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MARKETING
COMMUNICATION

Case Study: Palm Oil Engagement and Biodiversity

Active Engagement

The topic.

Biodiversity engagement campaign – Palm oil 2023–2025



Wildlife populations has fallen by 73% over the last fifty years, as revealed in WWF's Living Planet Report¹. Biodiversity loss presents profound risks to the economy and to financial markets, undermining the long-term value of companies and threatening the stability of investments. At Candriam, we consider biodiversity to be a core investment risk, as articulated in our publication [Biodiversity: The New Investment Frontier²](#), where we examined how the depletion of nature directly affects issuers and investors alike.

1 - [Home | WWF](#)
2 - [biodiversity_en.pdf](#)

Palm oil emerged as a focal point for our biodiversity-related engagement campaign from 2023 to 2025. Because of its far-reaching environmental and social impacts, palm oil represents both a biodiversity risk and a systemic supply chain challenge. It is the most widely-used vegetable oil globally, prized for its high yield and low production cost. It accounts for roughly 40% of the world’s vegetable oil use and is found in a vast array of food and household products³.

However, its cultivation is a major contributor to deforestation, ecosystem degradation, and loss of biodiversity, particularly in Southeast Asia and parts of Latin America. The palm oil value chain is notoriously opaque and complex, making traceability a persistent challenge. These concerns are compounded by the European Union’s Deforestation Regulation (EUDR), which places stringent due diligence obligations on palm oil imports to curb deforestation and uphold environmental and social standards. Although the directive’s application has been delayed from the original December 2024 date to December 2025⁴, it continues to influence corporate behaviour and investor expectations.

The story thus far.

Candriam’s Palm Oil and Biodiversity Engagement Campaign

First Phase – A Value Chain Approach (2023)

Using our proprietary Biodiversity Impact Model, in 2023 Candriam identified nine key companies with material exposure to palm oil. These companies represent various stages of the value chain, from production and processing to consumer goods (final goods).

We developed a dedicated **Palm Oil Assessment Framework**, grounded in the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).⁵ The framework covers key categories such as:

Figure 1: Company Assessment

General Information	Palm Oil Sourcing – Business Activity Details
Governance	Sustainable Sourcing and Biodiversity Governance
Strategy and Actions	Biodiversity Strategies
	Dedicated Investments – Sustainable Palm Oil Sourcing
	Palm Oil Supplier Assessment / Score Card
	Strategies to Improve Traceability
Risk and Management	Lobbying Practices and Disclosures
	Risk Assessment
	Level of Maturity / Compliance with EU Deforestation Directive
Targets and Progress	Palm Oil Traceability
	Biodiversity Metrics

Source: Candriam proprietary Palm Oil Assessment framework

3 - [8 things to know about palm oil | WWF](#)
4 - [EU deforestation law: Council formally adopts its one-year postponement - Consilium](#)
5 - [Disclosure recommendations – TNFD](#)

After pre-filling the assessment with publicly available information, we shared it with each company, encouraging them to validate and enhance the data.

The insights we gathered allowed us to identify best practices, which we subsequently shared with each participant through **tailored company-specific feedback reports, including suggested actions aligned with both regulatory expectations and biodiversity stewardship.**

Figure 2: Best Practices Discovered

Themes	Best Practices
Governance	<ul style="list-style-type: none"> • Clear description of organization & responsibilities between the procurement and the sustainability teams. • Biodiversity Due Diligence Committee or taskforce with external experts. • Linking remuneration with relevant ESG metrics focused on biodiversity for Chief Procurement Officers and Chief Sustainability Officers and its disclosures.
Strategy and Actions	<ul style="list-style-type: none"> • Clear disclosures of mills information on Roundtable on Sustainable Palm Oil (RSPO) status, latitude, longitude, and UML reference. • Dedicated assessments of key business partners including smallholders. • Due Diligence Application and associated due diligence process (to track environmental or human rights violations). • Escalation process in place, involving Chief Procurement Officer as well as representatives of the top management, with platform in place to monitor violation and alerts. • Impact dependency studies done on biodiversity in alignment with the Science-Based Target Network (SBTN) and via the Corporate Biodiversity Footprint. • Clear process in categorizing low – high risk suppliers along with what they need to complete or submit depending on their risk level. • Whistleblowing policy and monitoring via a third-party system.
Targets and Progress	<ul style="list-style-type: none"> • Most companies are lagging on dedicated biodiversity targets, and progress. Most targets and progress are related to traceability or % of certified schemes (incl. under Segregated scheme). • Expected: disclosure of biodiversity metrics when finalized.
Investments	<ul style="list-style-type: none"> • Dedicated funding of biodiversity strategies/projects are in place. • Expected: easy access to the investments' breakdown linked to biodiversity strategy.

Source: Candriam



Second Phase – Progress (2024)

We launched a second phase of the campaign in 2024 to follow up on the progress made by contacted companies. Four of the nine agreed to dedicated follow-up discussions. Our conversations focused on how the delay of the EUDR impacted their compliance roadmaps and biodiversity strategies.

Interestingly, many highly-exposed companies expressed **concern over the postponement of the regulation**. They argued that it created a competitive disadvantage for firms that had already invested in traceability and compliance systems and risked sending a counterproductive message amid the global climate and biodiversity crises.

Several companies have noted that existing market mechanisms are insufficient to meet the EUDR's stringent traceability requirements. As the regulation demands detailed information on product origins, including geolocation data and compliance with environmental and human rights laws, many anticipate that a **standardized regulatory framework for commodity certification** will soon become essential.

Engagement Outcomes and Policy Impact

Overall, the engaged companies demonstrated satisfactory progress in governance, traceability, and biodiversity disclosure related to palm oil. While room for improvement remains, we believe that the EUDR provides the right incentives to strengthen sustainability standards across palm oil supply chains and may eventually accelerate the shift towards alternative, lower-impact raw materials.

Most importantly, this engagement campaign directly influenced [Candriam's Biodiversity Policy](#), formalised at the end of 2024. A key development was the inclusion of a **deforestation-linked exclusion criterion** for companies that fail to respond to our biodiversity-focused engagement efforts.

As a result, **three companies** with material exposure to palm oil were excluded from our **Sustainable Investment universe** due to their persistent lack of responsiveness and inaction regarding deforestation risks.



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Reinforcing Our Palm Oil Exclusion Policy

This engagement campaign and its results complement our existing Palm Oil Exclusion Policy, under which we already apply strict criteria to palm oil producers, distributors, and buyers:

- **Producers/Distributors** are excluded if they are *not RSPO members* and if they:
Derive **0–5%** of revenues from palm oil, with **less than 20%** of it RSPO-certified and no deforestation policy; or
Derive **more than 5%** of revenues from palm oil, with **less than 50%** of it RSPO-certified and no deforestation policy.
- **Buyers** are excluded if they are *not RSPO members*, derive **more than 5%** of revenues from palm oil, have **less than 50%** RSPO-certified sourcing, and lack a deforestation policy.

Beyond RSPO affiliation, our review includes an assessment of company involvement in controversies related to land use, biodiversity loss, and human rights, using a norms-based approach aligned with the UN Global Compact.



Next steps?

The palm oil engagement campaign has both strengthened our understanding of biodiversity-related risks and raised our expectations for corporate practices, traceability, and governance. With biodiversity becoming an increasingly-relevant investment risk, our work on palm oil will serve as a

blueprint for future engagements on deforestation-linked commodities. We remain committed to active ownership and engagement and will continue to integrate biodiversity into our investment processes, policy frameworks, and stewardship strategies..



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