

# Candriam's SRI Analysis: Minimizing Risks, Maximizing Opportunities

In addition to the integration, engagement, and active ownership approaches, Candriam's SRI analysis relies on three different types of screenings that take into account ESG factors:

## **Positive (or "Best-In-Class") screening: a unique proprietary approach**

Assess the sources of risks and opportunities for each company through the combination of a macro analysis (gauging a company's exposure to the major sustainable development challenges) and a micro analysis (measuring a company's ability to incorporate stakeholder interests into its long-term strategy).

## **Norms-based analysis: responsible selection**

Determine whether a company is complying with the universal principles set forth in the United Nations Global Compact (UNGC). This additional analysis ensures selection only of companies that comply with the principal international standards.

## **Controversial activities check: convictions**

Exclude from the SRI universe, companies that exceed acceptable levels of involvement in controversial businesses and activities (such as adult content, alcohol, weapons, activities in oppressive regimes, etc).

## **Definitions**

**Sustainable and Responsible Investment (SRI):** An investment approach that considers Environmental, Social and Governance (ESG) factors in portfolio selection and management.

**Environmental, Social and Governance (ESG) Criteria:** The Environmental, Social and Governance (ESG) Criteria is a set of standards for a company's operations that socially conscious investors use to screen investments.

**United Nations Global Compact (UNGC):** A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals. [unglobalcompact.org](http://unglobalcompact.org).

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