

## Engagement and Voting: Adaptations for 2026



For the first time, our [Annual Engagement and Voting Report](#) includes an outlook for the coming year as a part of our structured engagement approach. By setting out the sub-trends and themes linked to the broader priorities defined in our engagement policy, and where we expect to focus our stewardship, we aim to give our clients greater transparency on how dialogue and voting support our investment decisions. Our goal is also to signal to issuers the areas in which we shall be seeking further information, accountability and progress.

This document is an excerpt from our full [2025 Annual Engagement and Voting Report](#).

### The Lens we use in a Changing Landscape

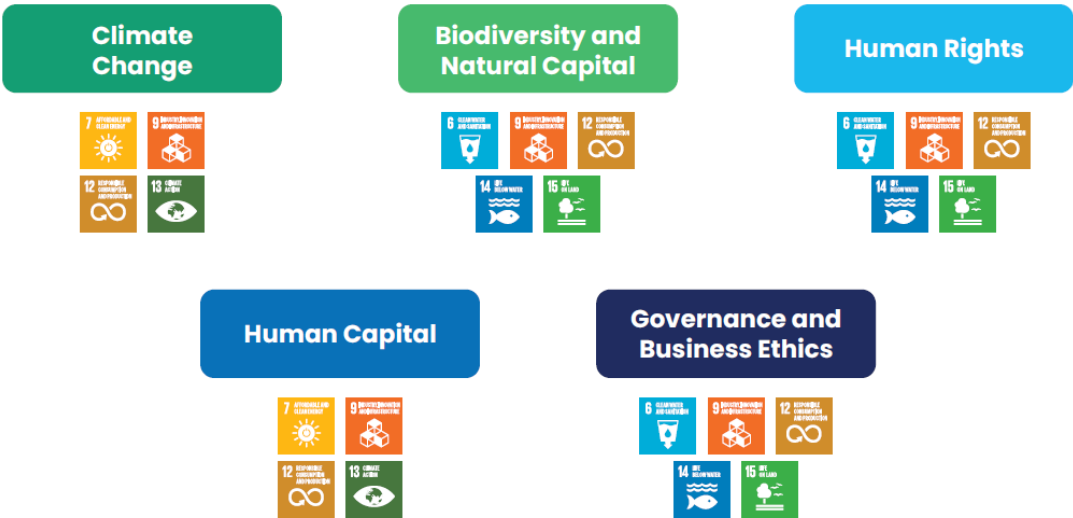
Since 1996, Candriam has been committed to responsible asset management, with a strong focus on long-term investing. At Candriam, we believe that integrating sustainability-related factors can enhance investment decision-making by helping us identify material opportunities and risks that may impact companies' long-term prospects and competition.

Engagement is a core pillar of our approach. As an active manager, we see dialogue with issuers and the exercise of our voting rights as tools allowing us to better understand financially material risks and opportunities, to support more robust governance and risk management, and ultimately to protect and enhance outcomes for our clients. This is why engagement is embedded within our investment strategies.

Our engagement is not only reactive. While we will continue to respond to controversies, exceptional events and other developments that may affect the value or risk profile of our investments, a significant part of our stewardship work is proactive and strategic. We identify themes, sectors and key performance indicators that are material to our investment strategies and where additional

insight can improve our assessment of issuers’ fundamentals. We also underpin areas where we expect companies to strengthen their practices. In 2024, we added two engagement themes to our existing three to cover a larger spectrum of issues relevant both from a sustainability-related and a financial analysis standpoint, owing to their future materiality throughout the value chain.

