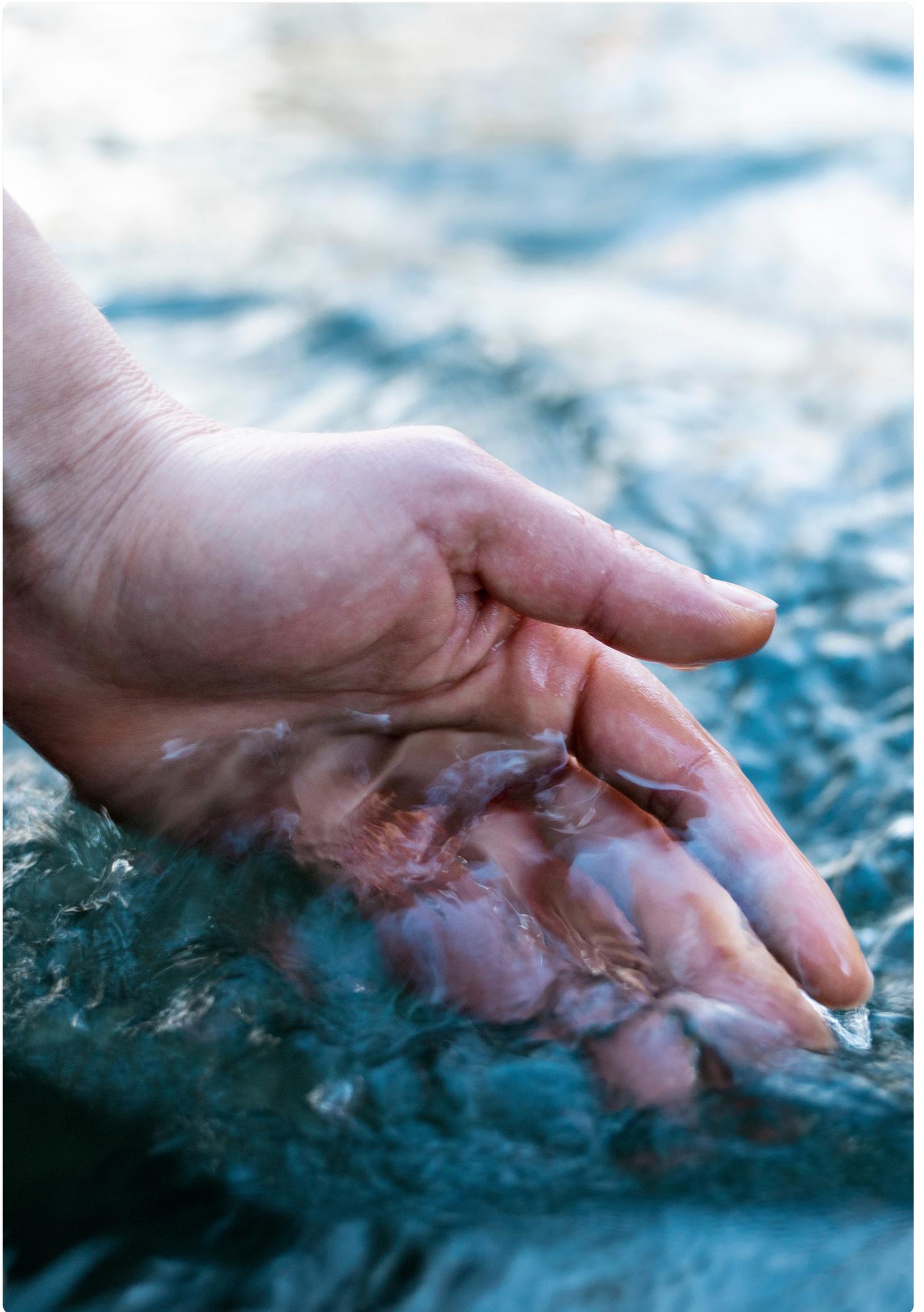


2025 Annual Engagement and Voting Report

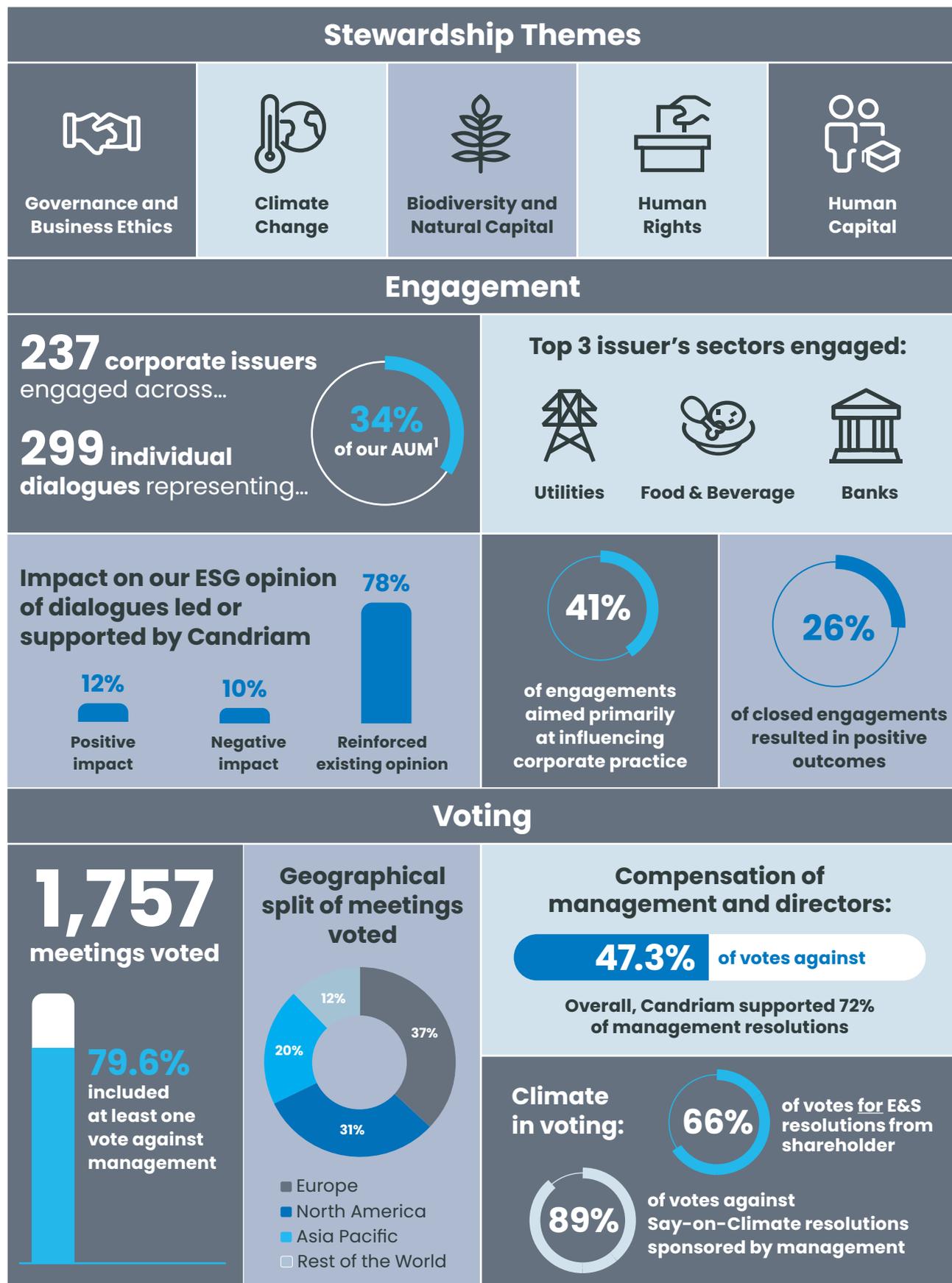


MARCH 2026





The year at a glance.



* Limiting the AUM scope to corporates invested in direct lines (both through equity and fixed income instruments) in funds or mandates for which Candriam ensures the management activity.

Annual Agenda.



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Fostering Sustainable Value.



At Candriam, stewardship is an integral part of how we manage risk, allocate capital and protect long-term value for our clients. Acting under the mandate entrusted to us by our clients, we engage with issuers, exercise our voting rights, and engage in coordinated initiatives when relevant to address material risks and opportunities.

Our stewardship framework is designed to support long-term value creation. Engagement priorities are defined through our ESG analysis, close collaboration with investment teams, and continuous assessment of material risks across sectors, regions and asset classes.

We combine individual dialogues, collaborative initiatives, and voting in a coherent and targeted process. Individual engagements allow us to explore issues in depth, assess how issuers manage material risks and opportunities, and monitor issuer-specific progress over time. Collaboration is used selectively to address challenges where individual leverage is insufficient. Voting remains a core tool to reflect our analysis in formal decisions, in line with our proxy-voting policy. Through voting, we may support a company's approach, signal concerns, escalate when we consider that progress on material issues has been inadequate, or acknowledge improvements¹.

This disciplined and focused approach allows us to **prioritise quality over quantity**, engaging where our expertise, exposure, and persistence can add tangible value.

Candriam has been implementing this approach via a team fully dedicated to Engagement and Voting since 2016. At the end of 2025, this team comprised five ESG stewardship specialists.

Our stewardship activities are implemented firm-wide under the leadership of this dedicated team, drawing on the relevant expertise of our ESG analysts, thematic specialists and portfolio managers and supported by proprietary tools that enable us to track our engagement objectives, milestones and outcomes thoroughly over time.

These collective and coordinated efforts are what allow us to turn stewardship objectives into concrete, measurable actions on behalf of our clients.

¹ Candriam conducts all stewardship and collaborative activities in full compliance with applicable competition, antitrust, market abuse, and securities laws. Participation in investor initiatives does not involve coordination of investment decisions, portfolio construction, proxy voting, or trading activity. All investment and voting decisions are made independently, in accordance with our fiduciary duties and client mandates.

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Foreword.



Last year, we argued that **'persistence matters'** in stewardship: staying invested, asking difficult questions over time, and using our voting rights in a consistent manner can improve how risks and opportunities are managed within our investee companies.

This approach was tried and tested in 2025, as boards had to face multiple and concurring pressures: geopolitical volatility, regional fragmentation, shifting tariffs, rapid advances in technology and data use, heightened scrutiny of executive pay and workforce outcomes and an evolving set of regulatory requirements, from ongoing discussions around EU Omnibus adjustments, simplification package and the sustainability rulebook, to changing expectations on reporting and internal controls.

If 2025 was a challenging year for corporates, it was equally challenging for sustainable investment teams.

In this context, outcome-oriented stewardship has taken on even greater importance for our clients. We continue to consider engagement and voting as tools that support our core objectives as an asset manager: managing risks, improving the quality of information available to our investment teams, and helping to protect and enhance long-term value for our clients.

We prioritised situations where targeted and persistent dialogue can create tangible outcomes – when the issue is financially material, the timing is right, and we have the access and expertise to ask the right questions – ultimately improving our investment decision-making in the interests of our clients.

Our focus on perseverance is reflected throughout this year's report.

Indeed, our report illustrates how consistency and coherence have begun to translate into concrete outcomes through focused stewardship; it also outlines how we plan to extend our efforts throughout 2026. Above all, this report demonstrates how engagement and voting – conducted transparently and within clearly defined policies and mandates – can support long-term value creation across the governance, environmental and social themes that will shape the year ahead.

Recognition.

our primary objective as an asset manager is to deliver long-term value for our clients using a range of stewardship tools based on clearly defined mandates and policies. Within this process, we welcome external assessments; these are not viewed as an end in itself, but rather as independent feedback from industry bodies and standard setters on the quality, consistency and effectiveness of our approach, which in turn reinforces the credibility of our efforts described in this report.

We are very pleased that the coalition co-led by Candriam to promote responsible AI governance was granted two awards in 2025:

- The 2025 **International Corporate Governance Network (ICGN), Excellence in Stewardship Award**².
- The **Principles for Responsible Investment (PRI) Award “Recognition for Action: Human Rights” 2025**³.

The Collective Impact Coalition (CIC) for Ethical AI – convened by the World Benchmarking Alliance (WBA) and co-led by Candriam alongside Amundi, Boston Common Asset Management and Fidelity International – brings together investors and civil society organisations to ensure that AI systems are developed and deployed in ways that are ethical, transparent, and accountable. Since 2022, this effort has:

- Connected **63 investors** and **14 civil society organisations**
- Encouraged companies to **publicly disclose their ethical AI principles and governance framework**
- Promoted **robust oversight and sound risk management**
- Elevated **human rights** considerations within the AI debate and across investor agendas

These recognitions come as rapid AI advancements are making **strong governance and clear oversight frameworks** more critical than ever.

Alongside this coalition work, our stewardship efforts – embedded within our broader responsible investment framework – were also assessed positively. We are also delighted to have achieved a top score **in the 2025 UN Principles for Responsible Investment assessment** for all modules that were mandatory to report on which also include “Stewardship and Engagement” practices.

This provides an independent endorsement confirming that our practices are aligned with the highest recognised standards in responsible investment.

For more information and access to Candriam’s transparency report and the full assessment report: [Candriam earns five-star ratings across all UN PRI modules for 2025 | Candriam](#)

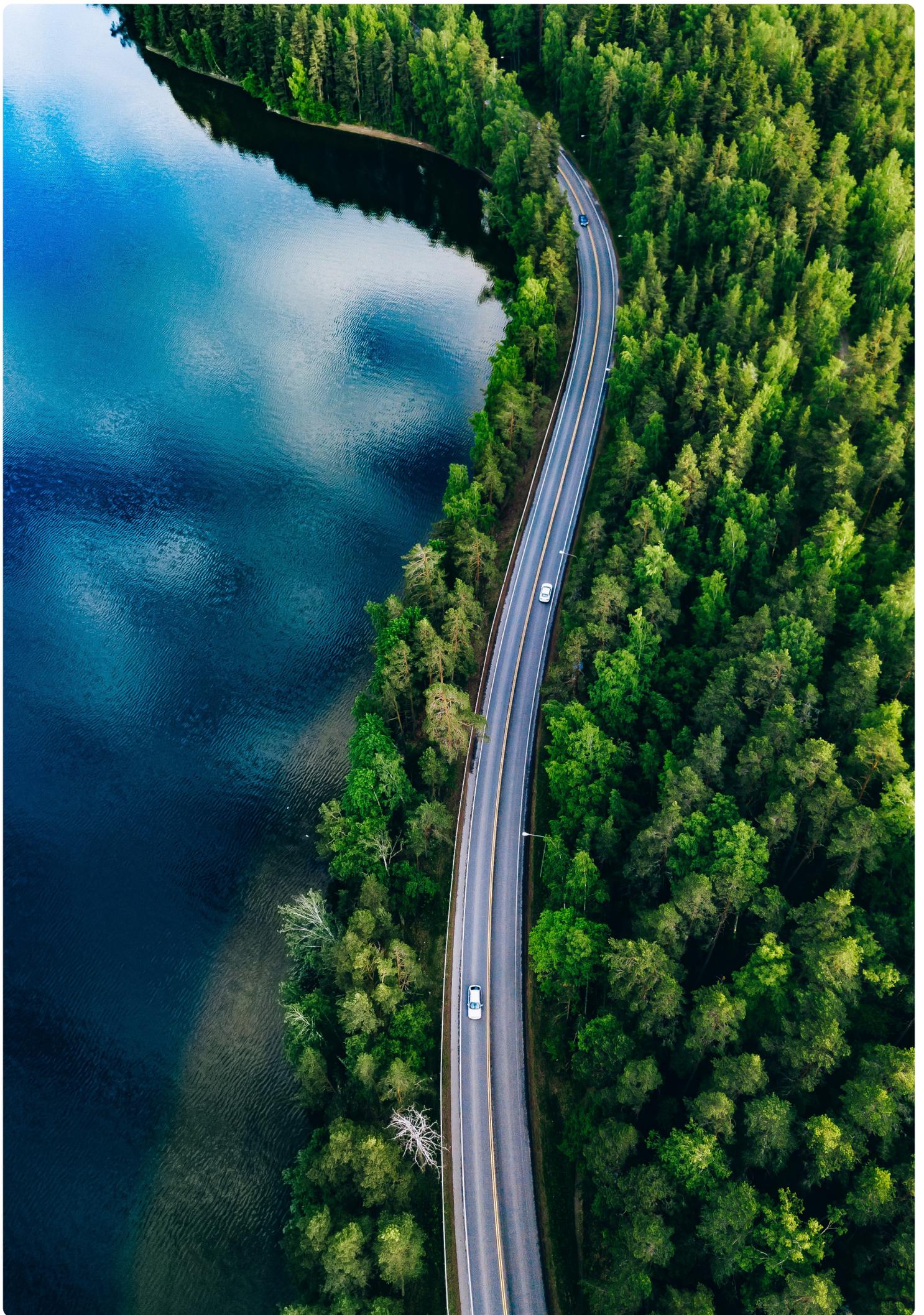


“These results recognise the depth and consistency of our responsible investment approach, driven by conviction and continuous improvement. They are also a tribute to our teams’ daily commitment to creating long-term value for our clients and for society.”

Vincent Hamelink, CEO of Candriam

2 [ICGN Awards Winners Release 2025.pdf](#)

3 <https://www.unpri.org/responsible-investment/pri-awards/winners>



Governance and Voting.



Why Governance Matters in 2025

Governance is the organising principle of our stewardship. We do not view governance as a stand-alone topic, but rather as the framework that determines whether financial and non-financial considerations including environmental and social are translated into credible strategy and risk management or remain statements on paper. In 2025, boards – at the core of robust governance structures – were under closer scrutiny as they faced simultaneous shocks: geopolitical fragmentation, technological disruption, social polarization and a rapidly evolving regulatory environment. Our stewardship activities focused on whether governance structures are robust enough to handle this risk-intense world.

This focus was accentuated by regulators. In the European Union and the UK, updated codes and directives have continued to tighten expectations on board composition, internal controls and diversity. The EU Gender Balance on Corporate Boards Directive should come into force on 30 June 2026, supporting more balanced boards and a more effective oversight of complex risks, while in the UK, the 2024 Corporate Governance Code has raised the bar on risk management and internal controls, including a new requirement for boards to provide a declaration on the effectiveness of material controls. At the same time, 2025 saw the first sustainability reports published under the EU Corporate Sustainability Reporting Directive (CSRD) for financial year 2024, based on a double-materiality assessment of impacts, risks and opportunities. These regulatory developments are not abstract background; they have a real bearing on how boards identify, govern, and disclose material risks and, ultimately, on how companies seek to protect long-term financial value for our clients.

Our responsibility as an active manager is therefore clear: to ensure that **governance remains the anchor that holds corporate decision-making into account.** Rather than pursuing every possible sustainability theme, we have concentrated on governance capacity in relation to material risks such as the ability of boards to prioritise, to absorb complexity and to make informed trade-offs in the long-term interests of shareholders and other key stakeholders.

Here are some of the key topics we identified in 2025 through the governance lens:

A Governance Warning Light: Pay without Performance

Executive remuneration remained a central governance focus in 2025 because it has a direct bearing on risk-taking incentives and is increasingly viewed as a test on how boards balance the interests of executives, shareholders and the wider workforce. Recent analysis from the Economic Policy Institute⁴ has shown that between 1978 and 2024,

compensation for the typical worker in the United States rose by around 26 percent, while the realised CEO compensation rocketed by approximately 1,094 percent over the same period, leading to very high CEO-to-worker pay ratios at large, listed companies.

Cumulative real growth in CEO pay, 1978–2024

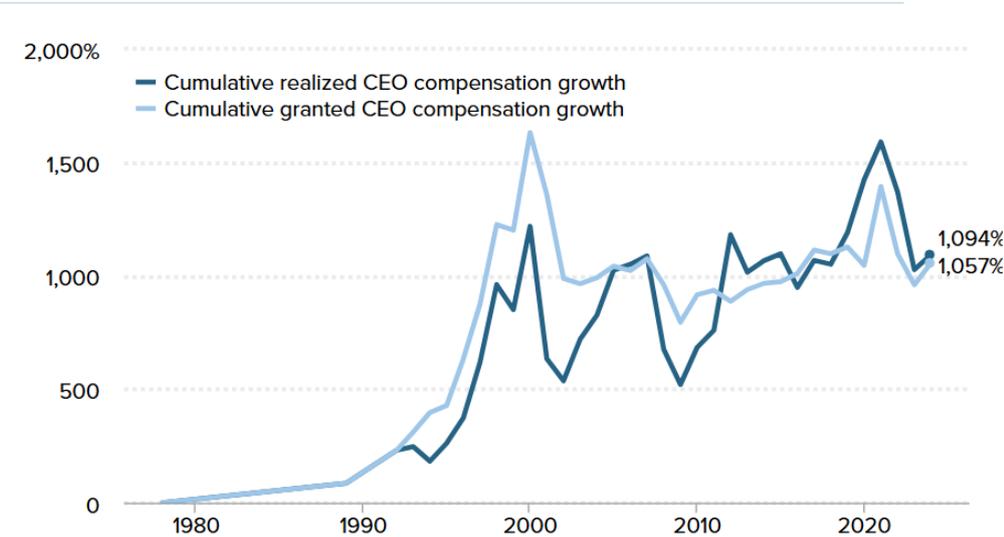


Chart Data

Economic Policy Institute

Source: Authors' analysis of data from Compustat's ExecuComp database.

Similar concerns have been raised in other markets. The UK Investment Association has cautioned remuneration committees against relying on boilerplate references to "competitiveness" or "retention" when seeking substantial increases in executive pay, noting that unmanaged benchmarking can contribute to an upward ratchet in pay levels that is not clearly linked to company performance or investor outcomes.⁵

In this context, we regard executive remuneration as both financially and socially material from a governance perspective. Poorly designed packages can encourage excessive short-term risk-taking, widen the gap between value created for shareholders and value captured by executives,

and undermine retention in the wider workforce. By contrast, structures that align pay with long-term performance, strategy execution, and prudent risk management can support more stable and sustainable value creation.

In 2025, if we considered that the remuneration structure or outcomes were mis-aligned with shareholders' long-term interests, or were inconsistent with the company's broader stakeholder context, we opposed remuneration proposals and, where appropriate, the re-election of remuneration committee members. In 2026, we shall continue to emphasize that executive remuneration is one of the most effective tools to push executives to deliver on the strategy and to hold them accountable for performance.

⁴ [CEO Pay | Economic Policy Institute](#)

⁵ See more information here: [Principles of Remuneration 2025](#)

Nestle SA, Switzerland

COMPANY SECTOR: Food, Beverage & Tobacco

MEETING: 16 April 2025

SUMMARY OF RESOLUTION:

Item 1.2.: Approve Executive Remuneration

CANDRIAM'S VOTE:

AGAINST (against management recommendation)

RATIONALE⁶: A vote AGAINST is warranted due to several concerns regarding the remuneration attributed to the former CEO and the lack of disclosure surrounding this compensation.

The former CEO announced his departure effective from September 1, 2024. At that time, the Chairman of the Company highlighted in press interviews that the board had concerns about the company's growth trajectory. However, we note that the STI target achievement rate for organic growth and profitability is 70.4 percent, making it difficult for investors to assess whether these concerns were considered by the remuneration committee.

This concern is further aggravated by the limited ex-post disclosure of STI outcomes, as well as the absence of information regarding the value of vested awards under the LTI. Nestlé did not communicate on how each element of the remuneration package (both STI and LTI) has been treated under the year of his departure. Due to this lack of disclosure on the target and achievement levels, it is not possible to understand how the company decided to grant the final payout to the CEO. Moreover, the variable remuneration was not prorated, despite the CEO leaving the Company in September 2024 rather than completing a full year.

