 8 strategies

The minimum percentage invested in 'sustainable investments' ranges between 0% and 33%, depending on the strategy and its process.

For instance:

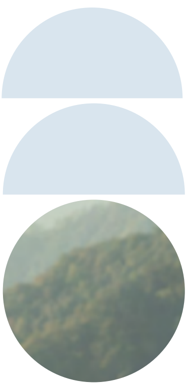
- Strategies with ESG labels and health care strategies: Minimum 33% in 'sustainable investments'.
- Corporate bond strategies and thematic strategies: Minimum 20% in 'sustainable investments'.
- Emerging market equity strategies and high yield strategies: Minimum 10% in 'sustainable investments'.

Treatment of derivatives and funds.

Derivatives

Long exposure of single underlying derivatives is considered a 'sustainable investment' if the underlying issuer is considered 'sustainable'.

Other derivatives (on indexes, short exposure etc.) are part of the 'not sustainable investments' category.



Funds

In case of investments in UCITS and/or UCI, the proportion of sustainable investments is assessed - when possible - via a look-through approach and by applying Candriam's definition of sustainable investment.

In case look-through is not performed, Candriam may use the actual or minimum percentage of sustainable investment available in the European ESG Template, periodic or pre-contractual document of the UCITS and/or UCI. Please note that in this case, Candriam relies on external methodology for sustainable investment definition which will be described in their respective due diligence processes.

Consideration of Principal Adverse Indicators by Candriam's ESG approachs.

Corporates

PAIs are integrated into Candriam's corporate ESG analysis, through the analysis of Key Sustainability Challenges and Stakeholder Management.

Our analytical framework integrates the notion of materiality – meaning that different Key Sustainability Challenges and Stakeholder Management, and therefore different PAIs, have different levels of materiality of relevance in different sectors. For example, ESG assessment of companies from sectors with high climate stakes will include a particular focus on how these companies can avoid or reduce environmental PAIs. Based on internationally-recognized analysis of the top contributing sectors to GHG emissions globally, as well as in-depth analysis by the IEA regarding the level of progress achieved by each sector relative to its decarbonization pathway, our analysis of the contribution of each business activity to climate change takes into account GHG emissions (PAI 1), the carbon footprint (PAI 2), the GHG intensity of investee companies (PAI 3) and the exposure to companies active in the fossil fuel sector (PAI 4). Similarly, in sectors in which diversity is particularly material, social impacts will be of notable interest, including for example board and committee composition regarding independence, availability, expertise and diversity (PAI 13).

CANDRIAM'S CORPORATE SUSTAINABILITY FRAMEWORK

	Business activities					Stakeholder Management							
	Climate Change	Res-source Depletion	Demo-graphic Shifts	Health & Wellness	Digitali-zation	Environ-ment	Society	Employ-ees	Suppliers	Clients	Investors	Controversia activities	Norms-based
Indicators applicable to investments in investee companies													
Climate and other environment-related indicators													
PAI 1. GHG emissions	X					X							
PAI 2. Carbon footprint	X					X							
PAI 3. GHG intensity of investee companies	X					X						X	
PAI 4. Exposure to companies active in the fossil fuel sector	X	X				X						X	
PAI 5. Share of non renewable energy consumption and production	X	X				X						X	
PAI 6. Energy consumption intensity per high impact climate sector	X	X				X							
PAI 7. Activities negatively affecting biodiversity sensitive areas		X				X							X
PAI 8. Emissions to water		X				X							X
PAI 9. Hazardous waste and radioactive waste ratio		X				X							X
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											X		X
PAI 11. Lack of processes and compliance mechanisms to monitor compliance with UN GC principles and OECD Guidelines for Multi-nanional Enterprises											X		
PAI 12. Unadjusted gender pay gap								X			X		
PAI 13. Board gender diversity								X			X		
PAI 14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)												X	

Countries

PAIs are integrated into Candriam's sovereign sustainability framework, through the in-depth negative screening and the four categories of sustainable development criteria: **Human Capital, Natural Capital, Social Capital and Economic Capital.**

CANDRIAM'S SOVEREIGN SUSTAINABILITY FRAMEWORK							
	Sustainable Development Criteria				In-depth Negative Screening		
	Natural Capital	Human Capital	Social Capital	Economic Capital	Candriam's Opppressive Regimes List	Financial Action Task Force Call for Action List	Freedom House's Freedom in the World Index
Indicators applicable to investments in sovereigns & supranationals							
Climate and other environment-related indicators							
PAI 15. GHG intensity	X						
Social and employee, respect for human rights, anti-corruption and anti-bribery matters							
PAI 16. Investee countries subject to social violations			X		X		X

€143 B

AUM at
30 June 2022

600

experienced and
committed professionals

25 years

Leading the way in
sustainable investing

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A NEW YORK LIFE INVESTMENTS COMPANY