**Engagement Themes and the related SDGs**

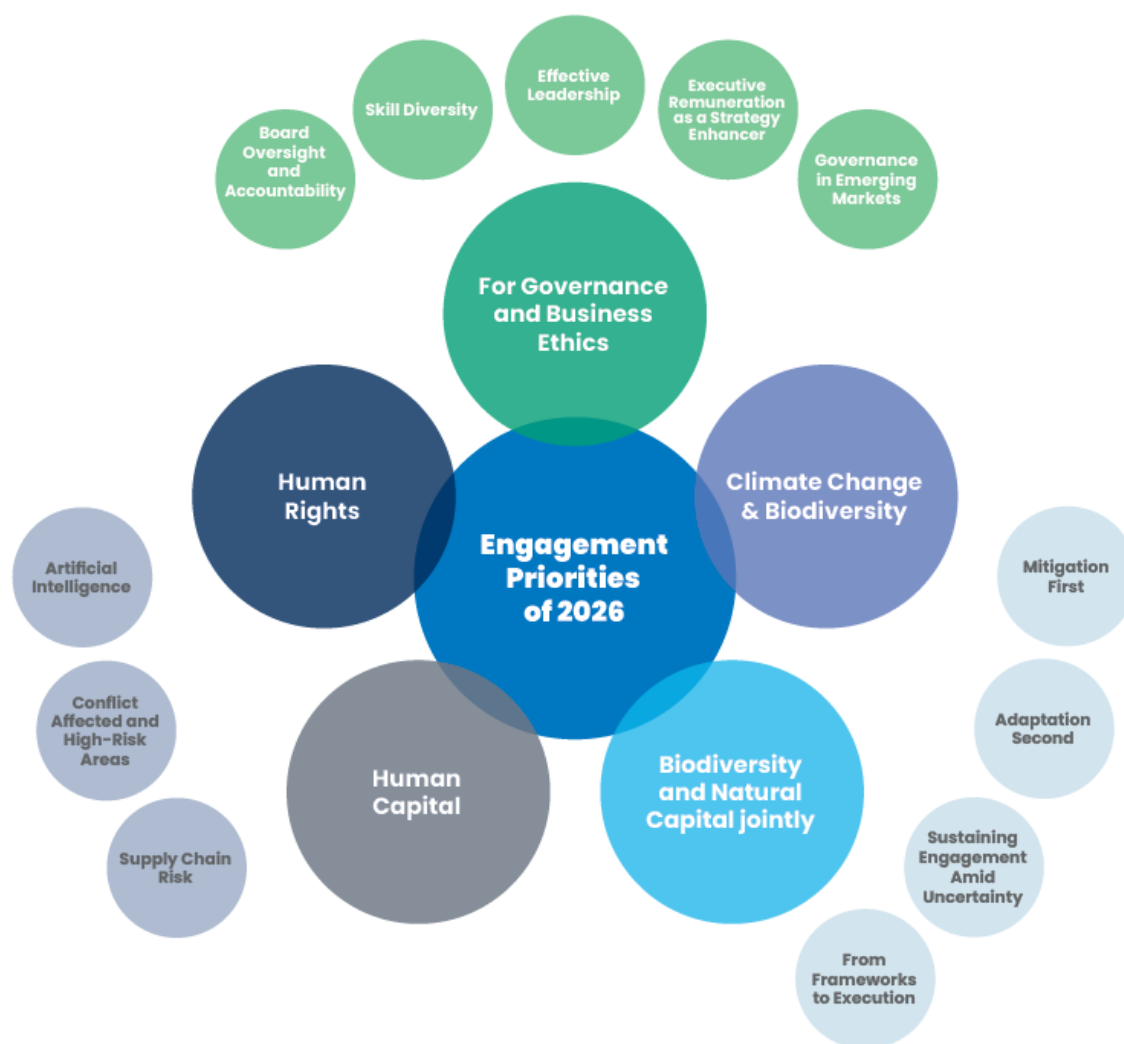


*Sustainable Development Goals, ©United Nations. All rights reserved. Please see an overview relating to all SDGs (1-17) on the UN’s website: [www.un.org/sustainabledevelopment/sustainable-development-goals/](http://www.un.org/sustainabledevelopment/sustainable-development-goals/)*

*The use of the SDGs branding, icons or logos does not constitute an endorsement or seal of approval of Candriam products by the United Nations.*

In addition to this coverage, we maintain the capacity to respond actively to other opportunities when needed: engaging after significant incidents, regulation changes or corporate events, or around annual general meetings when governance structures and capital allocation decisions are put to a vote. Opportunistic engagement can also arise through collaborative initiatives, when working with other investors provides additional leverage or insight on topics that are deemed relevant but resource intensive.





## Adapting our Tactics in 2026

The current political and geopolitical climate across jurisdictions has challenged opinions on sustainable investing and stewardship. In 2025, the number of filed shareholder resolutions declined; large institutions withdrew from leading collaborative initiatives – which were sometimes restructured or discontinued (eg the Net Zero Banking Alliance); and new regulations were drafted affecting the scope and impact of shareholder engagement activities. *Although this trend was not observed globally, it is influencing the way investors are engaging investee companies.*

Although we have not reduced or cut back our participation in large, high-profile collaborative initiatives, we are mindful that, as these organisations seek to align a wide range of international investors, it may become harder for these efforts to remain as focused and effective as they were in the recent past.