While we acknowledge that remuneration practices may vary across companies owing to local factors, Nestlé – given its size and industry influence – should be benchmarked against its global peers rather than solely against local standards. In this regard, Nestlé's competitors provide more detailed and transparent disclosures on metrics and assessment criteria in their remuneration reports. For all the reasons listed above, a vote AGAINST is warranted.⁷

Board Effectiveness: From Risk Oversight to Succession

The issue of board effectiveness and capability has been a focal point for our stewardship efforts on governance in 2025. The complexity of today's risk environment demands more than generic references to "experience" or "diversity". In practice, this has meant paying close attention to real board skills and committee structures in areas such as cyber

security, AI and data governance, human rights, and geopolitical and supply-chain risk. We observe a clear difference between boards that address these topics as specialist add-ons and those that integrate such issues into their core strategy and risk oversight.

⁶ Please note that the rationales mentioned in this section are taken from the vote disclosure platform of Candriam. There may be some wording differences relative to the original filings, for ease of reading.

⁷ Please see voted pre-declared in 2025 here: [Predeclaration of Voting Intentions | Candriam](#)

Annual General Meeting Questions at Bureau Veritas SA

COMPANY: Bureau Veritas SA, France

COMPANY SECTOR:

Commercial Services and Supplies

MEETING DATE: 19 June 2025

CONTEXT: We engaged with the company over governance issues/concerns in 2024 and early 2025. During our most recent call, the company explained its approach to managing board composition and director skillsets. In our view, the explanations provided offered interesting and potentially useful information for other investors. We therefore decided to ask the same questions in writing at the 2025 meeting, to ensure that other shareholders could be made aware of the company's approach.

WRITTEN QUESTIONS:

Question 1: *The skills matrix of the board of directors reveals a board with a very high level of expertise in terms of climate change. However, based on the curriculum vitae of the directors, it is unclear what qualifies certain individuals as climate change experts. This raises broader questions on how directors' expertise and competences are evaluated by the board. a) How do you assess the skills of directors? Is this process based solely on self-assessment, or are there other evaluation methods in place? b) What specific qualifications or experiences justify the classification of seven directors as having expertise in climate change? c) How do you ensure that directors have sufficient time to be fully involved in their role on the board and fulfill their responsibilities effectively?*

Question 2: *Mr. Mignon has previously stated that his appointment as Chairman of Bureau Veritas allows him sufficient availability to assume additional roles in other listed companies. Given that he has recently*

accepted a new directorship at another large-cap French company, in addition to his existing commitments at LVMH SE and Wendel SE, could the Board please clarify. a) the extent of Mr. Mignon's workload and responsibilities as Chairman of Bureau Veritas; b) whether Mr. Mignon considers that the chairmanship requires limited time due to the company being under the control of Wendel SE; c) and if this was a factor supporting his decision to take on further external mandates.

The answers provided by the company can be found on its webpage dedicated to the 2025 general meeting⁸.

NEXT STEPS: We shall continue to engage the company during the 2026 Proxy Season and closely monitor board composition and assessments.

In 2025, several high-profile succession and leadership challenges, particularly in Europe, also underlined the importance of effective board oversight of a company's executives. The board's responsibility to appoint, support and, where necessary, replace executive leadership is a long-established governance principle. This principle is explicitly recognised in frameworks such as the G20/OECD Principles of Corporate Governance, which state that the board should select, monitor and, when necessary, replace key executives and oversee succession planning. In practice, this responsibility extends beyond formal appointments to include the ongoing assessment of leadership effectiveness, culture and the board's own ability to challenge management when required.

This work is closely related to our thematic focus on effective leadership, which we describe in more detail in the statistics and case study section of this report. For our clients, we see the quality of board oversight of a company's leadership as a central driver of risk-adjusted returns over the long-term.

8 https://group.bureauveritas.com/sites/g/files/zypfnx196/files/media/document/Reponse_aux_questions_ecrites_Candriam_version_EN.pdf

From Engagement to Decisions: What Boards Need to Hear

For boards to make sound judgements on issues that are central to long-term value creation, such as the social cohesion around executive pay, they need to be adequately equipped. Boards should question and assess whether their own skills remain fit for purpose, and whether executives are leading the company in line with its culture and employees' expectations. If not, the company is very likely to suffer, especially if it hits some turbulence. Boards need structured input from their stakeholders.

Under the CSRD and the European Sustainability Reporting Standards (ESRS), companies are required to conduct a double-materiality assessment, mapping out their value chains and identifying material impacts, risks and opportunities across a broad range of stakeholders, including employees, communities, customers and suppliers. Guidance on double materiality explicitly highlights stakeholder engagement as a core input to understanding which issues are financially and societally material. While this framework reflects European regulatory requirements, Candriam's investment decisions

remain grounded in financial materiality and long-term value creation for its clients. Our engagement seeks to understand how boards incorporate material sustainability-related risks and opportunities into strategy, oversight, and capital allocation decisions as well as pay-for-performance alignment, the conduct and culture and skill matrix of board members, as these may impact their long-term performance.

For this reason, in 2025, our governance work also focused on how boards use stakeholder insight to assess social cohesion around pay and leadership, to ensure that the board's own skills remain aligned with the expectations of key stakeholders, and to embed a stakeholder-inclusive approach⁹ in decision-making. Our emphasis is not on stakeholder engagement as a stand-alone activity, but on whether the information generated is decision-relevant, thereby helping boards make better-informed choices on strategy, risk and leadership in the long-term interests of the company and its shareholders.



⁹ Several governance codes make this expectation explicit. The South African King IV Code states that, in executing their governance role, governing bodies should adopt a *stakeholder-inclusive approach* that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. In the UK, recent guidance on the Corporate Governance Code stresses that board effectiveness, culture and engagement with shareholders and stakeholders are interlinked, and encourages reporting on the outcomes of engagement rather than just the processes. In Germany, corporate governance guidance and commentary underline the importance of considering both shareholders and other stakeholders as part of responsible management and supervision.

Raising the Governance Floor

While in 2025, much public attention focused on Europe's sustainability framework and US policy debates, governance standards continued to evolve in several other markets including emerging countries in meaningful ways for minority protection and long-term value. In India, the Securities and Exchange Board of India (SEBI) extended¹⁰ the Listing Obligations and Disclosure Requirements (LODR) regime to high-value debt listed entities and introduced a turnover-based materiality test for related-party transactions; in Mexico, the updated Corporate Governance Code reinforced¹¹ expectations on board independence, diversity, sustainability oversight and director training; in the UAE, new rules tightened¹² independence and committee requirements where the chair and CEO roles are combined; in South Africa, the implementation of the Companies Act amendments moved¹³ towards binding Say-on-Pay and enhanced pay-gap disclosure; and in Hong Kong, enhancements to the Corporate Governance Code and Listing Rules brought¹⁴ in term limits and training requirements for independent non-executive directors.

Investor expectations in many markets have been tightening alongside regulation. The 2025 revision of Japan's Stewardship Code also underlined¹⁵ the role of institutional investors in supporting sustainable corporate growth through engagement and voting. For our clients, this means the baseline governance environment in many emerging markets is shifting upwards, with regulators and large international investors pushing for stronger protections and more effective boards. Our engagement and voting in these markets take local frameworks into account, while applying consistent principles on board quality, minority protection and long-term value creation.



10 [High-Value Debt Listed Entities: The New Governance Regime Appears Too Much – Corporate Professionals](#)

11 [Código de Principios y Mejores Prácticas de Gobierno Corporativo – RSA Contadores](#)

12 [SCA's 2025 Governance Amendments: What UAE Listed Companies Need to Know – IN'P – IBRAHIM.N.PARTNERS](#)

13 [4 new laws that could transform the pay landscape](#)

14 [HK Corporate Governance Rules 2025: Board Actions Guide](#)

15 [Finalisation of Japan's Stewardship Code \(Third revision\) : Financial Services Agency](#)

Climate and Biodiversity.



A Transitional Year for Environmental Stewardship

Ten years after the Paris Agreement, 2025 ushered in a complex and less predictable environment for climate and biodiversity stewardship. Rising geopolitical tensions, persistent macroeconomic uncertainty and diverging regulatory trajectories shaped the operating context for both investors and corporates. At the same time, climate-related physical risks continued to intensify, while progress at the global policy level remained uneven, as discussed in greater detail in the following sections.

For investors, **this environment required greater adaptability**. The partial fragmentation of collaborative initiatives, combined with lower visibility on corporate sustainability disclosures and a lack of consistency, increased the importance of direct, company-specific engagement. At the same time, regulatory divergence across jurisdictions created more complexity for globally diversified portfolios, reinforcing the need for a consistent internal framework to assess transition risks, resilience, and long-term strategic alignment.

These developments reaffirmed the central role of environmental stewardship as a risk management tool. By focusing on long-term value creation and alignment with credible transition pathways, Candriam seeks to protect clients and their beneficiaries from material financial risks arising from climate change and environmental degradation as part of its fiduciary duty.

A More Challenging Landscape for Collaborative Engagement

Collaborative environmental engagement faced increasing headwinds in 2025. Several institutions withdrew from initiatives such as Climate Action 100+ and net-zero alliances. The resulting withdrawals affected coalition functioning, reducing collective leverage, creating gaps in leadership roles and contributing to less consistent engagement messages to companies¹⁶.

In this context, while our climate objectives remained broadly unchanged, our engagement approach in 2025 increasingly shifted toward more individualised, company-specific strategies. We continued to pursue our Individual Net Zero campaign through bilateral engagements, with a focus on monitoring and discussing companies' progress in implementing their transition strategies, including during periods of more limited external communication. These engagements centred on assessing governance oversight, capital allocation frameworks, the management of physical and transition risks, and the resilience of climate strategies across a range of policy and market scenarios.

Meanwhile, we maintained our participation in climate-related collaborative engagements¹⁷, including Climate Action 100+ and the IIGCC BERI Banks initiative. We believe that engagement through these coalitions enables Candriam to share expertise and resources, enhance the efficiency and consistency of investor dialogue, avoid the duplication of efforts, and support more effective engagement with companies where individual investor influence may be limited.

¹⁶ [IN-DEPTH: Investor climate alliances at a crossroads](#)

¹⁷ Where we participate in collaborative initiatives, engagement is conducted within clearly defined governance frameworks and in compliance with applicable legal and regulatory requirements. Candriam does not engage in collective decision-making regarding capital allocation, investment restrictions, or voting positions.

Candriam's Climate Commitment

Candriam joined the Net Zero Asset Managers Initiative (NZAMI) in November 2021, supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius¹⁸.

Candriam has developed a proprietary Net Zero Assessment¹⁹, which provides a structured framework for evaluating climate-related strategies and associated risks and opportunities.

By 2030, Candriam aims to have at least 50% of financed emissions associated with companies assessed as net-zero aligned and engage with companies representing at least 70% of financed emissions.

To achieve these goals, Candriam launched a Net Zero engagement campaign seeking to support robust and timely net-zero assessments, improve the transparency and consistency of issuers' decarbonisation targets and strategies, and support better corporate practices by addressing key challenges and barriers to achieving net zero.

Since the launch of the campaign, we have engaged with 60 issuers, representing 59% of the (Weighted Average Carbon Intensity (WACI) of our Net Zero

perimeter and 52.5% of financed emissions, positioning us on track to meet our 2030 engagement objectives.

In 2025 alone, we interacted with approximately 35 companies, conducting 24 calls and in-person meetings specifically focused on their Net Zero strategies. Most engagements are direct individual dialogues but for a few companies, we collaborate with other investors whether through big coalitions and associations (CA100+, IIGCC, ShareAction) or small, like-minded investor groups to maximise our leverage as appropriate.

Insights gathered through these engagements directly inform both our research and our voting and investment decisions. Where progress is deemed sufficient, we de-escalate our engagement. Alternatively, if engagement remains unproductive, we may take additional steps in line with our engagement framework, which could include decreasing portfolio holdings or divesting.

See also Candriam's climate strategy: [climate_strategy_gb.pdf](#)

See also Candriam's latest Net Zero Progress report: [net_zero_report_gb_2025.pdf](#)



18 [On the Green Brick Road to Net Zero: Candriam's Climate Strategy | Candriam](#)
19 [climate_strategy_gb.pdf](#)

**Individual Dialogue with Company A
– Aligning towards Net Zero**

**Individual Dialogue with Company B
– Aligned to Net Zero**

**Status of
Engagement**

Engagement ongoing

Company Sector	Hotels Restaurants and Leisure	Building Products
Company Region	France	France
Engagement Themes	Environment – Climate Change – Energy & Climate	
Why important for Candriam?	Engaging on climate mitigation and net zero is important to Candriam as a core tool for managing material long-term financial risks linked to climate change. By encouraging credible transition strategies, robust governance and capital allocation aligned with net-zero pathways, engagement helps reduce the risk of disorderly transitions and escalating physical impacts.	
Engagement Context	Engagement with top contributors of our Net Zero scope to support our Net Zero Asset Managers Initiative (NZAMI) commitment to net zero Greenhouse Gas (GHG) emissions by 2050.	
Engagement Form	Calls, email exchanges, and review of reporting/disclosures	
Topics / SDGs	<p>TOPICS: UNGC_Environment, Climate; BA – Climate Change; BA – Resource Depletion; STK – Energy & Climate</p> <p>SDGs:</p> <ul style="list-style-type: none"> 7. Affordable and Clean Energy 9. Industry, Innovation and Infrastructure 12. Responsible Consumption and Production 13. Climate Action 	
Key milestones achieved	<p>Company A provided a detailed roadmap to net zero, including key levers to achieve their goals and the emission reduction contribution of each target</p> <p>We initiated the engagement formally in March 2024 with specific requests on climate transition planning and enhanced emissions disclosure. We later had a call in April 2024 and multiple email exchanges in 2024-2025.</p> <p>Company A acknowledged the recommendations and committed to integrating these expectations into its upcoming reporting cycle.</p> <p>During 2024–2025, Company A worked on expanding its climate disclosures, focusing on decarbonisation levers and improving Scope 3 coverage.</p> <p>Results in 2025:</p> <ul style="list-style-type: none"> • Inclusion of decarbonisation levers and their respective emission-reduction impacts in the 2024 Universal Registration Document (URD) (released in March 2025) • Clearer breakdown of emissions across headquarters, subsidiaries, managed and franchised sites • Progress toward full Scope 3 disclosure. 	<p>Company B improved disclosure on scope 1, 2 and material scope 3 emissions and de-escalated our votes</p> <p>We initiated the engagement formally in December 2022, with ongoing dialogue focused on climate transition planning, accounting practices and the robustness of environmental disclosures.</p> <p>Company B acknowledged our recommendations and demonstrated a willingness to address key expectations through enhanced disclosure and continued improvements in its environmental strategy and reporting.</p> <p>During 2024–2025, the company strengthened transparency around its decarbonisation strategy, with particular emphasis on the articulation of emissions-reduction levers and the quality and coverage of Scope 3 emissions data.</p> <p>Results in 2025:</p> <ul style="list-style-type: none"> • Improved transparency on key decarbonisation levers and their expected contribution to 2030 climate targets. • Best-in-class Scope 3 emissions disclosure, supported by strengthened supplier data collection processes. • High-quality and comprehensive climate disclosures in the 2024 Universal Registration Document (URD), released in March 2025. <p>In light of the meaningful progress achieved, we supported the financial statements and auditor reappointment in 2025. While some areas for further improvement remain, we acknowledge the company's strong environmental disclosures and performance. To signal our satisfaction with the progress achieved to date, we decided to de-escalate our engagement on accounting practices.</p>
Next Steps	To clarify the updated emissions methodology and provide a plan to fully integrate franchisee data, especially Scope 3, water, and waste into future reporting.	To monitor the continued execution of Company B's decarbonisation strategy, including progress toward 2030 targets and the alignment of capital expenditure with climate ambitions. Engagement may be re-escalated if progress slows or disclosure quality weakens.

Nota bene: Since the launch of our Net Zero Engagement campaign in 2022, the composition of the portfolios within our Net Zero perimeter has naturally evolved as a result of regular portfolio management. For the time being, we have chosen to retain most of our initial target issuers, as they may remain relevant when our Net Zero perimeter expands. However, the relative contribution of each issuer to the perimeter's WACI and carbon footprint has shifted over time. As a result, progress toward engaging a given percentage of WACI or carbon footprint may appear slower, even though underlying engagement efforts continue.



Shifts in Corporate Sustainability Communication

Corporate sustainability communication also evolved during the year. The number of releases accompanying sustainability reports fell²⁰ compared with recent years, adding to the complexity of engagement on climate and related topics owing to reduced public disclosure.

As a result, in 2025, **a large share of Candriam's climate engagements focused on verifying that companies were continuing to implement their strategies and progress toward their stated targets.** Importantly, most companies we engaged with either maintained or strengthened their climate commitments.

Our view that changes in sustainability messaging are largely reflecting shifts in corporate communication strategies rather than a widespread retreat from transition planning is supported by independent analyses which confirmed that only a small minority have materially weakened their targets, while a meaningful proportion of companies have effectively upped their ambition^{21,22}.

20 [Are Companies Backsliding on Sustainability? | Generation Investment Management](#)

21 [Are Companies Actually Scaling Back Their Climate Commitments?](#)

22 [pwc-state-of-decarbonization-sector-insights-new.pdf](#)

Divergence in Regulatory Frameworks and Limited Multilateral Progress

Regulatory developments further contributed to fragmenting the global policy landscape. In Europe, revisions to the EU CSRD and Corporate Sustainability Due Diligence Directive (CSDDD) narrowed the scope of application and simplified certain requirements, such as in the CSDDD, the removal of mandatory climate transition plans²³. Additional elements of the EU Green Deal were also subject to review, resulting in uncertainty for long-term climate planning²⁴. In the United States, changes affected the Environmental Protection Agency's (EPA) authority and the availability of federal climate information was altered²⁵. In contrast, several emerging markets stepped-up their transition-related frameworks. Brazil enhanced incentives for low-carbon fuels and carbon capture technologies, while China introduced new measures to reinforce controls on emissions and energy efficiency²⁶.

At the multilateral level, COP30 discussions were expected to focus on operationalising the commitments made at prior conferences. However, the negotiations failed to deliver a consensus on a global roadmap for transitioning away from fossil fuels, reflecting differing national priorities and resistance from several large producers. Though adaptation finance was increased for developing countries, overall ambitions remained

limited²⁷. The 2025 Nationally Determined Contribution (NDC) update cycle produced revised plans for 64 parties, representing roughly 30% of global emissions. Only a minority of major emitters stepped up their commitments.

According to current UN assessments, the world remains on a **2.3–2.5°C warming trajectory**, underscoring the persistent gap between stated ambitions and pathways consistent with the Paris goals²⁸.

Together, divergent regulatory trajectories and limited multilateral progress have increased complexity for globally invested asset managers. For our sovereign stewardship activities, this fragmentation has reinforced the importance of country-level analysis covering transition readiness, policy credibility and implementation capacity, particularly when gaps persist between international commitments, domestic policy frameworks and real-economy outcomes.

For further information on how Candriam engaged on sovereign climate matters, please refer to the [Sovereign chapter](#).



23 [Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness – Consilium](#)

24 [EU rollback on environmental policy is gaining momentum, warn campaigners | Green politics | The Guardian](#)

25 [EPA Launches Biggest Deregulatory Action in U.S. History | US EPA](#)

26 [Emerging Markets Step Up on Climate Policy As Rich Nations Pull Back | BloombergNEF](#)

27 [COP30: Key outcomes agreed at the UN climate talks in Belém – Carbon Brief](#)

28 [Emissions Gap Report 2025 | UNEP – UN Environment Programme](#)

Escalating Physical and Economic Impacts

The economic and social impacts associated with climate-related events have continued to increase with measurable implications for infrastructure, insurance markets, supply chains, and sovereign risk profiles. During the first half of 2025 alone, climate-related damage reached approximately USD 101 billion, the highest level recorded for this period, driven in part by severe wildfire events²⁹. By comparison, global spending on protection against extreme weather currently amounts to around USD 190 billion per year, while an estimated USD 540 billion would be required to protect the most exposed regions³⁰. Long-term modelling suggests that insufficient mitigation could reduce global economic output by up to one-third by 2100³¹. These impacts remain unevenly distributed, with least-developed countries experiencing higher mortality rates from climate-related disasters and greater economic losses relative to GDP³².

Against this backdrop, we plan to place greater emphasis on physical climate risk, adaptation, and resilience in our engagement efforts over the coming years (see our [Outlook 2026](#)). However, while mitigation and adaptation are inherently complementary, they are not interchangeable. While investments in adaptation are important to address the physical impacts of climate change already being observed, they do not eliminate the importance of sustained action to reduce emissions.

Is Climate Still on the Ballot?

Since 2023, the trend of submitting climate transition plans has stalled (See “Say-on-Climate at a Crossroad” in our Mid-Year Voting report³³). However, as 2025 is a year often used as a key milestone in corporate transition plans, it is possible that companies will submit a new plan for 2026–2030 in the coming year.

With CSRD/CSDDD no longer pushing for mandatory climate transition plan disclosures³⁴, we continued to engage on Say-on-Climate votes to support transparency and informed shareholder decision-making, including through investor initiatives such as signing the investor tribunes led by the French SIF³⁵ and joining Local Authority Pension Fund Forum and CCLA Investment Management for the first time in asking FTSE100 companies (UK) to submit a Say-on-Climate vote at their next AGM³⁶.

For further information on how Candriam voted on climate matters, including our votes on Say-on-Climate and climate director accountability, please see our [Voting Statistics](#).

²⁹ [Climate disasters in first half of 2025 costliest ever on record, research shows | Climate crisis | The Guardian](#)

³⁰ [Advancing adaptation to climate hazards | McKinsey](#)

³¹ [Why Investing in Climate Action Makes Economic Sense | BCG](#)

³² [Emissions growth continues, threatening the Least Developed Countries the most – UNCTAD SDG Pulse 2025](#)

³³ [2025_08_mid_year_voting_report_gb.pdf](#)

³⁴ [Council and Parliament strike a deal to simplify sustainability reporting and due diligence requirements and boost EU competitiveness – Consilium](#)

³⁵ [Positions et propositions Say on Climate › Forum pour l'Investissement Responsable – FIR](#)

³⁶ [LAPFF & CCLA lead over £3tn investor group in urging FTSE 100 firms to provide shareholder vote on climate strategies | CCLA](#)



What About Biodiversity?

According to the 2025 Planetary Health Check, ocean acidification may have crossed its proposed planetary boundary for the first time³⁷. The report indicates that a decline of 0.1 pH units from the baseline roughly associated with a 30–40% increase in acidity. It warns that this trend could increase pressure on corals and other marine species, threaten shell-forming organisms, disrupt marine food webs, and create risks for food security and coastal economies³⁸.

2025 was also the year the EU introduced new Deforestation Regulation (EUDR) including fines, product seizures and

market restrictions, with implementation postponed to 2026 for large corporations, and to 2027 for smaller companies³⁹.

Not all trends have been negative: global deforestation has slowed, with net forest loss dropping from 10.7 million hectares per year in the 1990s to 4.12 million in 2015–2025. Although deforestation has declined to 10.9 million hectares per year in 2015–2025, compared with 17.6 million hectares annually in 1990–2000, the pace remains significant. Forest losses still outstrip gains, as annual forest expansion reaches only 6.78 million hectares⁴⁰.



37 [Planetary boundaries — Stockholm Resilience Centre](#)

38 [World's oceans fail key health check as acidity crosses critical threshold for marine life | Ocean acidification | The Guardian](#)

39 [EU hits deal to delay key deforestation law, review in April | Euractiv](#)

40 [Global deforestation slows, but forests remain under pressure, FAO report shows](#)

Against this backdrop, our engagement efforts on biodiversity focused on the same priorities as last year:

- Encourage high-impact companies to develop and implement **comprehensive biodiversity strategies** through the Nature Action 100 collaborative initiative.

NATURE ACTION 100 COLLABORATIVE DIALOGUE

Status of engagement:	Engagement ongoing
Company Sector	100 companies in 8 sectors (biotechnology and pharmaceuticals; chemicals; household and personal goods; consumer goods retail; food; food and beverage retail; forestry and packaging; and metals and mining)
Company Region	Europe, North America, Pacific, Emerging
Candriam's Role	Lead on 2 companies /active support on 4 companies /passive support on the other companies.
Why important for Candriam?	Biodiversity, as a natural capital, plays a central role within ESG analysis at Candriam. In its 2023 paper, Biodiversity: the new investment frontier ⁴¹ , Candriam delved into the dependencies and impacts of biodiversity loss, by explaining what this loss entails and to what extent it is relevant to investors. Our investee companies face rising challenges on the depletion of natural resources and biodiversity risks/losses, and need to adapt their strategy, operations, supply and reporting.
The reason for collaboration	Opportunity
Engagement Themes	<p>TOPICS: UNGC_Environment, Biodiversity; UNGC_Environment, Natural heritage; STK- Land use & biodiversity.</p> <p>SDGs:</p> <ul style="list-style-type: none"> 3. Good Health and Well-being 8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities 12. Responsible Consumption and Production 14. Life Below Water 15. Life on Land
Engagement Context	NA100 is a global, investor-led engagement initiative designed to drive greater corporate ambition and action to halt and reverse nature and biodiversity loss. Since 2023 and along with other investors, Candriam has participated in engaging companies in key sectors deemed systemically important in reversing nature and biodiversity loss by 2030.
Engagement Form	Call and email exchanges
Key milestones achieved	<p>In 2024, NA100 released its first benchmark⁴², stating that most companies acknowledge the importance of protecting nature, with 69 publicly expressing nature-related ambitions. Nearly half of the assessed companies (47) have set nature-related targets, and 37 have articulated strategies to deliver on these commitments. However, only one company has been recognised as having completed a comprehensive nature-related materiality assessment, highlighting that robust, data-driven understanding of nature impacts and dependencies remains limited.</p> <p>While NA100 is still at an early stage, momentum is building. According to the initiative's October 2025 status report⁴³, investors have collectively held over 100 engagement meetings with target companies. As a result, 49 companies have begun developing plans to address their impacts and their exposure to nature. Overall, NA100 considers that roughly one-third of its focus companies have started making significant progress toward meeting the initiative's expectations.</p>
Next Steps	We shall continue to engage the companies on which we are lead and active contributors.

41 [2023_03_biodiversity_en.pdf](#)

42 [Nature Action 100 Company Benchmark Key Findings 2024](#)

43 [Nature-Action-100-Status-Report-Oct.-2025.pdf](#)

- Assess and engage portfolio companies highly exposed to **deforestation risk** through commodity-linked direct engagements. To know more about our first campaign, see our short paper: [palmoil-shortpaper-eng.pdf](#)

INDIVIDUAL CAMPAIGN ON PALM OIL

Status of engagement:

Engagement closed

Sectors	9 issuers in 4 sectors (Food beverage and Tobacco, Consumer Staples Distribution and Retail, Household and Personal Care, Chemicals)
Region	Europe, North America, Pacific
Engagement Themes	Deforestation risks associated with palm oil deforestation risk & potential alternatives.
Why important for Candriam?	As outlined in the Nature Action 100 case study above.
Engagement Context	Launched in 2023 following the announcement of the EU Deforestation Regulation (EUDR), the campaign aimed to assess the extent to which companies were prepared to meet these regulatory requirements. We chose palm oil as the starting point given its status as the world's most widely used vegetable oil – highly productive, cost-efficient, and resource-efficient – yet also recognised as a major driver of deforestation and land degradation.
Engagement Form	Call, email, questionnaire.
Topics / SDGs	<p>TOPICS: UNGC_Environment, Biodiversity; STK- Land use & biodiversity; ContrAct – Palm oil; BA – Resource depletion.</p> <p>SDGs: 3. Good Health and Well-being 8. Decent Work and Economic Growth 9. Industry, Innovation and Infrastructure 11. Sustainable Cities and Communities 12. Responsible Consumption and Production 14. Life Below Water 15. Life on Land</p>
Key findings	<p>Overall, the companies demonstrated satisfactory progress in governance, traceability, and biodiversity-related disclosure. However, the Roundtable on Sustainable Palm Oil (RSPO) –the sector's main certification scheme falls short of fully meeting the EUDR's traceability requirements, leaving room for significant improvement. Nevertheless, we believe the EUDR creates strong incentives to raise sustainability standards across palm-oil supply chains and may ultimately accelerate a transition toward lower-impact raw materials.</p> <p>An important insight gleaned from our dialogue was that many highly exposed companies viewed the postponement of the regulation as a competitive disadvantage for early movers that had already invested in traceability and compliance systems. Several noted that delays risk sending a counterproductive signal at a time of accelerating climate and biodiversity crises.</p>
Next Steps	2025 saw the completion of this first engagement campaign on deforestation-linked commodities, focusing on palm oil. This engagement campaign directly informed Candriam's Biodiversity Policy ⁴⁴ , formalised at the end of 2024. A key enhancement was the introduction of a deforestation-linked exclusion criterion for companies that fail to respond to our biodiversity-focused engagement efforts.

44 [2024_10_wp_biodiversity_strategy_gb.pdf](#)

- Assess and engage portfolio companies highly exposed to **per- and polyfluoroalkyl substances (PFAS)**, often referred to as “forever chemicals” due to their persistence in the environment, and which have been identified as significant threats to biodiversity. To know more about this campaign, please read our short paper: [pfas-paper-eng.pdf](#).

INDIVIDUAL CAMPAIGN ON PFAS

Status of engagement:

Engagement Ongoing

Sectors	48 issuers in 11 sectors (Building Products, Chemicals, Consumer Durables, Household and Personal Care, Industrials, Machinery, Packaging, Paper and Forests, Pharmaceuticals, Biotechnology and Life Sciences, Technology Hardware and Semiconductors, Textile and Luxury Goods)
Region	Europe, North America, Japan
Engagement Themes	PFAS risks and opportunities, phase-out timeline for PFAS & Alternatives to PFAS
Why important for Candriam?	PFAS are a primary focus for engagement owing to the environmental and regulatory risks, including health-related, litigation and financial risks. Moreover, effective PFAS management safeguards long-term value creation, while potential alternatives could offer opportunities for companies to gain competitive advantages.
Engagement Context	In 2025, we continued our dedicated engagement campaign on PFAS. Building on the initiative launched in 2024, we held engagement calls with 16 companies to further advance discussions on their PFAS management strategies. That’s a 33.3% participation rate, considering all 48 targeted companies. These interactions enabled us to assess how companies had received and implemented the recommendations issued after the first phase of the campaign. They also provided valuable insights into the challenges and opportunities companies face in relation to PFAS and how they could be impacted by the new proposed PFAS restrictions currently under discussion at state level.
Engagement Form	Call, email, questionnaire
Topics / SDGs	<p>TOPICS: UNGC_Environment, Water; UNGC_Environment, Biodiversity / 3. Good Health and Well-being</p> <p>SDGs:</p> <ul style="list-style-type: none"> 6. Clean Water and Sanitation 8. Decent Work and Economic Growth 12. Responsible Consumption and Production 14. Life Below Water 15. Life on Land
Key findings	<ul style="list-style-type: none"> • The lack of an agreed definition for PFAS plays against a global approach when addressing PFAS mitigation measures. PFAS producers take advantage of this lack of harmonised and common definition to refrain from proactively taking measures to limit pollution from PFAS contamination. • Supply-chain assessments and audits are key to ensuring the identification and traceability of potential PFAS contamination. • The identification of products containing PFAS is complicated and requires companies to conduct large in-house reviews. • PFAS alternatives vary depending on applications. Some applications will hardly be replaceable, even in the long term. • In sectors where products require safety certifications, clients are not always in favour of alternatives. In contrast, in sectors where end-products are accessible to retail consumers (e.g., food packaging, textile), customers are ready to accept alternatives to PFAS.
Next Steps	To continue our engagement conversations with a selected number of issuers (potentially broadening the scope to other key players in the chain) to monitor their progress as they phase-out PFAS.

See Candriam’s biodiversity strategy: [2024_10_wp_biodiversity_strategy_gb.pdf](#)
See Candriam’s latest TNFD report: [Document title](#)



Human Rights and Human Capital.

In 2025, companies faced simultaneous shocks: geopolitical fragmentation, cost pressures, accelerated technological change, and greater stakeholder scrutiny. In this context, and when strategic decisions met execution risk, social issues tended to crystallise. Our engagement priorities this year reflected this shift. Rather than approaching social topics individually, we focused on areas where deficiencies in governance, risk management or transparency could translate rapidly into operational disruption, legal exposure or the loss of social licence to operate. These included the management of labour risks in complex supply chains,

exposure to conflict-affected and high-risk areas, the governance of artificial intelligence, and the way companies navigate large-scale workforce restructuring.

Taken together, these themes highlight a common challenge for companies. They need to anticipate social risks earlier, embed these risks into strategic decision-making, and demonstrate credible outcomes rather than policy intent. For investors, these issues also illustrate why social factors serve as a lens through which they can assess governance quality, execution discipline and long-term adaptability.

Engaging to Address Social Risk Management in the Supply Chain

2025 was a complicated year for responsible sourcing teams.

Earlier in the year, changes in U.S. tariff measures in sectors such as electronics, autos, EV batteries, semiconductors, steel, and solar components increased input costs and required companies to reconfigure sourcing, production footprints, and logistics networks. These often involved nearshoring (sourcing closer to home) or friends-shoring (sourcing from stable countries/regions) strategies and holding larger inventory buffers.

These measures resulted in shipment delays, contract adjustments, and changed trade flows between the U.S., China, and third-country hubs, creating uncertainty and operational disruption across global supply chains.

These disruptions came at a time when companies were already adapting to newly proposed global regulations (US Uyghur Forced Labour Prevention Act, EU Corporate Sustainability Due Diligence Directive, German Supply Chain Due Diligence Act, French Loi de Vigilance) which required enhanced risk management across supply chain.

Child Labour in the Perfume Industry

We decided to focus our engagement efforts on the perfume industry after the BBC's May 2024 documentary 'Perfume's Dark Secret'⁴⁵ revealed allegations of child labour in jasmine harvesting in Egypt. Along with La Banque Postale Asset Management, we worked with the Fair Labour Association⁴⁶ (FLA) which strives to protect worker's rights and improve

working conditions in global supply chains. The FLA's Harvesting the Future programs, which focus on seasonal agricultural workers, have already addressed the issues around rose and jasmine harvests in Turkey and Egypt.

45 <https://www.youtube.com/watch?v=3295wEpmajo>

46 <https://www.fairlabor.org/about-us/>

Why is child labour so prevalent in the harvesting of raw materials for the perfume industry?

According to the International Labour Organization (ILO) and UNICEF, 70% of all child labour occurs in agriculture⁴⁷. The raw materials sourced for the perfume industry, such as roses or jasmine, combine multiple high-risk factors. Flowers must be picked at night or very early in the morning, during short and intense seasonal windows, pushing families to mobilise all members, including children. Pay is typically low and piece-rate, so additional child workers raise the household's income. Work is often informal, in migrant or rural communities with poor access to schools, childcare and labour inspection, making child labour both tempting and hard to detect.

Working with the FLA gave us **access to key contacts in 10 companies involved in the program: these were global perfume and cosmetics brands and their Tier1 suppliers**. We organised a workshop with these companies and the FLA, which enabled us, as responsible investors, to express our concerns, voice our expectations, and highlight best practices. Investors are expecting:

- Clear policy commitment and internal governance
- Robust and granular modern slavery risk analysis
- Human rights due diligence that is risk-based, outcome-oriented, and coherent with risk mapping
- Meaningful stakeholder engagement and the integration of the worker's voice
- Use of leverage and remediation over a "cut-and-run" approach
- Collaborative, industry-wide action (multi-stakeholder initiatives)
- Transparency and reporting that demonstrates maturity and concrete outcomes

This led to a constructive dialogue, which was then followed by a letter to the companies' management. In three instances, this process delivered **tangible outcomes**.

Engagement Outcome

One of the European fragrance supplier companies acknowledged that the workshop and the follow-up letter to management contributed to the firm's decision to improve its due diligence and salient risk identification process. It also plans to record this progress in its upcoming 2026 Human Rights Report.

The fact that an NGO shared its expertise and introduced us to relevant professionals within companies that are prepared to improve their practices created a very special background for **generating real-world outcomes**.

In 2026, we intend to pursue this collaboration with the FLA and extend this first experience into a pilot collaboration on other raw materials and/or other industries.

Forced Labour

We remain vigilant about the growing attention paid to forced labour in global supply chains. Regulators, NGOs and the media are keeping a close watch on the prevalent risks of forced labour in Chinese supply chains. In May 2025, reports indicated that many Uyghur workers were working under forced labour conditions in factories outside of the Xinjiang Uyghur Autonomous Region⁴⁸.

Regulation is starting to have a meaningful effect on businesses. Among these regulatory developments, the most effective has been the U.S. Uyghur Forced Labor Prevention Act (UFLPA), which has expanded enforcement by adding 78 new entities to the UFLPA Entity List - bringing the total to 144, enabling the U.S. Customs and Border Protection Agency to stop thousands of shipments. Other regulation such as the EU

⁴⁷ Source: Page 9 of https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_norm/%40ipecc/documents/publication/wcms_797515.pdf

⁴⁸ <https://www.thebureauinvestigates.com/stories/2025-05-29/chinas-economy-runs-on-uyghur-forced-labour>

Corporate Sustainability Due Diligence Directive (in effect in 2027), the German Supply Chain Due Diligence Act (2023), the French Loi de Vigilance (2017), and the UK Modern Slavery Act (2015), tend to focus on prevention rather than enforcement, but are also prompting companies to address Forced Labour risks.

Companies are now required to **demonstrate, with evidence-based due diligence and traceability, that their supply chains are free from forced labour. They can no longer rely on assumptions, contractual assurances, or the absence of allegations to presume compliance.**

COLLABORATIVE DIALOGUE ON FORCED LABOUR

Status for timeline:

Engagement Ongoing

Company Sector	Car Manufacturer
Company Region	Europe
Candriam's Role	Lead
The reason for collaboration	Escalation
Engagement Themes	Human Rights, Forced Labour, Board independence
Engagement Context	<p>Since 2022, we have been engaging with a European auto manufacturer mentioned in reports including allegation of Uyghur Forced Labour, both in their supply chain and in their operations in China. After several direct discussions with the company, we also engaged collectively through the Investor Alliance on Human Rights collaborative engagement. However, our discussions never went beyond the Investor Relations department of the company.</p> <p>As no improvements were observed, we eventually downgraded the ESG score assigned to the issuer and removed the position from our SFDR Article 9 strategies. This decision reflected portfolio mandate alignment and risk management considerations. In 2025, we delivered a letter from 10 investors addressed to the management of the company, in which we expressed our concerns and provided examples of best practices observed within the industry.</p>
Engagement Form	Call, email, on site
Topics/SDGs	<ol style="list-style-type: none"> 1. No Poverty 2. Zero Hunger 3. Good Health and Well-being 5. Gender Equality 6. Clean Water and Sanitation 8. Decent Work and Economic Growth 10. Reduced Inequality 11. Sustainable Cities and Communities 16. Peace and Justice Strong Institutions
Key milestones achieved	<p>After meeting the CEO at a conference in June 2025, we finally held a meeting with the Human Rights Officer.</p> <p>The company is showing signs of progress in risk identification and has improved the screening of its higher-risk suppliers.</p>
Next Steps	We are due to meet the company in early 2026 for a discussion with the automaker's procurement team to address gaps in their due diligence processes.

Focus on Apparel and Luxury Goods

Supply chain risk management is a core determinant of long-term resilience for consumer facing companies, as it shapes operational risk, cost structures and exposure to reputational and legal challenges. Apparel and Luxury Goods companies are particularly exposed on account of their complex, geographically dispersed supply chains and reliance on specialised, often smaller suppliers. In this context, the robustness of supply chain risk management frameworks is a key factor in these companies' ability to adapt to rising expectations and protect long term value.

In 2025, we launched a campaign targeting 8 issuers within our portfolios to gain better insight into their supply chain risk management performance. Our intention was also to encourage companies to look beyond simply auditing some of their Tier 1 suppliers. Our exchanges with these companies highlighted several converging trends. First, we observed a

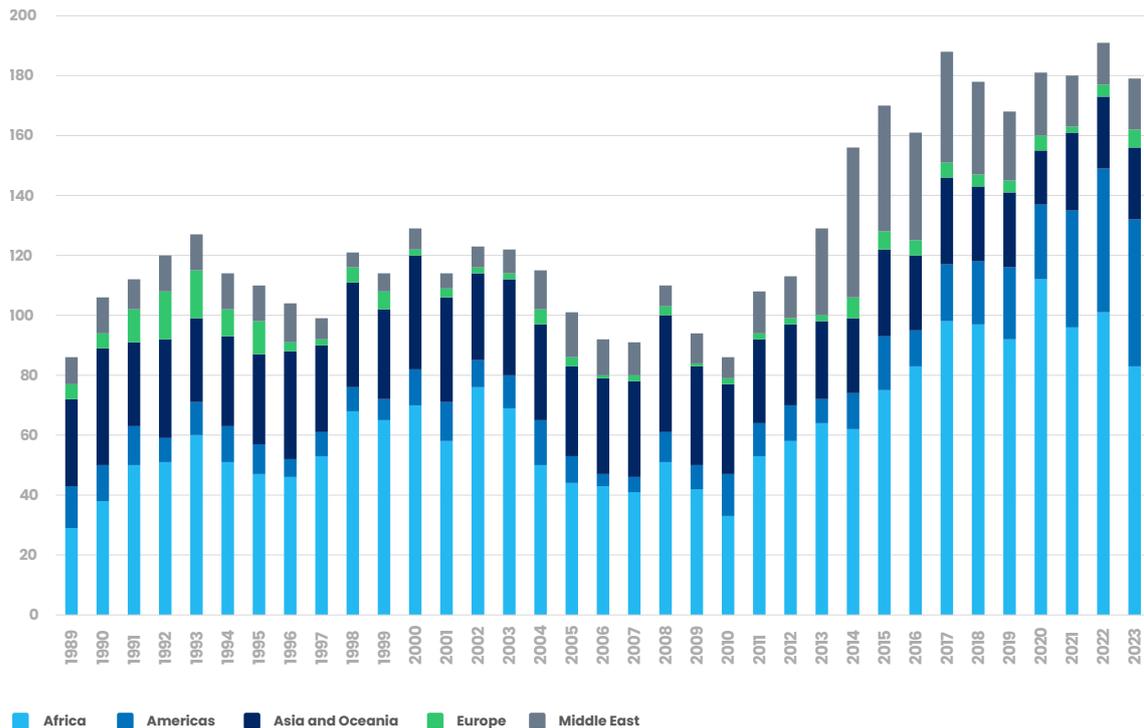
shift from purely audit-driven approaches towards more embedded risk management models, combining purchasing practices, long-term supplier relationships, internal governance and remediation mechanisms. Second, while audits remain a necessary foundation, companies are increasingly acknowledging their limits which they are seeking to remedy with deeper supplier knowledge, selective vertical integration, training programmes and contractual engagement. Third, the capacity of procurement teams to identify, assess, and manage workforce and supply chain-related risks is emerging as an important success factor, requiring dedicated expertise and clearer accountability.

Looking ahead, supply chain risk management is likely to remain a key focus for sustainable investors, with rising expectations on traceability, remediation and oversight.



Engaging Companies on Their Exposure to Conflict Affected and High-Risk Areas

Our world has known a significant rise in armed conflicts in the past decade



Source: Uppsala Conflict Data Program and Peace Research Institute Oslo (2024) – processed by Our World in Data
 Note: Some conflicts affect several regions. There may therefore be double-counting.

As shown by the illustration below, the world has not witnessed the current level of active, open conflicts and elevated international tensions in a long time. The environment remains unsettled, with multiple flashpoints contributing to heightened security, energy, trade, and supply-chain risks across regions. Instability and conflicts in many parts of Europe, the Middle East, Africa, the Gulf and Asia are causing great uncertainty. Disruption risks along key maritime routes could continue to affect global markets and logistics.

The volatile and increasingly polarised geopolitical context creates a very challenging environment for our investee companies, as a growing number of operations, supply chains and customers are exposed to conflict-affected and high-risk areas (CAHRAs).

Key Figures

- 59 active conflicts in the world at the end of 2025 (3 more than in 2024)⁴⁹
- 25% of the global population lives in conflict-affected areas
- In the last 16 years, the average level of global peacefulness has deteriorated twelve times.

49 <https://www.visionofhumanity.org/wp-content/uploads/2025/06/Global-Peace-Index-2025-web.pdf>

As we already wrote in 2025 in our ‘[Sustainability on the Front Line](#)’ report, apart from few industries such as the mining and oil and gas industries, very few companies are prepared to deal with the growing risks associated with their exposure to CAHRAs.

The 2025 update of the UN’s databases as well as their public reports offer reference points allowing us to verify Candriam’s exposure to companies potentially causing financial harm in our portfolios conflict-affected or disputed territories. It is interesting to note that for the first time, the UN report has named three financial institutions. After careful analysis, in 2025, we engaged with 15 companies held in our portfolios.

We also engage investee companies featuring in our sustainable portfolios and mandates if their exposure to Oppressive Regimes, as defined by our ESG Sovereign Analysis,

is above 5%. If the exposure exceeds 10%, they are excluded. Similar to our engagement on CAHRA, we check that companies exposed to these countries have adequate policies, governance, due diligence and risk mitigation processes in place to effectively manage the risks inherent to these areas.

However, many of the discussions we held with these companies have proven disappointing: only a few conduct heightened human-rights due diligence or impact assessments. Although the world has gradually become less stable over the past decade, few companies have been directly exposed to conflicts until recently. As a result, many still lack governance and processes adapted to the new environment. We will keep engaging companies on their risk management performance and push for stronger practices.

INDIVIDUAL DIALOGUE

Status for timeline:

Engagement Ongoing

Company Sector	Capital Goods
Company Region	Europe
Engagement Themes	Exposure to conflict affected areas and contested territories
Engagement Context	Operating, sourcing, or selling into conflict affected areas and contested territories generates physical, operational, legal and reputational risks. The objective of this engagement is to understand how companies involved in such regions are identifying, managing and mitigating these risks. We aim to understand if these companies apply heightened human-rights due diligence in these areas.
Engagement Form	Call, email, onsite
Topics / SDGs	<p>TOPICS</p> <p>ContrAct — Oppressive Regimes, UNGC_Human Rights</p> <p>SDGs</p> <ol style="list-style-type: none"> 1. No Poverty 5. Gender Equality 8. Decent Work and Economic Growth 10. Reduced Inequality 16. Peace and Justice Strong Institutions
Key milestones achieved	The company is making progress on its due diligence process in the region and is considering the deployment of a CAHRA program that will include risk identification, risk mapping and risk management processes. So far, we have held two calls with the company. During one of these calls, we introduced the executive to stakeholders we already work with on CAHRA risk management across other companies. We also invited the company to join a Community of Practice on CAHRA after the United Nations Business and Human Rights Forum we attended in Geneva in November. We were able to share and present clear expectations.
Next Steps	We will follow up with this company in the coming months to make sure tangible outcomes are produced.

Artificial Intelligence

For several reasons, 2025 was a notable year for CANDRIAM's engagement work on Artificial Intelligence.

First, the World Benchmarking Alliance (WBA) Ethical AI Collective Impact Coalition⁵⁰ co-led by Candriam alongside three other asset managers has continued to gather momentum: 64 investors have now joined the initiative; we are actively seeking engagement with 76 companies and have held calls with 52 since 2022.

Second, this initiative has received industry recognition, winning the PRI's "Recognition for Action: Human Rights" Award and the ICGN's "Excellence in Stewardship" award. For more on this, see the [Recognition](#) section.

In 2025, we co-led the coalition through regular investor calls and led the sub-group focusing on the telecom sector. Our goal is to support other investors by offering practical insights to inform engagements within this sector. We also contributed to the running of webinars with AI experts to enhance the coalition's understanding of key challenges and support effective management of AI-related risks. We also engaged with companies held in our portfolios to gain deeper insights into their performance and encourage the adoption of best practices.