*Going forward, direct dialogue and smaller, outcome-focused coalitions are likely to grow in importance, as they can be better suited to achieving measurable progress on financially material issues with selected issuers.*

In 2026, we will continue to engage globally while adjusting our focus on areas we believe offer the strongest potential for constructive dialogue and measurable progress on material topics. Given the current regulatory environment in the U.S. regarding sustainable investing, we expect a relatively greater share of our engagement activity to be directed toward Asia, including China and Japan, and selected emerging markets, where many issuers are engaging in practical, outcome-oriented discussions. This approach reflects our fiduciary duty to allocate stewardship resources effectively and to support credible transition, robust risk management and governance improvements.

## Regional Outlook

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## Governance and Business Ethics

As outlined in the governance section of [our annual report](#), we do not view governance as a standalone topic, but rather as the framework that determines whether environmental, social and financial objectives are translated into credible strategy and execution.

For this reason, the governance outlook that follows underpins our wider stewardship priorities. The sub-themes we have highlighted for 2026 include:

**Board Oversight and Accountability:** in 2026, we shall continue to address board oversight and accountability as our core expectations in the field of governance. As stated in the main principles of our voting approach, board members should act on a fully informed basis, in good faith and with due diligence and care, in the medium and long-term interests of shareholders. Boards should include individuals who have the skills and experience to review and guide strategy, risk policy, major plans of action, and capital allocation.

We expect to keep our focus on whether boards can demonstrate clear ownership of material risks and opportunities, including how they use their committee



structure, whether they are sufficiently independent and objective to monitor internal controls and reporting. We will pay particular attention to board responsiveness to stakeholders, including their reaction to voting results.

**Skill Diversity:** the question of whether boards are equipped to oversee complex business models and risk profiles is central to our assessment. Boards should comprise a diverse mix of experience and competencies, and these skillsets need to be evaluated beyond biographical details. While we expect companies to appoint individuals with a solid understanding of their industry and of topics that are material to the business, we also expect boards to function effectively as a collective. Regular collective and individual (self-)assessments, clearly communicated to shareholders and, ideally, periodically reviewed by an external party, are important tools to demonstrate that the board remains fit for purpose over time.

**Effective Leadership:** in 2026, we will continue to engage on how boards assess leadership effectiveness and culture, manage CEO and key executive succession, and respond to leadership or conduct failures. Making sure that executive leadership is aligned with corporate culture is key to support the long-term performance of the organisation. Misalignment between leadership behaviour and corporate culture may increase strategic and operational risk. To assess this alignment, understanding the relationship between the board – particularly the chairperson – and the executive officers is necessary. Importantly, we shall also look at how companies address key successions and the extent of board involvement in these processes. In 2026, we will pay particular attention to the transparency of executive succession and to how boards describe their approach to overseeing and shaping corporate culture.

**Executive Remuneration as a Strategy Enhancer:** in 2026 we are continuing to explicitly address executive remuneration as a lever to support strategy and risk management, not as a stand-alone topic. Dialogues with our issuers will focus on remuneration as a key governance issue, as its structure affects long-term performance, risk-taking and reputation. Moreover, an adequate compensation structure should prevent unnecessary risk-taking while aligning pay with performance. Our assessments and engagement aim at understanding how performance criteria reflect the company's key objectives including financial and non-financial, how boards take workforce pay and pay ratios into account, and how they explain significant changes in quantum or structure.

*We will support pay for performance, robust disclosure and the use of balanced scorecards that incorporate material financial and non-financial metrics.*

**Governance in Emerging Markets:** *governance expectations in emerging markets are evolving, and our outlook for 2026 reflects both regional specificities and our commitment to fostering consistent principles. We shall continue to assess boards'*



progress towards higher levels of independence, gender and skills diversity, and robust committee structures.

The sub-themes referred to above are levers that cut across environmental and social engagements, as well as the more traditional financial topics we engage with our issuers on. They focus on areas where we believe board structures, capabilities and incentives will be most important in determining whether issuers can deliver on their stated objectives and manage risks in a complex environment. Although our engagement is built around four other themes, we find that escalation and accountability often run through governance: who is responsible, how decisions are taken, how leadership is incentivised, and how minority investors are protected.

## Climate Change

**Mitigation first:** looking ahead, climate change will continue to be a material financial risk for investors, fuelled by the transition and by physical impacts. Despite uneven policy progress, evolving corporate communication practices, and a more fragmented engagement landscape, *climate mitigation remains a key lever for limiting long-term economic and portfolio risks*. As such, sustaining and accelerating mitigation efforts remains a priority.