The coalition's efforts in 2025 culminated in the release of our progress report⁵¹. The report outlines the coalition's main achievements following our engagement efforts. The report also identifies areas where further progress may be needed.

For example, as of September 2024, only 71 of the 200 companies examined by the WBA's Digital Inclusion Benchmark had published AI principles. This remains a relatively low proportion of companies, given the scale of AI development and deployment across the sector. Another challenge is that many companies are still not responding to investor outreach. Finally, the number of companies that are systematically implementing AI principles across their operations remains limited.

What's next?

In early 2026, the WBA published a new edition of the Digital Inclusion Benchmark, providing updated insights into how



companies are strengthening risk management and implementing more responsible AI practices⁵².

The findings include:

- **AI transparency is slowing.** Only 9 companies published AI principles in 2025, down from 19 in 2024. To date, just 77 of 200 index members (38.5%) have a public AI policy.
- **AI governance remains limited.** Only 24 companies (12%) describe their internal AI governance mechanisms.
- **Human rights due diligence is absent.** No company provided evidence of conducting a comprehensive human rights impact assessment for the AI systems it develops, uses, or deploys.

While these results indicate limited adoption, they reinforce the case for sustained engagement. They also give us tangible, independently researched data points that will inform and support our dialogue with companies.

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⁵⁰ The initiative does not involve coordination of investment strategy, portfolio positioning, or proxy voting. Each participating investor retains full independence in their investment decisions.

⁵¹ https://assets.worldbenchmarkingalliance.org/app/uploads/2025/12/2025_AI_CIC_Progress_Report_v2.pdf

⁵² <https://www.worldbenchmarkingalliance.org/tech-sector-progress-ai-accountability-threatens-stall>

Responsible Restructuring: A Governance and Execution Test

In 2025, many cases of workforce restructuring provided a lens through which we could assess governance quality and execution capacity in the context of structural transformations. Beyond short-term cost management, restructuring decisions increasingly bear on long term competitiveness, talent retention and the company's social licence to operate. From an investor's perspective, the material risks lie in how anticipatory and appropriately governed and socially-anchored these restructurings are, rather than in the occurrence of the process itself.

Our engagements have confirmed that **restructuring exposes a convergence of social and governance risks**. In both banking and the automotive industry, companies face a strategic paradox: reducing legacy roles, while simultaneously competing for scarce future skills. When workforce planning is insufficiently forward-looking, this disconnect translates into inefficiencies, loss of institutional knowledge and heightened reputational risk. Conversely, companies that frame restructuring as a multi-year transformation effort, rather than a discrete downsizing event, appear better positioned to preserve their operational continuity.

Here too, governance is a key differentiator. Strong practices include the explicit board oversight of workforce transitions, clear executive accountability and the integration of restructuring decisions into broader strategic roadmaps. Weak governance structures, by contrast, tend to externalise social costs and increase exposure to labour disputes, litigation and political scrutiny.

A further differentiating factor lies in social dialogue. Continuous and structured engagement with employee representatives and local stakeholders materially reduces execution and reputational risk during restructuring. More broadly, gaps in outcome-based human capital disclosure limit investors' ability to assess the health of companies' workforce management strategies. The continued absence of metrics on redeployment, certified reskilling and internal mobility obscures whether restructuring reflects the company's strategic adaptation or short-term value erosion.

Overall, responsible restructuring should be viewed as a governance stress test rather than a standalone social issue. Companies that align workforce transitions with strategy, board oversight and measurable outcomes appear better positioned to navigate structural change and preserve long-term resilience.



Sovereign Engagement.



At Candriam, sovereign engagement is an integral component of our sovereign ESG framework, designed to complement ESG analysis with forward-looking, policy-level or stakeholder insights⁵³. Amid heightened geopolitical, social and environmental uncertainty, structured dialogue with sovereign issuers strengthens our assessment of long-term risks and opportunities and enhances the quality of our investment decisions. By addressing material issues such as governance, social resilience or climate exposure, sovereign engagement supports our fiduciary responsibility as a long-term investor, recognising that financial risks or opportunities may stem from weaknesses or strengths in any of the Natural, Human, Social, or Economic capitals that underpin our ESG country analysis and risk-oriented framework.

This approach allows us to simultaneously exercise active ownership in sovereign debt markets and reinforce ESG integration, and contribute to our duty to preserve long-term value for our clients.

For several years, Candriam has taken an active role in collaborative sovereign engagements, reflecting our conviction that systemic risks require structured investor dialogue which can contribute to the strengthening of policy frameworks, transparency and implementation of recognised best practices. In 2025, we continued to play an active role in key collaborative initiatives, with the objective of mitigating financially material systemic risks and reducing potential long-term exposure across our portfolios.

Among these initiatives, our participation in the **Investor Policy Dialogue on Deforestation (IPDD)** and the **PRI Sovereign Climate Initiative** remain central to our stewardship approach. IPDD aims to engage constructively with government authorities, regulators and other stakeholders to address financial risks associated with deforestation and land degradation, recognising that the loss of ecosystems can create systemic risk for climate stability and the global economy.

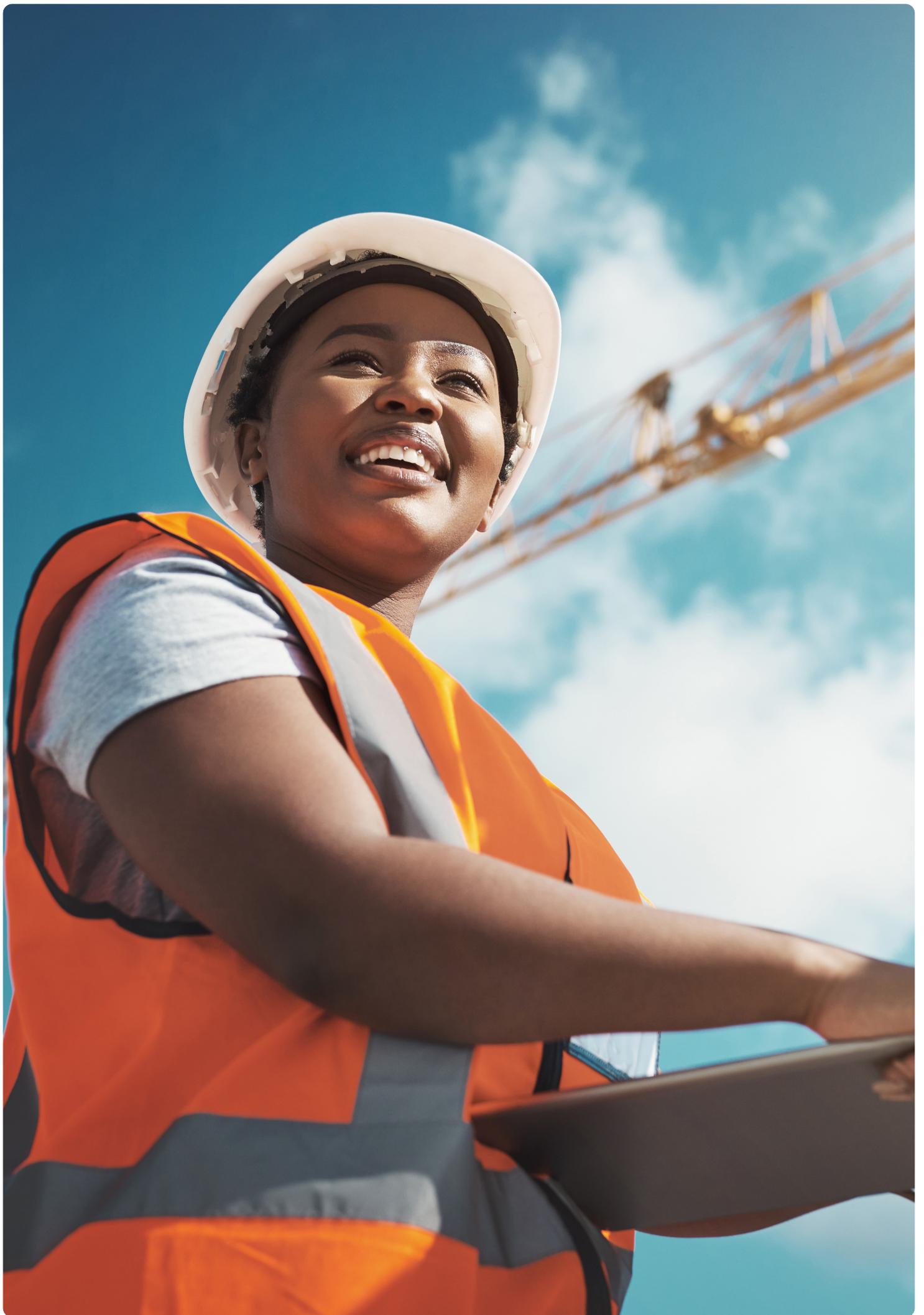
In 2025, Candriam again participated in discussions within the IPDD's working group on Brazil. Efforts this year proved particularly significant, with several engagement calls ahead of key milestones such as COP30 in Belém and PRI in Person in São Paulo, providing opportunities for in-depth dialogue with a broad range of stakeholders on deforestation-related policies and their implementation at state level⁵⁴.

Within the PRI Sovereign Climate Initiative, we continued our engagement on Australia and joined the newly established working group on Japan. Our Australian engagement maintained a focus on the ambition and credibility of the country's updated Nationally Determined Contribution (NDC) ahead of COP30, with government counterparts demonstrating a constructive and open approach to investor dialogue, particularly during the post-electoral period starting from May 2025. The Japan working group was launched in 2025 in response to growing investor interest and after the launch of Japan Green Transformation (GX) strategy, marked by the issuance of its Climate Transition Bond in 2024; initial efforts focused on building a shared understanding of local market dynamics and engagement practices, laying the groundwork for more substantive engagement in 2026.

Alongside these collaborative efforts, our bilateral engagement with Panama progressed into a second phase, reflecting developments in the country's tax framework. This engagement is expected to continue in 2026 as the policy context further evolves.

⁵³ Sovereign engagement is conducted as part of our investment risk assessment process and our dialogue focuses on understanding policy credibility, implementation capacity, and long-term economic resilience relevant to sovereign credit and investment risk.

⁵⁴ For further information on the IPDD initiative, please refer to our 2024 Annual Report and the dedicated IPDD website.

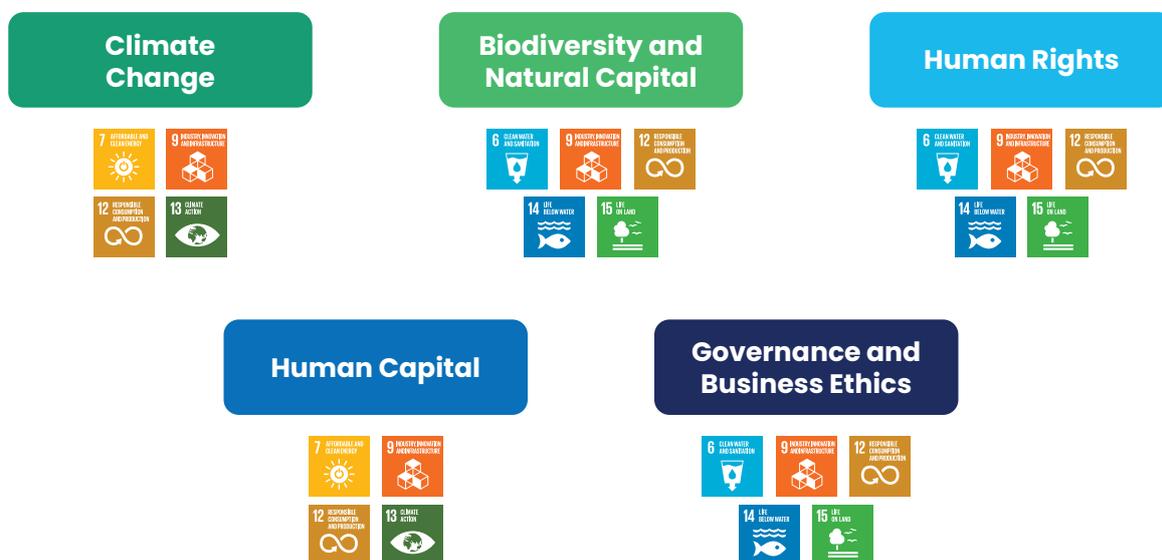


Outlook 2026.

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 this 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.

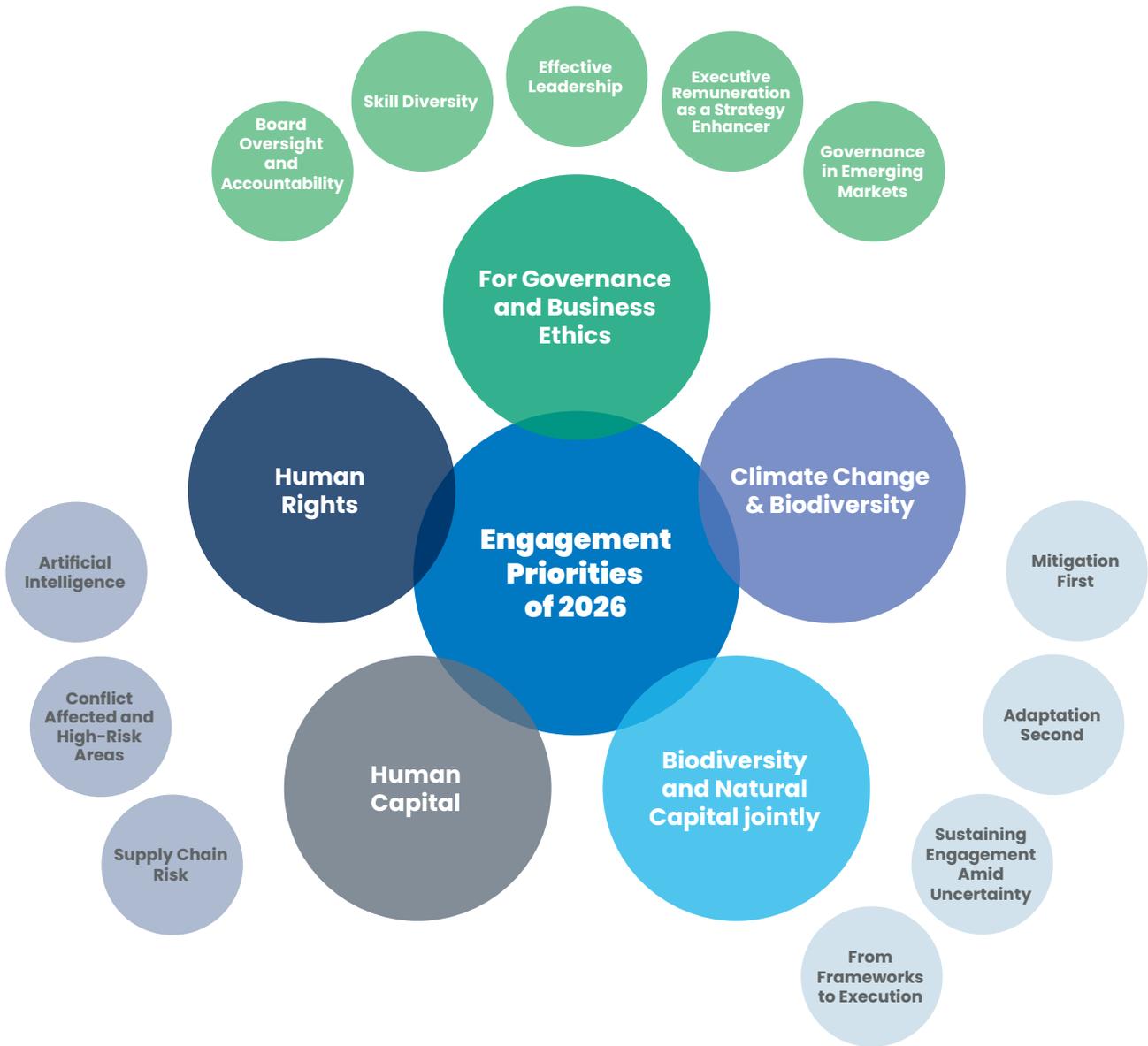
Our engagement is not only reactive. While we will continue to respond to controversies, exceptional events and other developments that may affect the value or risk profile of our investments, a significant part of our stewardship work is proactive and strategic. We identify themes, sectors and key performance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



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.

For the first time, we have included 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.



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 (e.g. 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.

Regional Outlook

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.

Governance and Business Ethics

As outlined in the governance section of this 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: our outlook for 2026 addresses executive remuneration explicitly 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 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.





Engagement Statistics.

We provide a comprehensive view of our engagement activities with corporate issuers, covering key topics addressed, dialogue status as of the end of 2025, issuer responsiveness, and resulting outcomes. For the purpose of

our statistics, 'dialogue' refers either to an attempt or to a successful exchange with issuers on Environmental, Social, and Governance (ESG) factors.

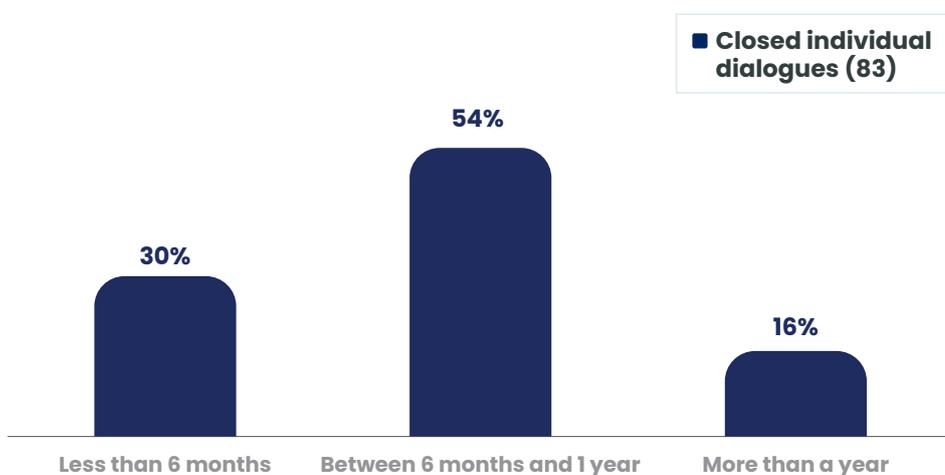
Individual Initiatives

In 2025, we engaged with 237 corporate issuers through individual dialogue, which led to a total of 299 exchanges on various Sustainability topics. These issuers represent 34% of Candriam's assets under management (AUM) in corporate instruments (listed equities and corporate fixed income instruments held directly by our funds and mandates). As a reminder, we may engage with a single issuer on several distinct topics during the same reporting year, which explains

the difference between the number of issuers targeted and the total number of dialogues conducted.

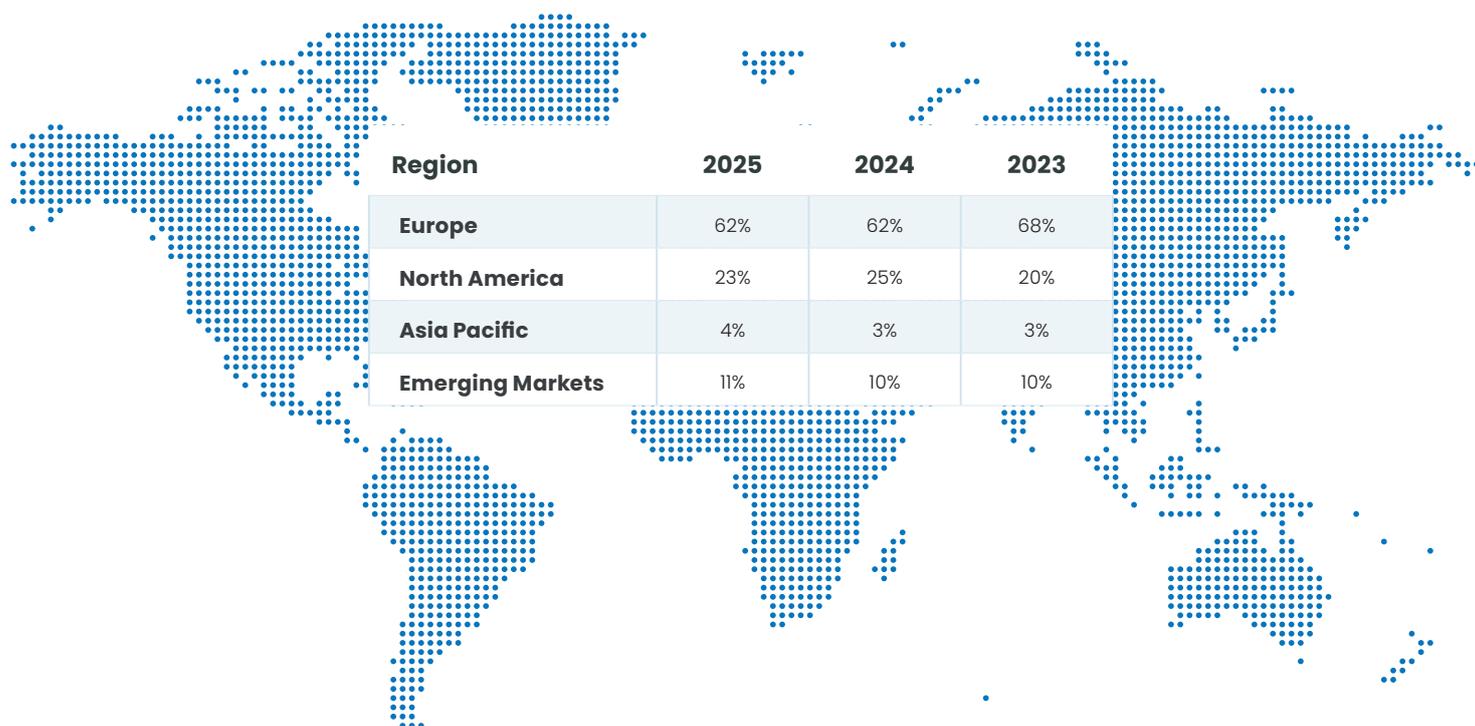
As in the previous year, these figures reflect our commitment to deploying a more targeted and strategic approach to engagement, as well as our preference for collaborative initiatives whenever possible, to maximise impact.

Duration of individual dialogues closed in 2025



Issuers targeted by an individual dialogue in 2025

Breakdown of engaged issuers by region



Breakdown of engaged issuers by response rate

The response rate is calculated at issuer level, based on whether a targeted issuer provided at least one substantive response during the reporting period. A total of 161 issuers responded in 2025 (versus 190 in 2024 and 277 in 2023).⁵⁵

Response rate	2025	2024	2023
Responded	68%	84%	88%
Did not respond	32%	16%	12%

⁵⁵ The decrease in response rate between 2024 and 2025 is partly attributable to the timing of certain engagement initiatives launched in Q4 2025 (including our campaign on Effective Leadership). A number of targeted issuers responded in Q1 2026, which falls outside the reporting scope of this report and is therefore not reflected in the 2025 response rate.

Main contact channel



59%



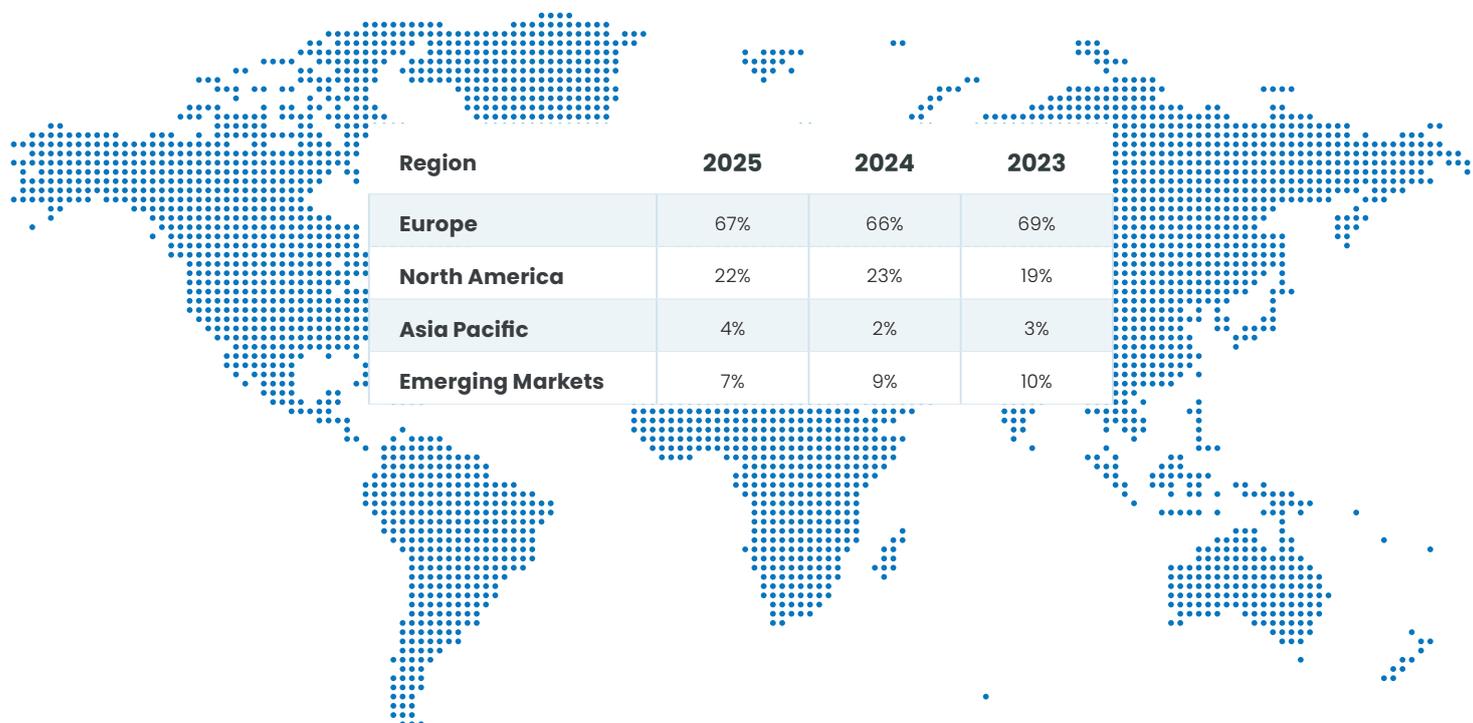
37%



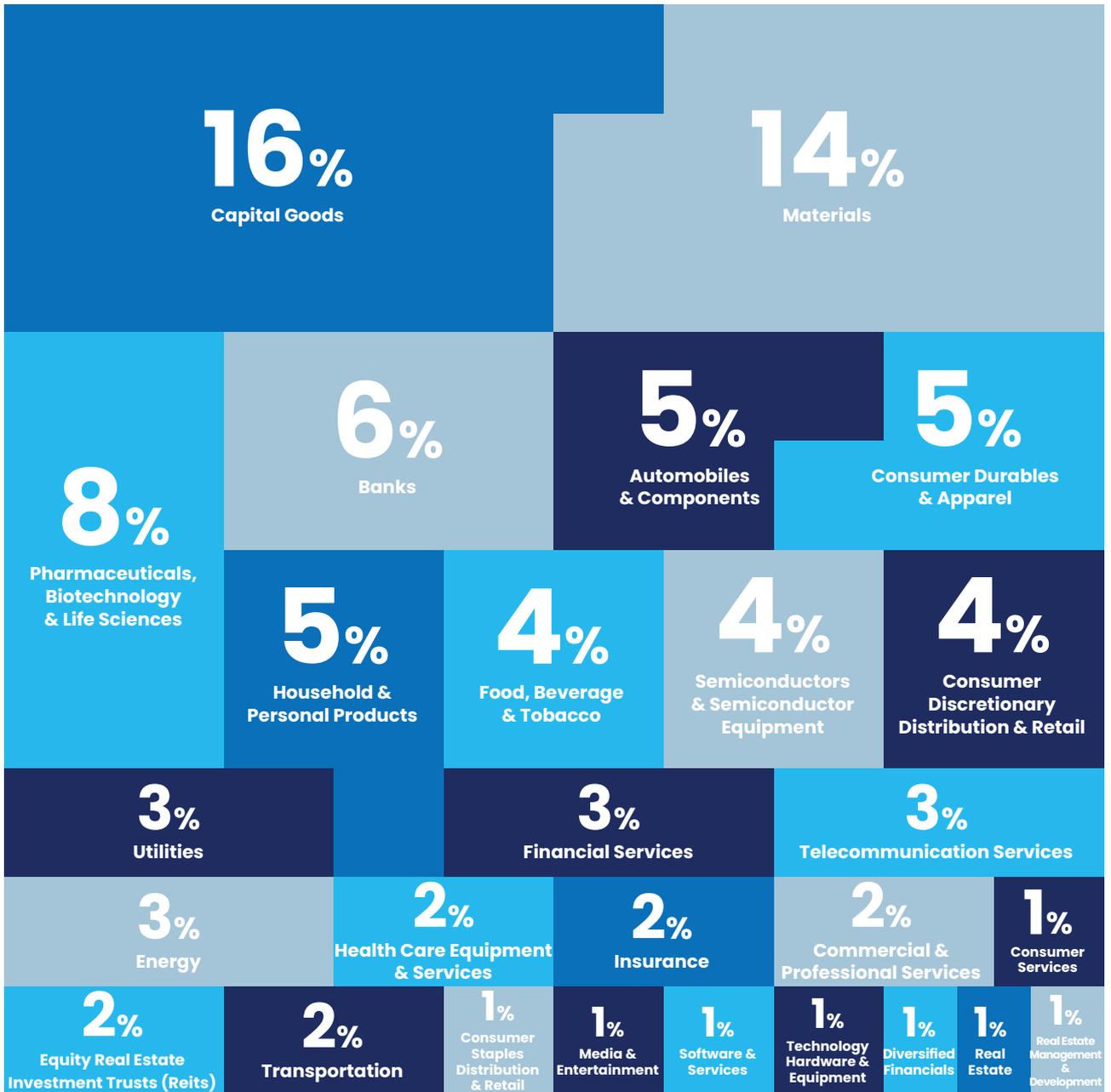
4%

Main contact channel	2025	2024	2023
Conference call	59%	35%	29%
(e-)Mail	37%	48%	52%
Meeting	4%	17%	18%

Regional breakdown of issuers who responded



Issuer breakdown by sector



Individual dialogue in 2025

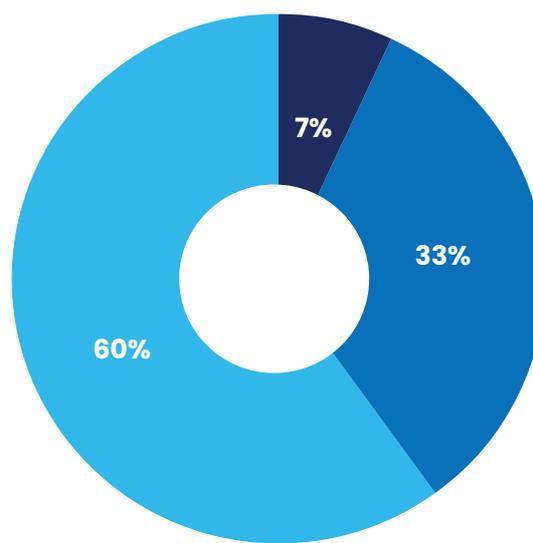
A total of 299 individual dialogues were held in 2025 (versus 273 in 2024 and 382 in 2023).⁵⁶

Individual dialogue breakdown by primary objective

■ **Encourage improved ESG disclosure:** more transparency (public information) is demanded regarding sustainability challenge(s) that are material for the issuer, and on how these are managed by the issuer.

■ **Support investment–decision making:** when ESG specialists need to confirm or challenge their opinion on the issuer, either for a planned ESG profile review, after a controversy, or within the process of continuous monitoring.

■ **Influence corporate practice:** when the issuer falls short of our expectations, and we expect the issuer to review its approach (strategy, practice) over specific sustainability topic(s).



Primary objective	2025	2024	2023
Encourage improved ESG disclosure	7%	8%	22%
Support investment decision–making	60%	59%	52%
Influence corporate practice	33%	32%	26%

⁵⁶ The difference between 2024 and 2023 figures is primarily attributed to the conclusion of two major individual engagement campaigns in 2023.

Individual dialogue breakdown by trigger

Trigger	2025	2024	2023
Thematic Priorities	65%	46%	25%
Change to Governance & AGM-Related Engagement	5%	18%	15%
ESG Monitoring & Event-Driven Engagement	20%	36%	60%

Individual dialogue breakdown by status

Status	2025	2024	2023
Closed during the year and tagged for escalation	1%	1%	3%
Closed during the year	28%	50%	72%
Continued through the year	52%	38%	21%
Initiated during the year	21%	10%	4%

Individual dialogue breakdown by theme

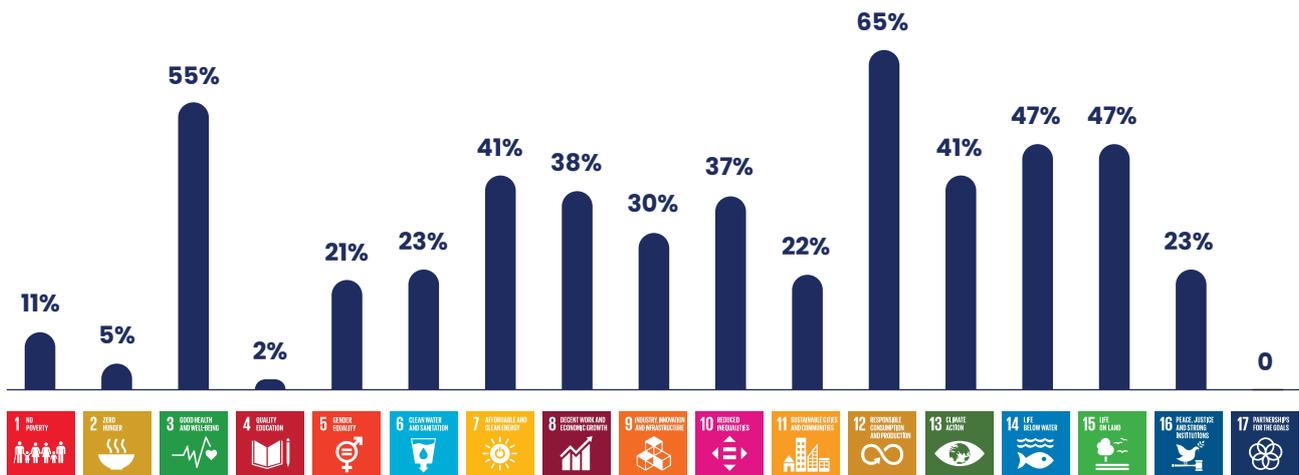
Theme	2025	2024	2023
Environment	47%	55%	29%
Social	14%	12%	29%
Governance	15%	2%	15%
Overlapping ESG issues	24%	33%	27%

Sustainable Development Goals and Principal Adverse Impacts

At Candriam, our priority is to improve our client service on a continuous basis. We pay close attention to client needs and ensure we keep up to date with regulatory changes, particularly in Europe.

To offer greater transparency and clarity, we have worked on deepening our understanding of how our dialogue on sustainability factors caused by issuers of securities held in our portfolios aligns with both the United Nations Sustainable Development Goals⁵⁷ and with Principal Adverse Impacts⁵⁸. The following statistics are based on a total of 299 individual dialogues conducted in 2025.

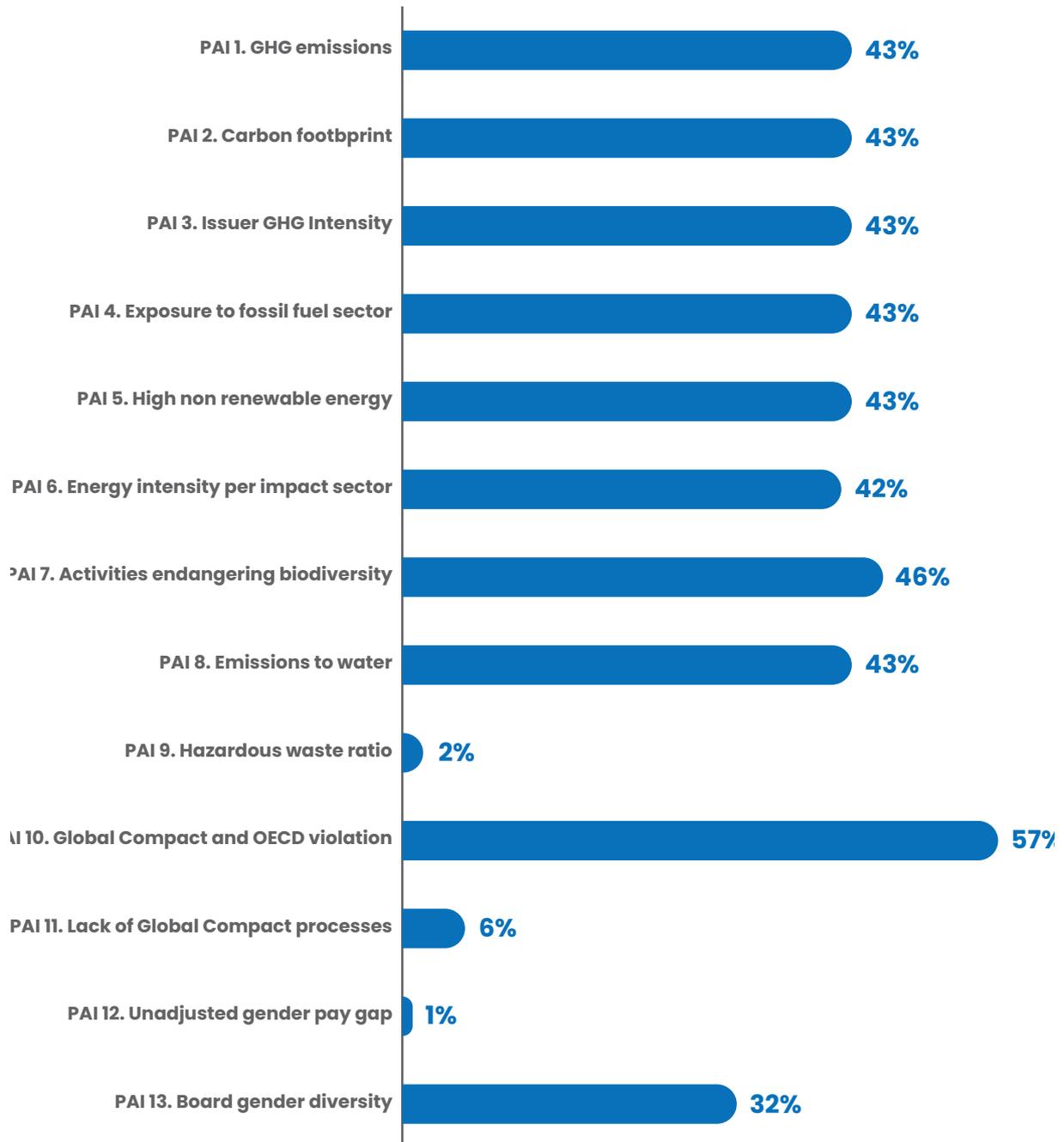
Percentage of individual dialogues linked to each of UN SDG



⁵⁷ © 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/. 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.

⁵⁸ Principal Adverse Impacts (PAIs): for additional information on how Candriam answers to the European Sustainable Financial Disclosure Regulation, please refer to our dedicated webpage <https://www.candriam.com/en-be/professional/sfd/>.

Percentage of individual dialogues linked to the SFDR Mandatory Principal Adverse Impacts (PAIs)



Impact on Candriam's ESG opinion

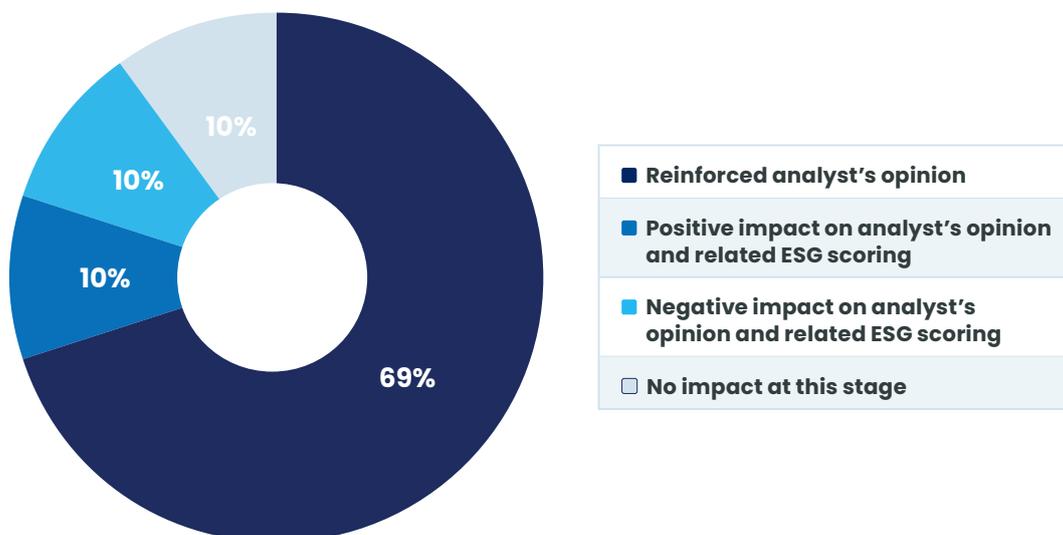
Engagement is an integral part of Candriam's assessment of financial materiality. We collect data, assess best practices, and, when necessary, engage for better corporate practices. In turn, our investment decisions help shape our engagement priorities. Assessing the impact of engagement remains challenging due to the diverse range of topics addressed and the time lag between initiating dialogue and achieving tangible change at issuer level, when impacting corporate practices linked to a topic that is financially-material for the company is the primary objective.

To assess the effectiveness of our engagement, we use two key measures:

- **Influence on ESG analysis:** upon closure or when relevant during the engagement, we evaluate and record the impact of the engagement on the ESG analyst's sustainability assessment of the issuer.
- **Achievement of objectives:** we assess whether the primary objectives set for each dialogue have been met.

Breakdown of individual dialogue by impact on ESG opinion

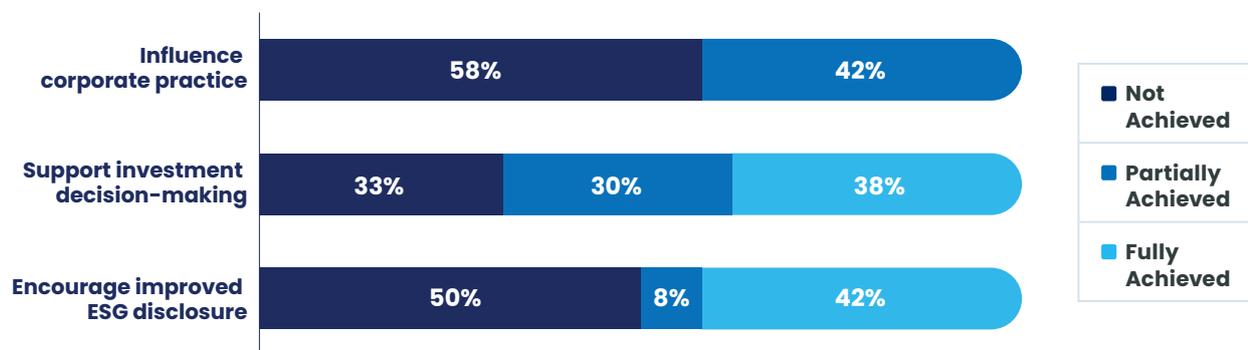
The following statistics are based on a total of 78 individual dialogues from 2025 for which the impact on ESG opinion was assessed.



Breakdown of individual dialogue by primary objective achievement level

The following statistics are based on a total of 83 individual dialogues closed in 2025.

For purposes of reporting consistency, we assess and disclose achievement levels⁵⁹ against the primary objective defined at the launch of each dialogue. While many engagements evolve over time and may involve secondary objectives, focusing on the primary objective ensures clarity, comparability, and methodological transparency in our reporting.



Further details on our individual dialogues (including names of contacted corporate issuers) can be found under [2025 Details of direct dialogues](#).

⁵⁹ Achievement levels are assessed against the primary objective defined at the launch of the dialogue. “Fully achieved” indicates that the objective has been met during the reporting year. “Partially achieved” reflects tangible progress toward the objective. Impact is assessed at the time of dialogue closure; subsequent developments may not be captured in the reported statistics.

Spotlight on Selected Individual Engagement Campaigns in 2025

Before outlining our participation in collaborative initiatives, we wish to highlight two individual engagement campaigns launched in 2025 that we consider particularly relevant from a strategic and sustainability perspective. While these only

account for a portion of our broader engagement activity, they illustrate the depth of our conviction-led approach and our ability to initiate targeted dialogues whenever we identify material sustainability risks or opportunities.

Initiative name	Type	Theme	Initiative trigger
2025 – Multi-Sector – Responsible Restructuring	Direct Campaign	S	Thematic Conviction



As the automotive and banking sectors undergo significant transformation – driven by economic pressures, technological advancements, regulatory shifts, and evolving market dynamics – many companies are announcing large-scale restructuring and workforce reductions. Not only do these transitions present operational and financial risks, but they also give rise to reputational, regulatory, and human capital challenges.

In response to these developments, we conducted a targeted engagement campaign to assess how companies are managing these restructuring efforts. Our focus is on governance, decision-making processes, workforce impact mitigation, and overall risk management. Through this initiative, we aim to evaluate corporate approaches to restructuring, identify best practices across the industry, and ensure that companies are taking a responsible and strategic approach to workforce transitions.

Initiative name	Type	Theme	Initiative trigger
2025 – Effective Leadership	Direct Campaign	G	Thematic Conviction

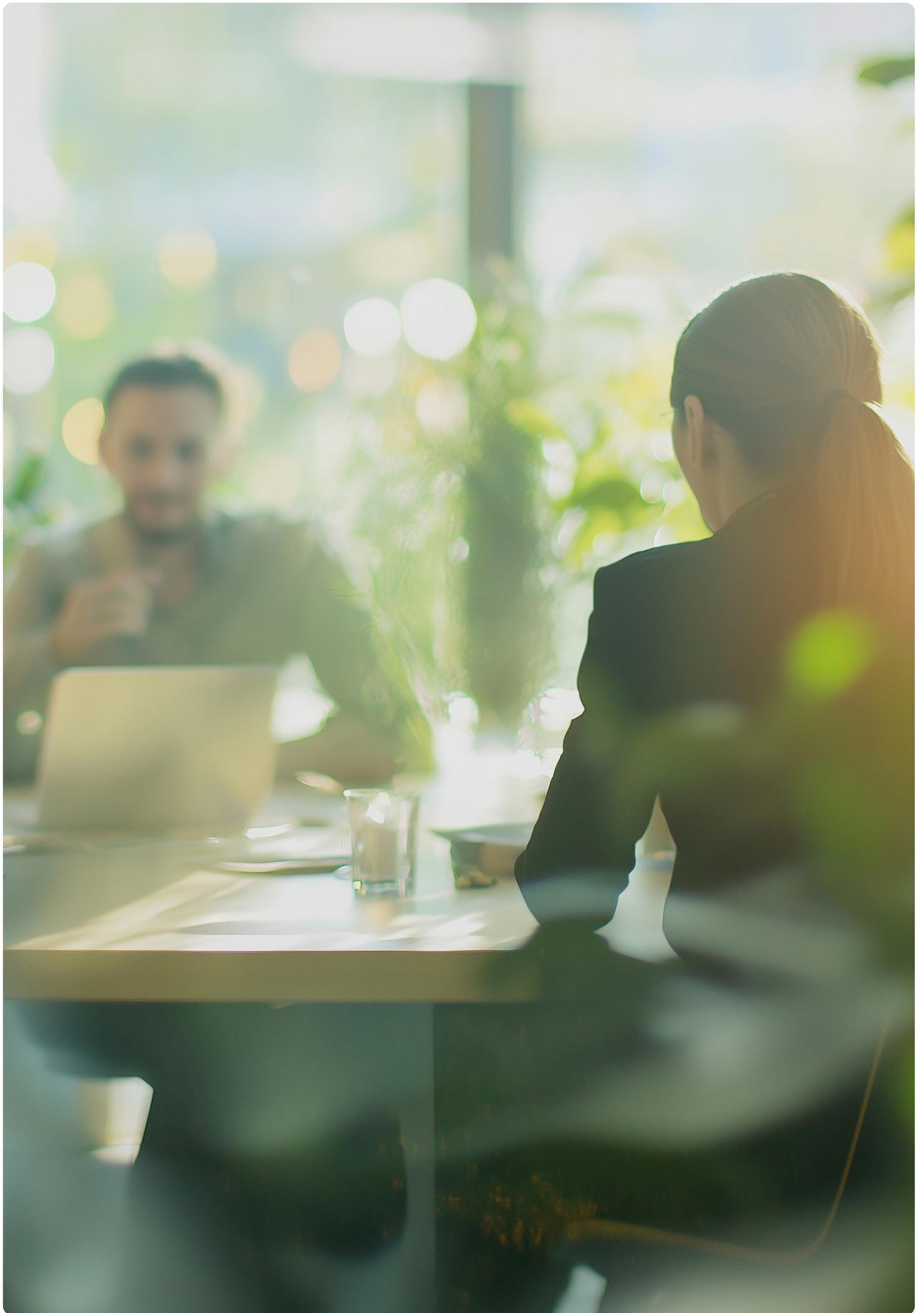


PAIs: 13. Board gender diversity

As companies in many sectors navigate an increasingly complex operating environment shaped by geopolitical uncertainty, technological disruption, sustainability transitions and evolving stakeholder expectations, the quality and effectiveness of leadership have become critical determinants of long-term performance and resilience. Strong leadership is not only central to strategic execution and risk oversight, it also instrumental for corporate culture, capital allocation discipline and the ability to manage transformation responsibly.