**Adaptation second:** mitigation and adaptation are inherently complementary, but not interchangeable. While investments in adaptation are important to curb the growing physical impacts of climate change that are already being observed, they are not a substitute for continued action to lower emissions. Without credible mitigation pathways, adaptation needs and associated costs are likely to continue to rise, amplifying financial, social and systemic risks over time. Maintaining momentum on mitigation therefore remains important to preserving long-term value and avoiding disorderly transitions.

**Sustaining Engagement Amid Uncertainty:** in this context, *keeping the climate conversation active* with companies remains important. *Climate risk does not diminish when disclosure becomes less visible*, or policy signals diverge. Periods of regulatory and market uncertainty raise the importance of sustained investor engagement to ensure that transition strategies, capital allocation decisions, and governance structures remain aligned with long-term decarbonisation objectives.

Going forward, Candriam will continue to focus on climate mitigation through structured, evidence-based engagement, while increasingly integrating adaptation considerations into our analysis and stewardship activities. This balanced approach reflects our fiduciary responsibility to manage material climate-related risks and support long-term outcomes for our clients.



## Biodiversity and Natural Capital

Looking ahead to 2026, we expect biodiversity and natural capital to be increasingly recognised as material drivers of financial risk, particularly as environmental thresholds continue to be breached and regulatory accountability strengthens.

**Topic specific and high-level engagement:** for Candriam, engagement on biodiversity will remain focused on high-impact sectors and value chains where dependencies and impacts on nature are most material. Building on our experience with palm oil and PFAS engagements, we will continue to focus on governance quality, traceability, data robustness, and the translation of commitments into operational practices. Collaborative initiatives such as Nature Action 100 will remain central to driving baseline expectations, while targeted, commodity- and issue-specific dialogues will support more granular risk management and accountability.

**From Frameworks to Execution:** as nature-related frameworks and disclosures mature, engagement in 2026 is expected to shift from exploratory discussions toward clearer expectations on strategy, targets and execution. Candriam will continue to use engagement and voting as a tool to manage biodiversity-related risks. This approach reflects our fiduciary duty to protect long-term value by addressing the risks associated with changes in natural capital that may affect economic activity and investment returns.

## Human Rights and Human Capital

Engaging companies on social matters remains the most challenging aspect of sustainability-related stewardship, as these factors tend to be less standardised and more politically and culturally sensitive. Company disclosure on social matters continues to lag. This was the case in 2025 and will remain a challenge going forward.

In 2026, we shall remain committed to some of the themes we have been working on in recent years: **Conflict Affected and High-Risk Areas, Contested Territories:** as the number of conflicts and geopolitical confrontations rise, more companies will face challenges going forward. Our expertise in engaging on these issues is an asset that facilitates our dialogue with exposed companies.

**Supply Chain Risk:** a tighter regulatory environment and growing NGO attention and customer scrutiny mean corporates may need to pay more attention to the risks linked to their supply chain and look far beyond Tier 1 or Tier 2 suppliers. We will focus on human rights-related risks, such as child labour, forced labour, living wages, and working conditions. We already have plans for engagements in the Auto, Luxury Goods, Apparel and Footwear sector.



**AI** remains a priority focus for us. While our collaborative engagement work has been recognised across the industry -- most recently through two major stewardship awards -- there is still significant progress to be made. Rapid technological development continues to raise governance, risk management and oversight considerations. According to the latest benchmark update from the World Benchmarking Alliance (WBA), companies are making uneven and, in many cases, limited progress in the adoption of policies, governance, and practices to ensure that AI is developed, deployed, and used in a secure, responsible, and trustworthy manner.

## **Sovereign Engagement**

Looking ahead to 2026, we expect to pursue and build on our current collaborative and individual engagements. Our two UN PRI sovereign climate investment engagements are likely to move onward: Japan's authorities have shown interest in continuing discussions on climate topics with our investor group, while the Australian government has indicated it was willing to continue our ongoing discussions, including in the context of its planned role in the preparation and leadership of COP 31 in Turkey.

In Brazil, the presidential elections may temporarily narrow the window for constructive dialogue on deforestation as the political attention shifts to the electoral process. Engagement activity is likely to resume once the election outcome is known.

Our individual engagement with Panama is expected to continue through 2026 as the country has committed to achieving a set of milestones in July 2026.

Finally, we may consider additional targeted engagements with sovereign issuers planning to issue sustainable, social, green or sustainability-linked financial instruments if we identify suitable opportunities for dialogue aligned with our stewardship priorities.





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