In this context, we launched a targeted engagement campaign with selected MSCI ACWI⁶⁰ issuers to explore how companies define, assess and ensure effective leadership at board and executive levels. Our dialogue focuses on governance structures, succession planning, performance evaluation frameworks, and the metrics used to assess leadership effectiveness beyond financial results. Through this initiative, we aim to promote greater transparency, encourage robust and forward-looking assessment practices, and identify emerging best practices that support sustainable value creation.

⁶⁰ MSCI ACWI is a trademark of MSCI Inc. This report is not sponsored, endorsed or produced by MSCI, and MSCI bears no liability with respect to the information contained herein.



Collaborative Initiatives

Candriam engages with issuers and other stakeholders via both individual and collaborative discussions. In the context of stewardship, collaboration refers to investors working together, and/or with other stakeholders (e.g., civic organisations, community groups, non-governmental organisations / NGOs), to pool resources and ensure they are more effective in pursuing their stewardship objectives.

Candriam's sustainability commitments

Candriam has been a founding signatory of the United Nations Principles for Responsible Investment since 2006. Ever

since, we have been firmly committed to further sets of principles and have signed the following statements:

Commitments and statements signed	Thematic	Signed in
Principles for Responsible Investment (PRI)	ESG	2006
UNGC Call to action on anti-corruption	G	2014
G20 Energy efficiency investor statement	E	2015
Montreal carbon pledge	E	2015
Paris pledge for action	E	2015
Investor statement on ESG credit ratings	ESG	2017
Tobacco-free finance pledge	S	2018
The investor agenda	E	2018
Commitment to support a just transition on climate change	ESG	2018
Task Force on Climate-Related Financial Disclosures (TCFD) supporter	E	2021
Net Zero Asset Managers Initiative (NZAMI)	E	2021
UK stewardship code 2020	ESG	2022 application, approved in 2023
Task Force on Nature-related Financial Disclosures (TNFD)	E	2023, public information 2024

Collaborative initiatives

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>
Access to Medicine <i>Collaborative Dialogue</i>	S	2010	Mix of Roles <i>Thematic</i>
CHRB – Investor statement calling on companies to improve Human Rights performance <i>Collaborative Dialogue</i>	S	2020	Mix of Roles <i>Thematic</i>
Teleperformance: Duty of Vigilance Law & related concerns <i>Collaborative Dialogue</i>	S	2020	Lead <i>Exceptional event / Controversy</i>
Investors Policy Dialogue on Deforestation <i>Collaborative Dialogue</i>	E	2020	Active Support <i>Thematic</i>
Engagement on Uyghurs Slave Labour in the Supply Chain <i>Collaborative Dialogue</i>	S	2020	Mix of Roles <i>Exceptional event / Controversy</i>
Kingspan Governance Structure Engagement <i>Collaborative Dialogue</i>	SG	2021	Lead <i>Pre/post AGM Engagement</i>
Global Banks Climate Change & Biodiversity <i>Collaborative Dialogue</i>	E	2021	Mix of Roles <i>Thematic</i>
Corporate Accountability for Digital Rights <i>Collaborative Dialogue</i>	S	2021	Mix of Roles <i>Thematic</i>
Net Zero Proxy Advice: IIGCC Investors Letter to Proxy Advisors <i>Collaborative Statement</i>	E	2021	Passive Support <i>Thematic</i>
IIGCC/CERES Banks Engagement <i>Collaborative Dialogue</i>	E	2022	Mix of Roles <i>Thematic</i>
Letter to Starbucks on Worker Representation <i>Collaborative Dialogue</i>	S	2022	Passive Support <i>Exceptional event / Controversy</i>
PRI–Coordinated Collaborative Sovereign Engagement on Climate Change: Australian Pilot <i>Collaborative Dialogue</i>	E	2022	Active Support <i>Thematic</i>
WBA Investor Engagement on Ethical AI <i>Collaborative Dialogue</i>	ESG	2022	Mix of Roles <i>Thematic</i>

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>
FAIRR Biodiversity: Waste & Pollution <i>Collaborative Dialogue</i>	E	2022	Mix of Roles <i>Thematic</i>
PRI Advance: Human Rights <i>Collaborative Dialogue</i>	S	2022	Mix of Roles <i>Thematic</i>
BFF Bank SpA: Collaborative Engagement on Remuneration <i>Collaborative Dialogue</i>	SG	2022	Lead <i>Pre/post AGM Engagement</i>
Big Tech and Human Rights <i>Collaborative Dialogue</i>	S	2023	Mix of Roles <i>Thematic</i>
FIR: Forced Labour and Child Labour Engagement <i>Collaborative Dialogue</i>	S	2023	Active Support <i>Investment team request</i>
Intesa Sanpaolo's Climate Policy <i>Collaborative Dialogue</i>	E	2023	Active Support <i>Thematic</i>
Investor Letter to NXP Semi on links to Russia weapons systems <i>Collaborative Statement</i>	S	2023	Active Support <i>Exceptional event / Controversy</i>
PRI Nature Reference Group <i>Collaborative Dialogue</i>	E	2023	Active Support <i>Thematic</i>
Nature Action 100 <i>Collaborative Dialogue</i>	E	2023	Mix of Roles <i>Thematic</i>
Investor Statement on Tobacco Control <i>Collaborative Statement</i>	S	2023	Passive Support <i>Thematic</i>
Investor Letter to Nike on Wages Owed to Workers <i>Collaborative Statement</i>	S	2023	Passive Support <i>Exceptional event / Controversy</i>
Climate Action 100+ <i>Collaborative Dialogue</i>	E	2024	Mix of Roles <i>Thematic</i>
Investor Statement & Engagement: Labour Rights Investor Network <i>Collaborative Statement</i>	S	2024	Active Support <i>Thematic</i>
Business Benchmark on Farm Animal Welfare (BBFAW) <i>Collaborative Dialogue</i>	ES	2024	Passive Support <i>Thematic</i>
Investor Statement: Legally Binding Instrument to End Plastic Pollution <i>Collaborative Statement</i>	E	2024	Active Support <i>Thematic</i>

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>
Investor Initiative on Human Rights Data <i>Collaborative Dialogue</i>	S	2024	Active Support <i>Candriam Strategic Decision</i>
Investor Statement: AMR (Antimicrobial Resistance) <i>Collaborative Statement</i>	S	2024	Passive Support <i>Thematic</i>
Investor Statement: Climate Crisis Action <i>Collaborative Statement</i>	E	2024	Passive Support <i>Thematic</i>
FAIRR Protein Diversification <i>Collaborative Dialogue</i>	ES	2024	Mix of Roles <i>Thematic</i>
Human Rights: Conflict Affected & High-Risk Areas <i>Collaborative Dialogue</i>	S	2024	Mix of Roles <i>Candriam Strategic Decision</i>
Investor Letter: AI & Human Right Impact Assessment – Alphabet <i>Collaborative Statement</i>	S	2024	Active Support <i>Pre/post AGM Engagement</i>
Governance: Co-filing Shareholder Proposals <i>Collaborative Dialogue</i>	G	2025	Active Support <i>Pre/post AGM Engagement</i>
Access To Nutrition Initiative <i>Collaborative Dialogue</i>	S	2025 <i>Renewal</i>	Mix of Roles <i>Thematic</i>
CAC40 AGM Questions – FIR <i>Collaborative Dialogue</i>	ESG	2025	Mix of Roles <i>Pre/post AGM Engagement</i>
LVMH Supply Chain Risks Management <i>Collaborative Dialogue</i>	S	2025	Active Support <i>Exceptional event / Controversy</i>
Jasmine Coalition – FIR x Fair Labour Association <i>Collaborative Dialogue</i>	SG	2025	Active Support <i>Thematic</i>
Say-On-Climate Tribune – FIR <i>Collaborative Statement</i>	EG	2025	Passive Support <i>Exceptional event / Controversy</i>
CIE de Saint-Gobain Due Diligence <i>Collaborative dialogue</i>	ES	2025	Active Support <i>Thematic</i>
Animal Welfare – Investor Letter Supporting EU Legislation Review <i>Collaborative Statement</i>	ES	2025	Passive Support <i>Thematic</i>
Say-On-Climate FTSE 100 <i>Collaborative Statement</i>	E	2025	Passive support <i>Thematic</i>

Overview of new collaborative initiatives

Throughout the year, we joined 8 new engagement initiatives aimed at driving meaningful change on key and material sustainability issues. Our participation is guided by a commitment to fostering impact through collaborative

engagement, to enhance corporate or sovereign accountability and sustainability. Below is an overview of the new initiatives we engaged in during 2025.

Initiative name	Type	Candriam role	Initiative trigger
Governance: Co-filing Shareholder Proposals	Collaborative Dialogue	Active Support	Pre/post AGM Engagement

This initiative pools together companies that were targeted by a shareholder proposal on governance issues co-filed by Candriam. In 2025, one company was targeted – Intesa Sanpaolo SPA – for which we endorsed the slate put forward by Assogestioni, as we believe that the nominees could be

the best positioned to represent the interests of minority shareholders and effectively oversee the management and strategy of the company. The slate was successfully nominated for the board.

Initiative name	Type	Candriam role	Initiative trigger
2025 – Multi-Sector – FIR CAC40 AGM Questions	Collaborative Dialogue	Mix of Roles	Pre / Post AGM Engagement



PAIs: 1. GHG emissions / 2. Carbon footprint / 3. Issuer GHG Intensity / 4. Exposure to fossil fuel sector / 5. High non-renewable energy / 6. Energy intensity per impact sector / 7. Activities endangering biodiversity / 8. Emissions to water / 13. Board gender diversity

As members of the French Sustainable Investment Forum (FIR), we took part in an engagement campaign targeting CAC 40 companies with a series of written questions on various sustainability themes during their general meetings.

The aim of this campaign is to assess the quality of shareholder dialogue and gain deeper understanding into company practices on topics including climate change, biodiversity, the circular economy, taxation, social practices, and employee savings.

Initiative name	Type	Candriam role	Initiative trigger
Luxury Goods Supply Chain Risks Management	Collaborative Dialogue	Active Support	Exceptional event / Controversy



PAI: 10. Global Compact and OECD violation

This collaborative initiative led by a German asset manager aims at improving its understanding of a leading European luxury firm’s supply chain management and improve practices by:

- Enhancing workers’ voice
- Improving supply chain transparency – disclosure of tier 1 suppliers and beyond
- Improving transparency and reporting of audit findings and steps taken to address findings
- Providing evidence of corrective action plans for worker rights abuses
- Providing evidence of remedies to workers for worker rights abuses.

We are keen to address this area as manufacturers of luxury goods tend to lag on these matters. Although this company’s supply chain is mainly in Europe, cases of severe abuse have been reported. The company was recently subject to serious legal measures after concerns were raised over labour conditions within parts of its subcontracted supply chain. Among issues mentioned in public reporting were cases of potentially severe non-compliance with labour standards.

Initiative name	Type	Candriam role	Initiative trigger
Jasmine Coalition – FIR x Fair Labour Association	Collaborative Dialogue	Lead	Thematic



PAI: 10. Global Compact and OECD violation

Coordinated by the French Sustainable Investment Forum (FIR), the Investors Coalition against Forced and Child Labour brings together ten asset managers representing over €3 trillion in assets under management. This initiative aims to support companies in strengthening their Human Rights and Environmental Due Diligence (HREDD) practices, particularly in high-risk sectors. A key focus has been the beauty industry, with specific attention to modern slavery risks in jasmine supply chains in Egypt. The Coalition has actively followed the efforts of the “Harvesting the Future – Jasmine Coalition,” in partnership with the Fair Labor Association (FLA), to address these issues.

To deepen dialogue and promote progress, La Banque Postale Asset Management and Candriam, together with the FIR and Fair Labour Association have co-organised a closed workshop under Chatham House Rules. This group is designed to foster open exchange between investors, companies and civil societies on expectations, challenges, and best practices in human rights due diligence – focusing on transparency and the prevention of child and forced labour.

Initiative name	Type	Candriam role	Initiative trigger
Say-On-Climate Tribune – FIR	Collaborative Statement	Passive Support	Exceptional event / Controversy



PAIs: 1. GHG emissions / 2. Carbon footprint / 3. Issuer GHG Intensity / 4. Exposure to fossil fuel sector / 5. High non-renewable energy / 6. Energy intensity per impact sector

As members of the French Sustainable Investment Forum (FIR), we signed a statement calling on financial industry stakeholders to strengthen their expectations on corporate climate transition plans.

The objective of this statement is to advocate for transparent and rigorous strategies that align with the Paris Agreement while ensuring long-term economic resilience. The initiative also underscores the importance of shareholder votes on climate plans (“Say-on-Climate”) to foster accountability, particularly in high-impact sectors.

Initiative name	Type	Candriam role	Initiative trigger
CIE de Saint-Gobain Due Diligence	Collaborative Dialogue	Active Support	Thematic



PAIs: 7. Activities endangering biodiversity / 8. Emissions to water / 9. Hazardous waste ratio / 10. Global Compact and OECD violation

This engagement initiative was launched by a group of investors within the Forum pour l’Investissement Responsable (FIR) to engage with Compagnie de Saint Gobain regarding shortcomings identified in the disclosure and implementation of its Vigilance Plan.

focus on supply chain due diligence processes, risk identification methodologies, mitigation measures, and grievance mechanisms. Through structured dialogue, investors seek clearer reporting on how salient human rights risks are assessed and managed across operations and value chains, as well as measurable evidence of progress in preventing and addressing adverse impacts.

The initiative aims to strengthen the company’s transparency and alignment with regulatory and international standards on human rights and responsible sourcing, with a particular

Initiative name	Type	Candriam role	Initiative trigger
Animal Welfare – Investor Letter Supporting EU Legislation Review	Collaborative Statement	Passive Support	Thematic

An investor letter led by the Business Benchmark on Farm Animal Welfare was drawn up in the context of the European Commission’s revision of EU animal welfare legislation, the most significant policy update in decades. The letter aimed to encourage investors to support of ambitious, science-based standards, addressing issues such as the phase-out of cages, the culling of day-old male chicks, import requirements and the development of welfare indicators, with

implications for companies, farmers and investors across the food value chain.

We supported the statement given the material financial relevance of animal welfare-related regulatory, operational and reputational risks. Clear and harmonised standards help ensure a level playing field, enhance risk management and provide long term visibility for companies and investors.

Initiative name	Type	Candriam role	Initiative trigger
Say-On-Climate FTSE 100	Collaborative Statement	Passive Support	Thematic



PAI: 1. GHG emissions / 2. Carbon footprint / 3. Issuer GHG Intensity / 4. Exposure to fossil fuel sector / 5. High non-renewable energy / 6. Energy intensity per impact sector

The initiative seeks to harmonise climate risk reporting across the FTSE 100, promote “Say on Climate” votes, and align practices with best standards to strengthen investor confidence. With only 20% of companies having held such a

vote, joining this initiative builds on our commitment to improve climate transparency and encourage more UK resolutions.

Statistics on Collaborative Engagement

As our engagement reporting framework continues to mature, we have reassessed the way large-scale survey-based initiatives are reflected in our Annual Engagement Report. While Candriam continues to fully support the Carbon Disclosure Project (CDP) and similar disclosure platforms, recognising their essential contribution to enhancing sustainability transparency and strengthening the global sustainability data ecosystem, we have decided not to include these initiatives within our reported engagement statistics going forward.

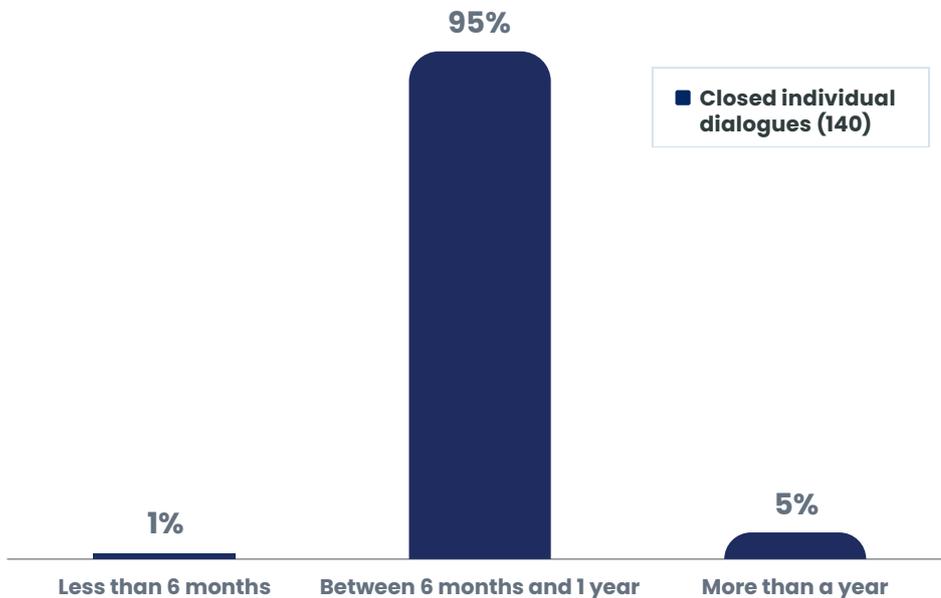
This evolution reflects both the increasing sophistication of our reporting practices and feedback received from stakeholders, who have highlighted the need to focus on structured, objective-driven engagement initiatives involving direct dialogue and measurable outcomes. By refining our scope,

we aim to provide a clearer and more decision-useful representation of our stewardship activities, while continuing to actively support leading sustainability disclosure frameworks outside the boundaries of our reported engagement metrics.

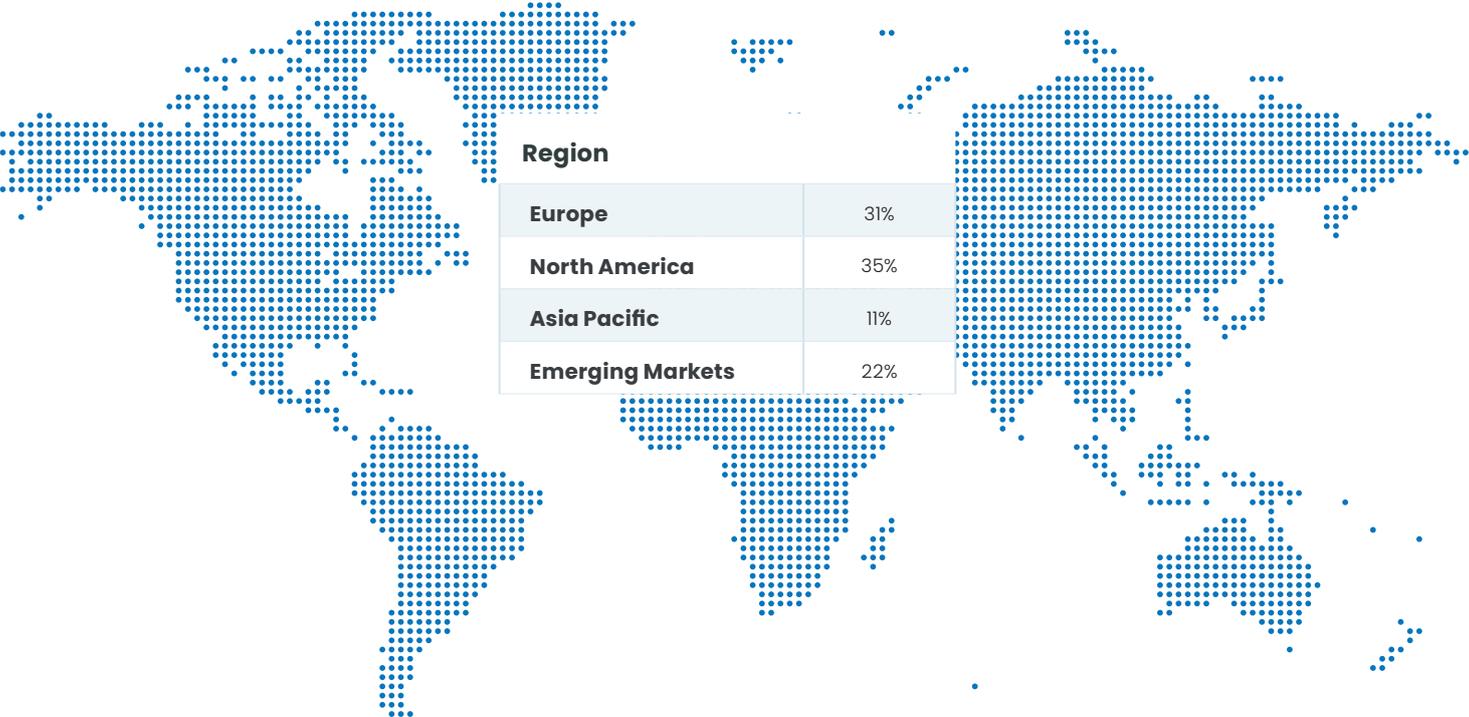
In 2025, we targeted 598 corporate issuers through our collaborative dialogues and statements, representing a total of 766 dialogues, and 98 statements or letters on various sustainability topics across 33 initiatives.

Collaborative dialogues account for 45% of Candriam's assets under management (AUM) in corporate instruments (including only stocks and bonds, direct positions), in funds or in mandates for which Candriam is the investment manager.

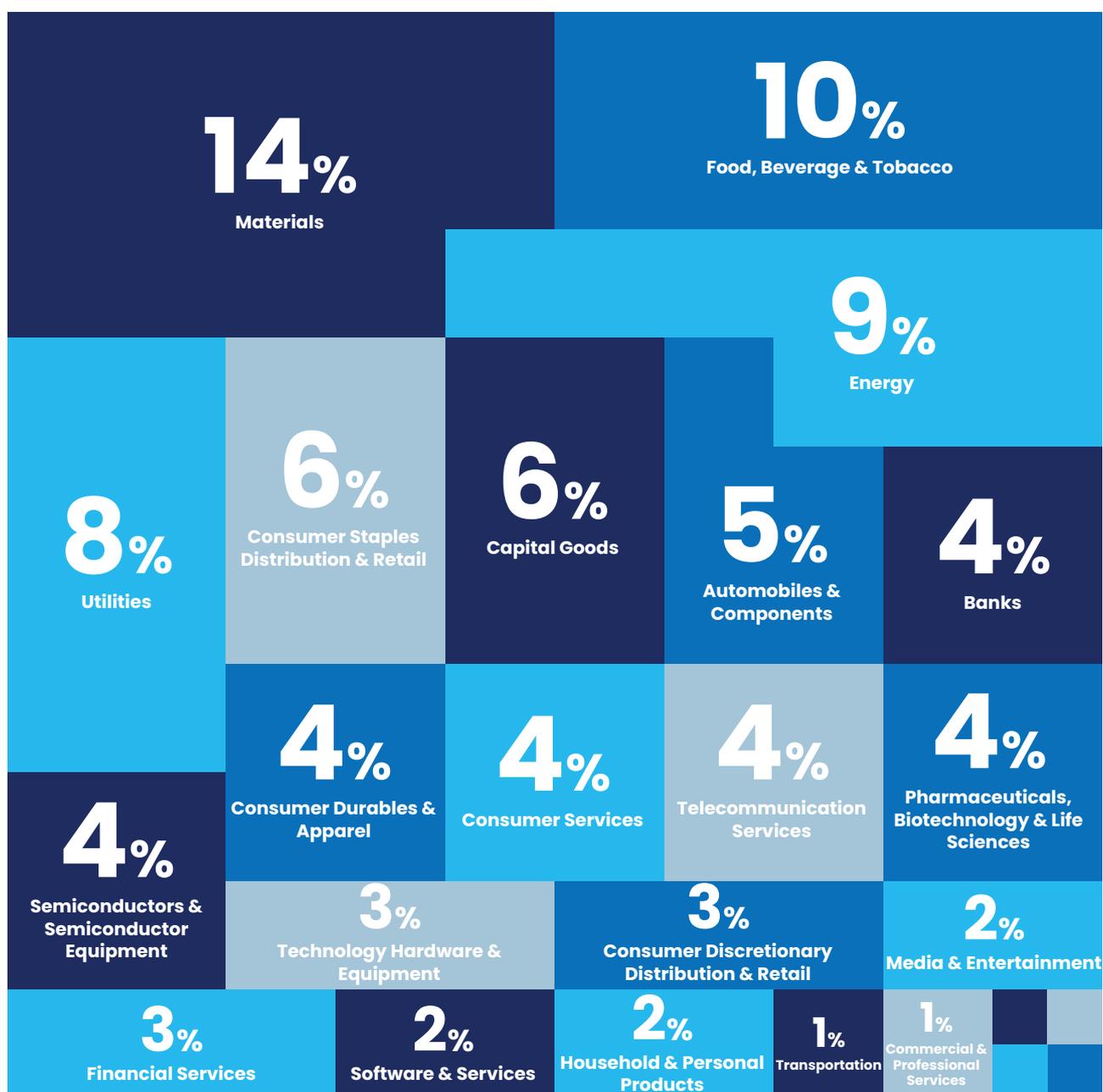
Duration of collaborative dialogues closed in 2025



Breakdown of engaged issuers by region



Issuer breakdown by sector



During collaborative engagements, investors can take on different roles:

- Lead investors: directly engage with issuers and drive discussions;
- Active participants: provide meaningful support to coordinators or lead investors;
- Passive supporters: contribute leverage through additional AUM, while benefiting from the initiative's scale.

In practice, coordinators and supporting investors share responsibilities, with lead or active roles determined by factors such as expertise, company relationships, geographic proximity, and influence.

In 2025, Candriam co-led 41 dialogues (vs 27 in 2024), actively participated in 62 (vs 61 in 2024), and was a passive supporter in 761 including investor statements. The increase in co-led dialogues and active participation reflects our deliberate strategic shift toward engagements where we can exert greater impact and make a direct, substantive contribution to the conversation.

Breakdown of collaborative dialogues by theme

Thematic	
Environment	48%
Social	37%
Governance	0%
Overlapping ESG issues	15%

Breakdown of collaborative dialogues by primary objective

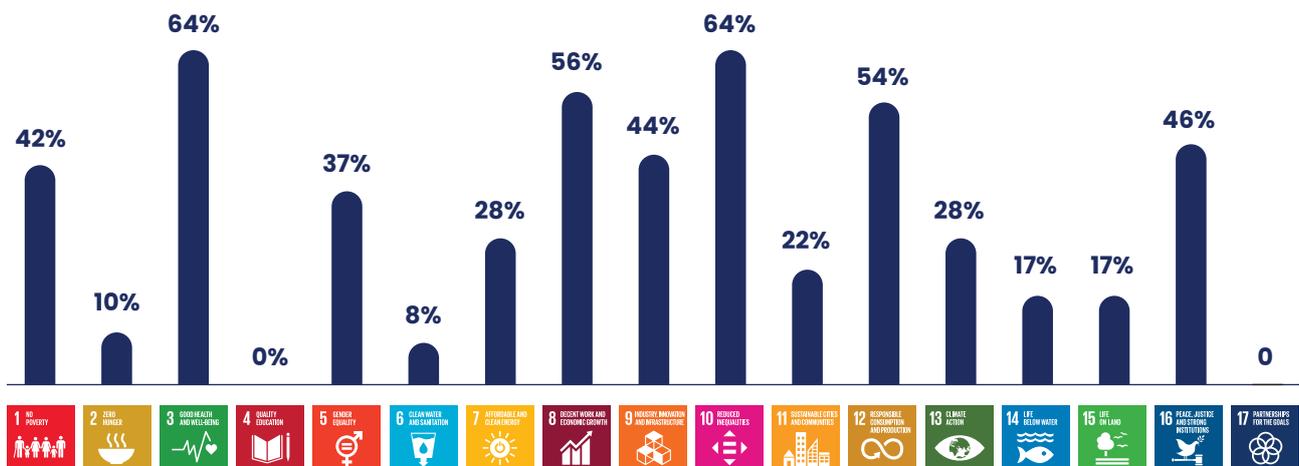
Primary objective	
Encourage improved ESG disclosure	14%
Support investment decision-making	3%
Influence corporate practice	83%

Sustainable Development Goals and Principal Adverse Impacts

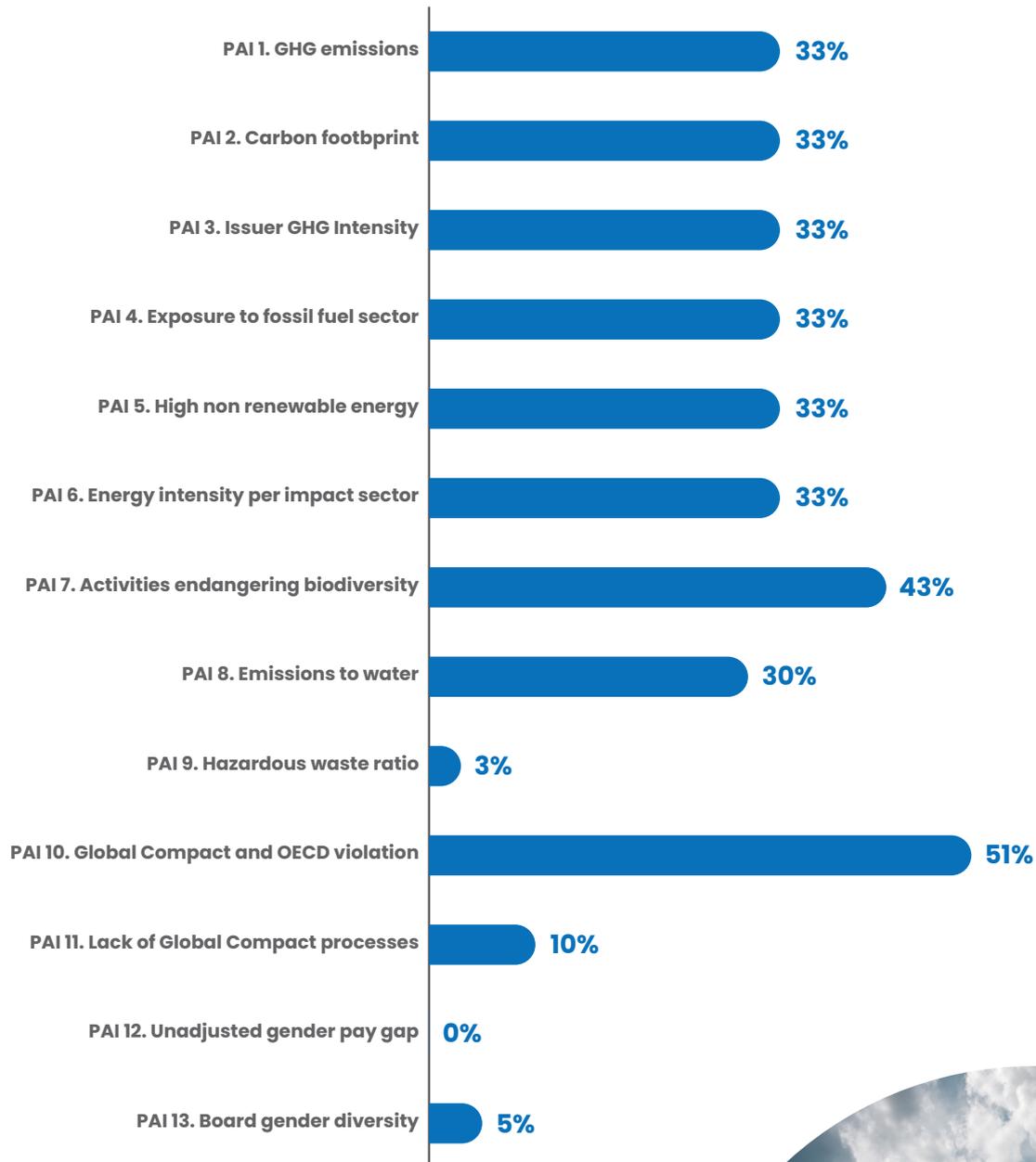
In keeping with our approach to individual dialogue, we clarify how our engagements align with the United Nations Sustainable Development Goals (UN SDGs) and address Principle Adverse Impacts (PAIs) related to sustainability factors associated with issuers in our portfolios.

The following statistics are based on a total of 766 collaborative dialogues with corporate issuers in 2025.

Share of collaborative dialogues linked to each of the UN SDGs



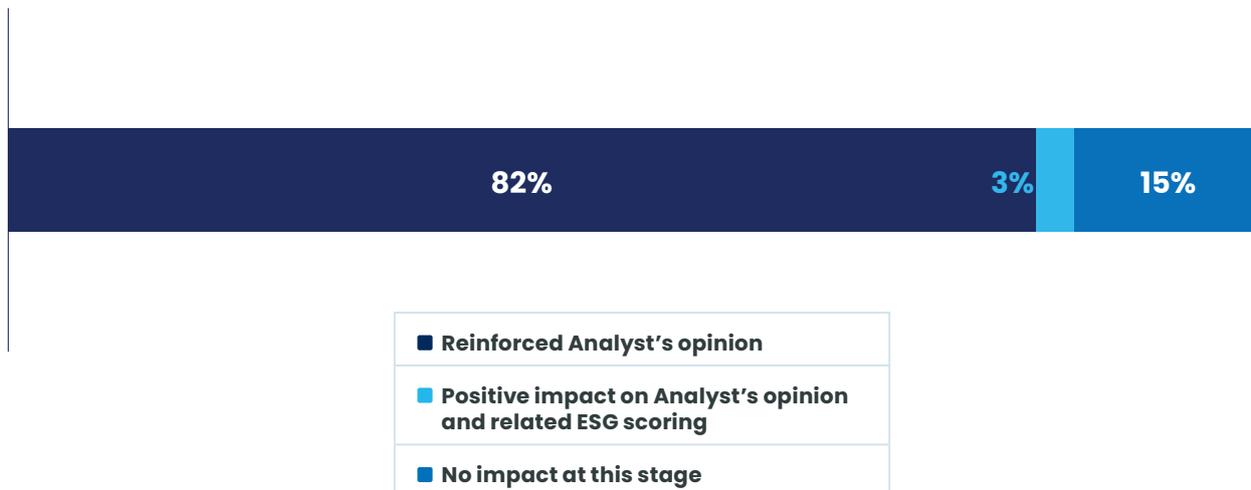
Share of collaborative dialogues linked to the SFDR Mandatory Principal Adverse Impacts (PAIs)



Impact of collaborative dialogues



Collaborative dialogue breakdown by impact on ESG opinion



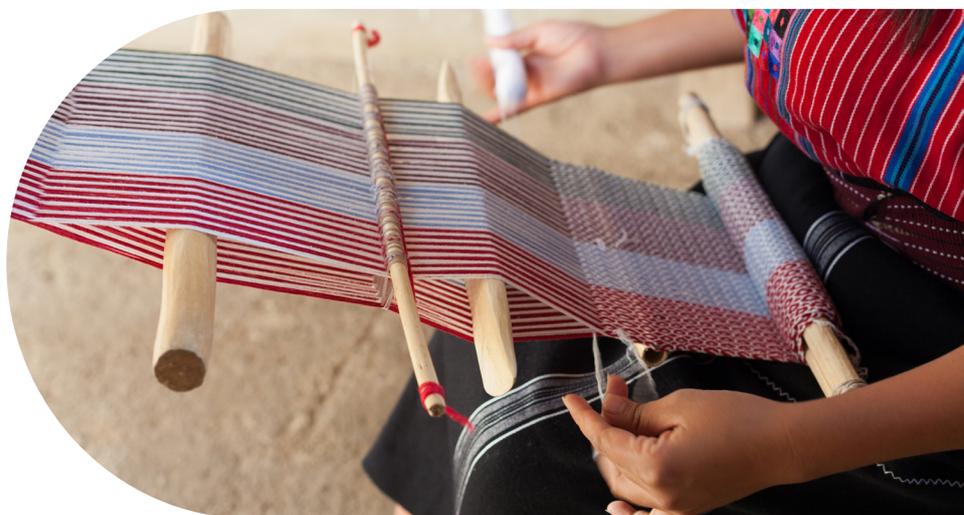
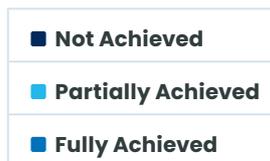
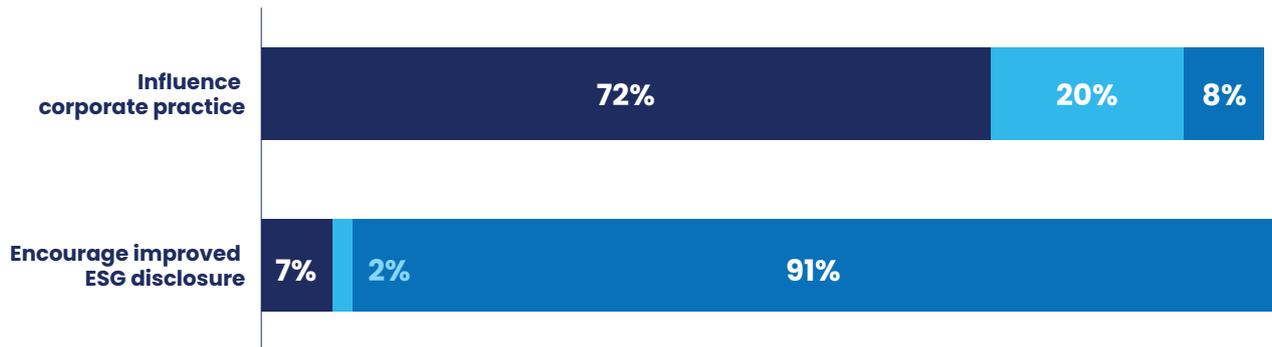
What lies behind the "reinforced analyst's opinion"?

Assessing companies' business activities, governance structures, and stakeholder management practices forms an integral part of Candriam's ESG analysis. As engagement topics are selected based on this materiality framework, they are closely related to our existing sustainability assessment of the issuer.

In most cases, our dialogue with companies provides additional context, and clarifies or confirms existing practices. Naturally, the outcome of the engagement reinforces the analyst's initial assessment, without causing the overall assessment to change significantly. This does not imply that the impact is limited; rather, it reflects the consistency between our materiality-driven analysis and the insights gained through engagement.

Breakdown of collaborative dialogue by primary objective achievement level

The following statistics are based on a total of 153 collaborative dialogues with corporate issuers and closed in 2025.





Voting Statistics.

The Year in Figures

We believe that for Candriam's voting process to be effective, our organisation must be well-structured and efficient. At Candriam, the coordination between our Voting Team and Middle Office is pivotal to executing these shareholder (and other) rights on behalf of our clients.

Candriam ensures that listed equity and bond positions, cash balances, and transactions for the funds and mandates within our voting scope are accurate through daily reconciliation with the custodians. The relevant custodian transmits the listed equity and bond positions to our proxy voting provider, ISS, who forwards the vote (the chain of voting instructions with associated voting rights) to the sub-custodian based on the listed equity positions provided by the custodian and the potential specific voting rules,⁶¹ as reconciled by Candriam.

The funds element of our voting scope includes predominantly equity funds, along with some balanced and pure fixed income funds. During 2025, we participated at one bondholder meeting.

All funds which fall under the Candriam Proxy Voting Policy (2025) vote in the same way. The voting policy employed for our 2025 ballots, along with the updated policy for 2026, can be found on our website.

Candriam's proxy voting policy applies to open-ended equity funds⁶² managed by entities within the Candriam group.

For dedicated funds and mandates (i.e., segregated accounts), clients decide whether to delegate the voting authority to Candriam. The terms of delegation (or non-delegation) are outlined in pre-determined contractual agreements.

If a client opts not to delegate the voting decisions to Candriam, the client may choose to vote directly or to abstain from voting altogether. Delegated voting for segregated client accounts can take one of two forms:

- The client specifies that Candriam applies its Proxy Voting Policy to the segregated account, or
- The client specifies that Candriam applies a custom voting policy.

This could be done either through;

- applying Candriam's voting policy with contractually specified exceptions (e.g., for particular companies or particular voting topics). In this case, clients may override Candriam's policy in specific situations, or
- the client instructing Candriam to apply the client's own specific voting policy.

Under these circumstances, the client has the option to request advance notification of our voting intentions and has the authority to make amendments if desired. At the time of this publication (March 2026), Candriam does not allow clients to direct the voting for securities in pooled accounts. Names of asset owners with voting mandates or dedicated funds managed by Candriam are confidential.

⁶¹ E.g., participation in some AGMs may require 'blocking' the voting shares for a long period. If the involved investment team believes such a blockage puts the investment strategy of the portfolios at risk, Candriam will inform ISS of a specific voting rule ensuring that not 100% of the shares will be blocked.

⁶² The list of Candriam Equity open-ended funds can be accessed via our Voting Dashboard. <https://vds.issgovernance.com/vds/#/NDA0Nw==/>

Voting Scope

Voting funds/mandates	Candriam Policy	Client Custom Policy	
	Open Ended Equity Funds (Candriam ManCo)	Mandates or Dedicated Funds (Candriam or Institutional Client as ManCo)	Mandates or Dedicated Funds (Candriam or Institutional Client as ManCo)
# Voting funds/ mandates at end 2025	46	32	9
# Voted Meetings at end 2025	1608	855	317
% Voting funds (in number) vs total eligible to voting, within the category at end 2025	100%	Not relevant (*)	Not relevant (*)
% Voting funds (in AUM) vs total eligible to voting, within the category at end 2025	100%	Not relevant (*)	Not relevant (*)

* Mandates or dedicated funds can be included in the voting scope only if the client grants us a voting delegation. This decision belongs to the client, not to Candriam.

For the equity open-ended funds within our voting scope, we voted in 94% of the meetings for which we held voting rights in 2025⁶³.

Failure to vote at meetings resulted from either of these situations⁶⁴:

- Delay in receiving power of attorney
- Cross-border limitations
- Prohibition of split votes in specific markets
- Discrepancy on the agenda provided by the proxy advisor

On average in 2025, for every meeting successfully voted under the Candriam Proxy Voting Policy, we exercised our voting rights on 96% of the associated shares.

Details of our votes for Candriam open-ended funds, including explanations on 'Against Management' votes, are publicly available in our Voting Dashboard⁶⁵.

For mandates or dedicated funds that voted under Candriam or custom voting policies, the information is available to clients in annual reports, or in the dedicated reports we deliver directly.

⁶³ Votes classified as non-eligible (e.g., below the minimum share threshold, positions acquired after the voting cut-off date, positions sold prior to the meeting date, or holdings without voting rights) are excluded from the rejection statistics, as they were not eligible for voting.

⁶⁴ All rejected votes are subject to review, and we engage with relevant counterparties to strengthen processes, mitigate recurrence risk, and safeguard the effective exercise of voting rights at future shareholder meetings. Most rejections stem from delays in receiving the required documentation following an operational transition by a custodian, resulting in authorisations not being received within the applicable deadlines.

⁶⁵ <https://vds.issgovernance.com/vds/#/NDA0Nw==/>

For funds and mandates that apply Candriam’s Proxy Voting Policy, Candriam uses a service provider, ISS, to exercise voting rights. Details are provided in our Voting Policy. For custom policies, Candriam may use additional proxy advisors.

Any confirmed breach of voting principles identified for any voting fund is disclosed in the annual report(s) of the respective fund(s). Similarly, exceptions made to the chosen voting policy are also mentioned in these reports. In 2025, two breaches occurred due to operational incidents on the proxy advisor side when implementing our voting policy. Both will be reported in the respective annual reports.

No conflict-of-interest situations arose during 2025.

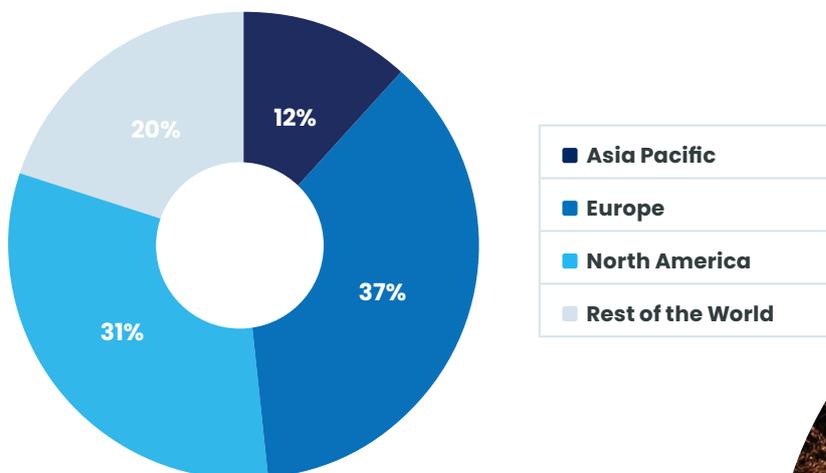
For more information on what Candriam’s Proxy Voting Policy says Identification and Management of Conflicts of Interests, Links to Other Engagement Activities and Role of Proxy Advisers, please check: [proxy_voting_policy_en.pdf](#)

Geographical Distribution of Meetings in 2025

In 2025, we participated in 1,757 equity meetings and voted on 24,712 resolutions for our open-ended funds, dedicated funds, and mandates under our Candriam Proxy Voting Policy.

The geographical split of meetings is shown in the chart below (for open-ended equity funds, mandates and dedicated funds within our voting scope):

Geographical Distribution of Meetings Voted in 2025





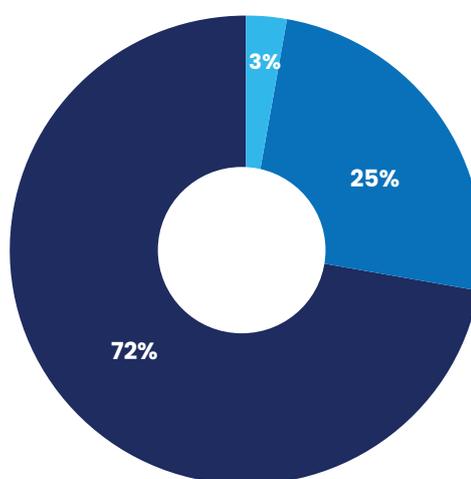
Our Votes by Topic.

For company-specific and resolution-specific details, please refer to the [Candriam Proxy Voting Dashboard](#).

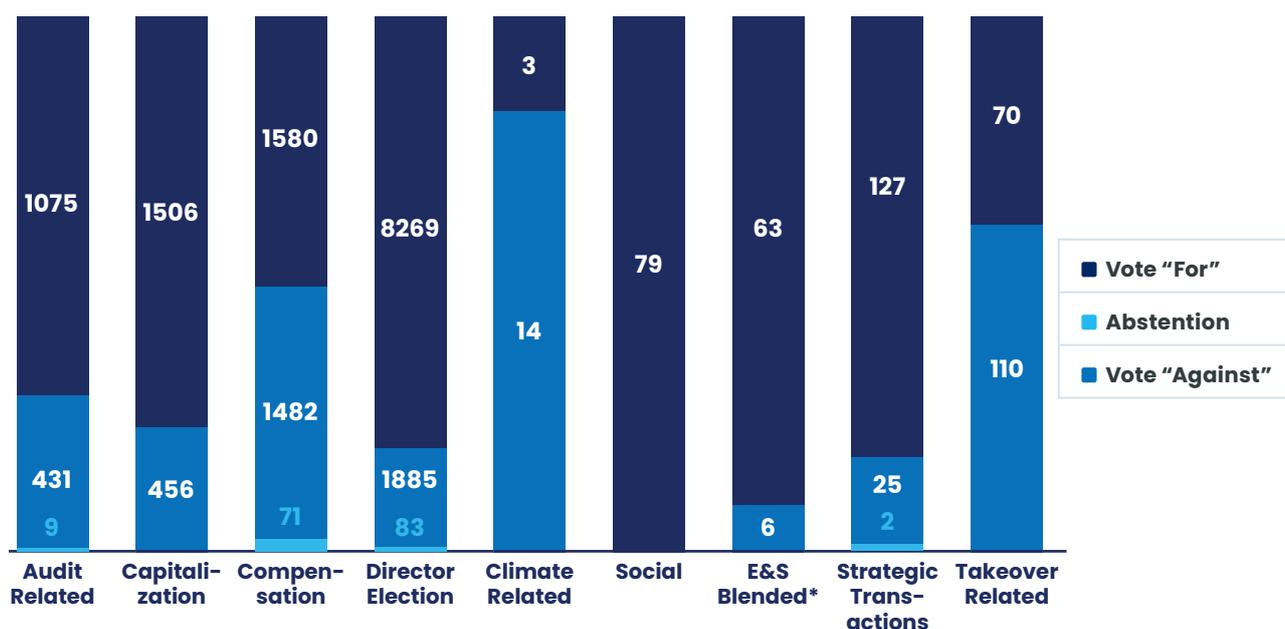
Management Resolutions

Candriam supported 72% of the resolutions put forth by managements in 2025 (71%, as in 2024). The bedrock principles of our Candriam Proxy Voting Policy include upholding shareholders rights and equal treatment, ensuring the accuracy of financial information, and emphasising the accountability and independence of the board.

Overall approval rate



Main Areas of Concern (Management Resolutions Only)*



*The "climate-related" category includes all Say-on-Climates voted under Candriam's policy, and one resolution regarding a company's biodiversity strategy.

Our support for directors is systematically tied to governance topics. Specifically, issues related to board composition and effectiveness, such as director independence, overcommitment, and executive compensation, may lead us to vote against a particular director.

Regarding remuneration, misalignment between pay and performance, inadequate disclosure, and poorly structured remuneration plans (such as the absence of clearly defined and relevant performance metrics, pay structures that may not be appropriately aligned with performance, or the use of identical metrics in both short-term and long-term incentives) could prompt us to vote against a remuneration resolution.

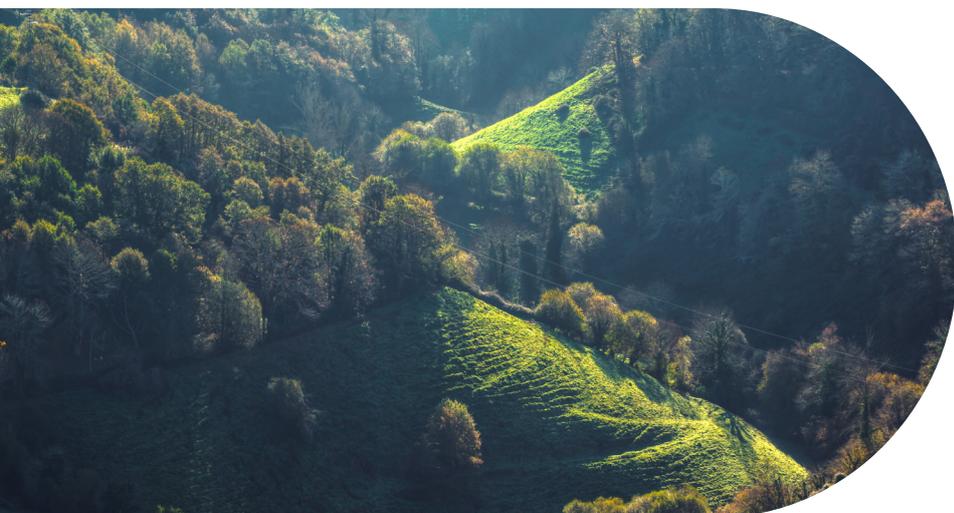
Furthermore, we consider governance as the framework that determines whether relevant environmental and social considerations are reflected in credible strategy and risk management. As such, our approach to voting on traditional governance items also addresses our concerns about the company's decision-making process and risk management regarding other social and environmental matters.

As outlined in our proxy voting policy, we may vote against directors, remuneration proposals, statutory reports, or auditors in cases where there is poor oversight of environmental and social issues by the board, misalignment between

pay and sustainability performance, insufficient non-financial disclosure, or inadequacies in auditing practices. As both management-led climate resolutions and environmental shareholder proposals become less prevalent, and with 2030 approaching as a milestone for long-term climate objectives, our focus has increasingly shifted toward alternative mechanisms for climate oversight, particularly director accountability, where we seek to ensure that climate-related responsibilities are clearly embedded at board level.

In 2025, in accordance with our proxy voting policy and guidelines, we voted against [the election of particular] directors [based on their] climate-related accountability at 14 companies and adjusted our voting stance on three companies owing to the progress observed.

Overall, our voting decisions remained consistent with the previous year, except for audit-related proposals, where our support increased. This rising support is mainly attributable to more European issuers reaching the point at which auditor rotation is expected under the EU audit reform regime (including the widely applied 10-year tenure expectation for Public Interest Entity (PIE) audits, subject to national options), alongside enhanced fee and tenure disclosures that improved our ability to flag and respond to non-aligned practices.



Election of Directors

	2025 No.	2025%	2024%
Votes FOR	8269	80.78%	78.30%
Votes AGAINST	1885	18.41%	19.30%
Abstention	83	0.81%	2.4%

Auditor Related

	2025 No.	2025%	2024%
Votes FOR	1075	95.39%	71.30%
Votes AGAINST	43	4.19%	28.40%
Abstention	9	0.42%	0.30%

Remuneration Proposals

	2025 No.	2025%	2024%
Votes FOR	1580	50.43%	48.60%
Votes AGAINST	1482	47.30%	50.20%
Abstention	71	2.27%	1.20%

Capitalization Changes

	2025 No.	2025%	2024%
Votes FOR	1506	76.76%	80.30%
Votes AGAINST	456	23.24%	19.70%
Abstention	0	0.00%	0.00%

Takeover Related

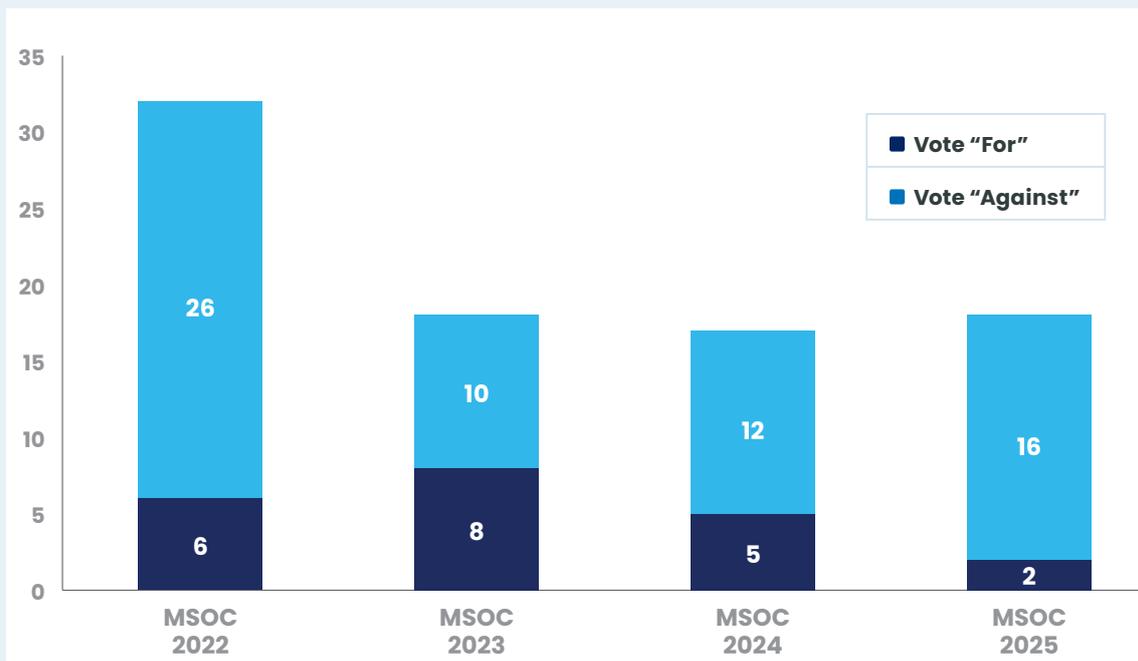
	2025 No.	2025%	2024%
Votes FOR	70	38.89%	29.60%
Votes AGAINST	110	61.10%	70.40%
Abstention	0	0.00%	0.00%



A closer Look at Candriam’s Say-on-Climate Votes

This year, we voted on 18 say-on-climate proposals.

Candriam Voting on Management SOC 2025



Our approach is both constructive and transparent. Before voting on a Say-on-Climate – whether we support the resolution or not – we pre-declare our votes⁶⁵ and share our rationale directly with the company. We offer to engage in dialogue to better understand the company’s positioning and the challenges it faces, and to highlight best practices. Our expectations are guided by Candriam’s proprietary Net Zero Assessment⁶⁶, which provides a structured and robust framework for evaluating climate strategies.

66 [Predeclaration of Voting Intentions | Candriam](#)

67 [climate_strategy_gb.pdf](#)

2025 Say-on-Climate Vote Summary (as of 31st December 2025)

Company name	Industry	Country	Region	Type of SOC	Proposal text	Meeting date	Vote instruction
Aena S.M.E. SA	Transportation	Spain	Europe	Report	Advisory Vote on Company's 2024 Updated Report on Climate Action Plan	09/04/2025	AGAINST
Ferrovial	Construction	Netherlands	Europe	Report	Approve Climate Strategy Report	24/04/2025	AGAINST
Aviva plc	Insurance	UK	Europe	Report	Approve Climate-Related Financial Disclosure	30/04/2025	AGAINST
Canadian National Railway Company	Transportation	Canada	North America	Report	Management Advisory Vote on Climate Change	02/05/2025	AGAINST
Amundi SA	Banks	France	Europe	Report	Approve Report on Progress of Company's Climate Transition Plan (Advisory)	27/05/2025	AGAINST
SSE Plc	Utilities	UK	Europe	Report	Approve Net Zero Transition Report	17/07/2025	AGAINST
Rio Tinto Plc	Metals and Mining	UK	Europe	Plan	Approve Climate Action Plan	03/04/2025	AGAINST
Infrastrutture Wireless Italiane SpA	Telecommunication	Italy	Europe	Plan	Approve Climate Transition Plan	15/04/2025	AGAINST
Santos Ltd	Energy	Australia	Pacific	Plan	Approve Advisory Vote on Climate Transition Approach	10/04/2025	AGAINST
Engie	Utilities	France	Europe	Plan	Approve Company's Climate Transition Plan	24/04/2025	AGAINST
Rio Tinto Ltd	Metals and Mining	Australia	Pacific	Plan	Approve 2025 Climate Action Plan	01/05/2025	AGAINST
Carmila SA	Real Estate	France	Europe	Plan	Approve Company's Climate Transition Plan (Advisory)	14/05/2025	AGAINST
Equinor ASA	Energy	Norway	Europe	Plan	Approve Energy Transition Plan	14/05/2025	AGAINST
Centrica	Utilities	UK	Europe	Plan	Approve Climate Transition Plan	08/05/2025	AGAINST
Icade SA	Real Estate	France	Europe	Plan	Approve Company's Climate Transition Plan	13/05/2025	FOR
Altea SCA	Real Estate	France	Europe	Plan	Approve Company's Climate Transition Plan	05/06/2025	AGAINST
Severn Trent plc	Utilities	UK	Europe	Plan	Approve Net Zero Transition Plan	10/07/2025	FOR
Origin Energy Ltd	Utilities	Australia	Pacific	Plan	Adopt 2025 Climate Transition Action Plan	15/10/2025	AGAINST

The main reasons for voting against were the lack of alignment with a credible 1.5°C pathway, inadequate or weakened emissions reduction targets (particularly due to incomplete Scope 3 coverage), and insufficient transparency and implementation detail, including missing capex alignment, limited disclosure, or absence of robust external validation – all of which negatively affected our assessment of the companies’ transition strategies. Our pre-declaration

process enhances accountability and investor voice and provides companies with the opportunity to clarify or improve their plans. In some cases, it may even lead us to reconsider our voting stance and encourage deeper engagement with companies.

To learn more about our voting policy on climate items, see our 2025 voting policy on [Climate voting](#).

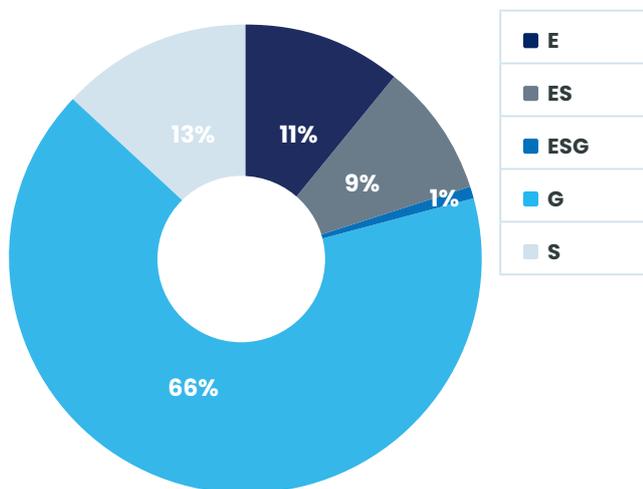
Shareholder Resolutions

Candriam conducts a systematic in-house analysis of all shareholder resolutions. In 2025, we voted on 694 resolutions and backed the majority of shareholder proposals advocating fuller disclosure on company sustainability strategies (60.4% of all shareholder resolutions voted).

As explained in greater detail in our mid-year voting report, this season has broadly confirmed our earlier expectations. The decrease was mainly driven by two factors:

- A higher number of US companies obtaining no-action relief for shareholder proposals; and
- A slowdown in shareholder-proposal submissions, reflecting a rapidly shifting political landscape and the spillover effects of recent high-profile litigation, including the legal dispute involving ExxonMobil⁶⁹.

Environmental, Social, Governance or combination?



The number of E&S shareholder resolutions we voted during the proxy year shrank significantly in 2025. While the volume of governance resolutions has increased 12% since last year, the volume of E&S resolutions dropped by 46.7%. This trend is not confined to our voting universe and is reflected in broader market studies⁶⁸.

On November 17, 2025, the SEC’s Division of Corporation Finance announced a change in how it administers the Rule 14a-8 shareholder-proposal process. Citing resource and timing constraints following a lengthy government shutdown, competing filing priorities, and the availability of extensive prior Commission and staff guidance, the Division stated that it will not respond to no-action requests or express views on a company’s intended reliance on any exclusion basis, except requests under Rule 14a-8(i)(1)⁷⁰.

While this approach places greater responsibility on issuers (and may increase the need for careful internal legal analysis), it also reduces the likelihood of staff intervention, which could make some companies **more willing to exclude proposals** without seeking (or waiting for) staff concurrence.

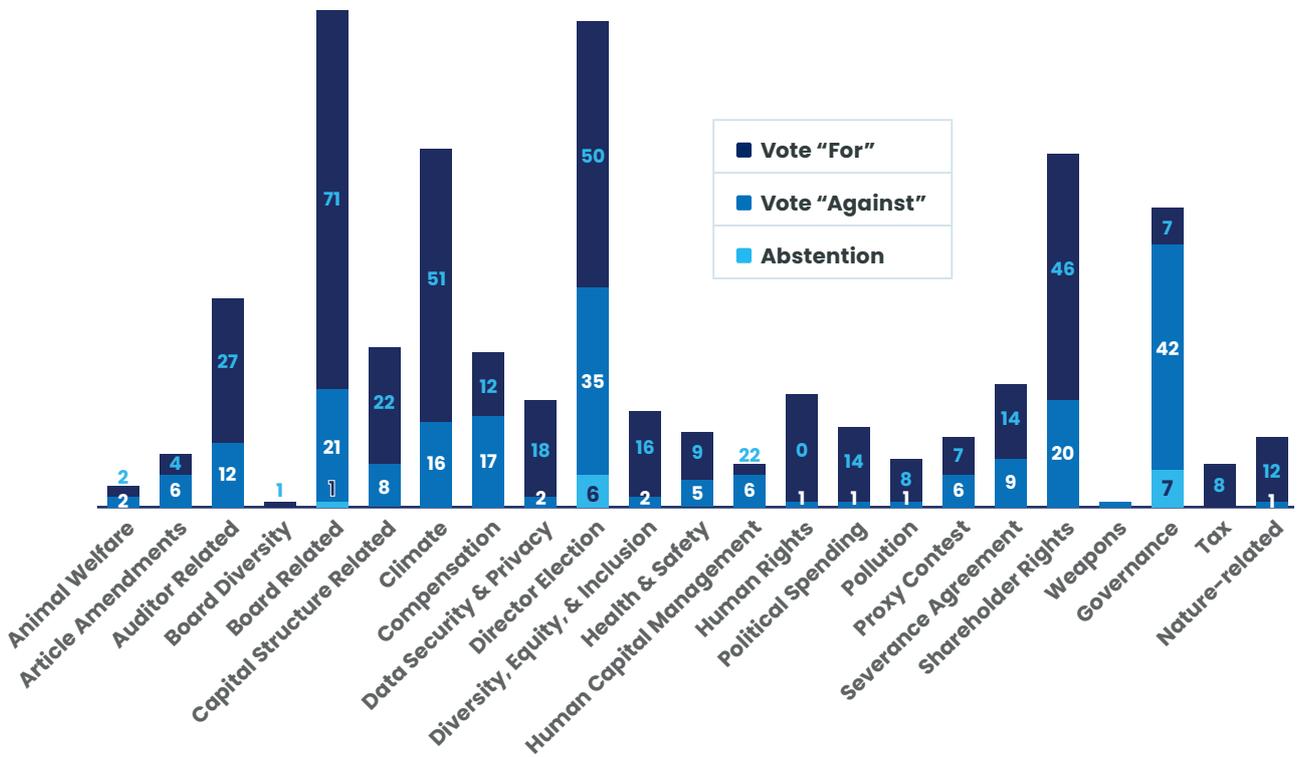
We shall closely monitor how this development affects shareholder engagement during the 2026 proxy season.

⁶⁸ [The 2025 Proxy Season in 7 Charts | Morningstar](#)

⁶⁹ For more information on the case, please see Mid-year Voting Report 2024

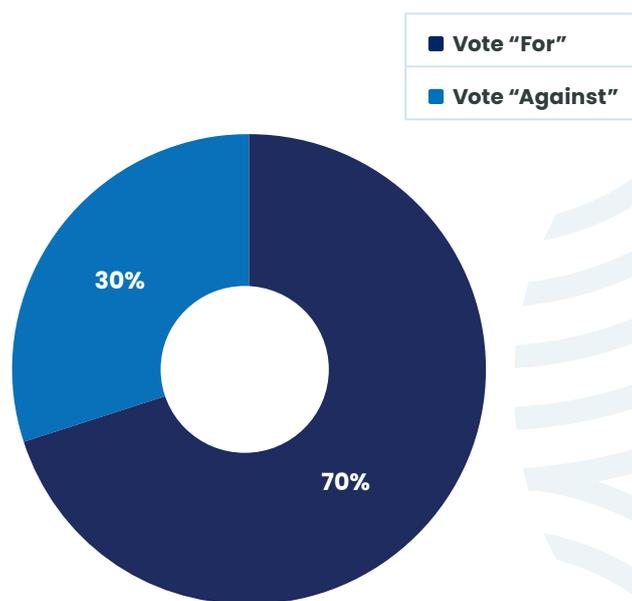
⁷⁰ [SEC.gov | Statement Regarding the Division of Corporation Finance’s Role in the Exchange Act Rule 14a-8 Process for the Current Proxy Season](#)

Shareholder resolutions by subject



*50 company-specific shareholder resolutions were also voted in 2025. These are not mentioned in the above chart.

Votes on E and S Resolutions



Overall, Candriam supported 66% of all environmental and social resolutions in 2025 (vs 70% in 2024). This steady drop in support levels reflects the rising number of anti-ESG proposals. Greater attention is spent on analysing the nature of the request and assessing the risks and costs associated with material considerations when examining E&S resolutions, rather than automatically voting in favour.

That said, our support for a measure does not indicate complete agreement with every aspect of the resolution, nor does it signify that we are fully aligned with the rationale of the resolution. In cases where we support the motivation behind the proposal but have concerns over the actual wording or the request, we articulate this in our rationale for the vote.

In all cases, Candriam considers the distinct circumstances under which each company operates, and the efforts made to enhance alignment between their practices and the delivery of long-term shareholder value. This is why our Voting Team analyses all shareholder proposals internally, in coordination with our sector specialists — as outlined in our Proxy Voting Policy.

We supported 76 E&S Resolutions (all categories) flagged internally as ‘highly sensitive’ and re-analysed by the team in 2025 as part of our general approach on the in-house analysis of shareholder proposals and on which we wanted to exercise full leverage.

Aligned (resolution passed)	0
Partially aligned (resolution failed with at least 20% support)	17
Not aligned (resolution failed with less than 20% support)	50*

** the meeting outcomes were not available for nine of the resolutions analysed.

Environmental Shareholder Proposals

While we acknowledge that stewardship cannot be measured based on the number of proposals we support, our votes on shareholder proposals truly reflect Candriam’s ESG opinions and our engagement with investee companies.

Our decision to support 82.1% (compared to 76.5% in 2024) of these environmental proposals underscores our long-standing emphasis on proposals that strengthen corporate transparency towards shareholders and improve governance oversight. These enable companies to manage environmental risks more effectively and help investors monitor their progress.

This year, Canadian banks were repeatedly targeted with shareholder proposals requesting an advisory “say-on-climate” vote on their environmental policies. The proposals sought clearer accountability and governance mechanisms, arguing that such a vote would help investors better assess how banks are managing climate-related risks. We supported these resolutions consistently.

This mirrors the trend we observed in Japan: in 2025, we voted in favour of four shareholder resolutions targeting Japanese banks, calling for the latter to assess their clients’ climate transition plans. The aim of these proposals is to strengthen disclosure on transition strategies and emissions-reduction targets and ultimately reinforce the banks’ existing net-zero commitments.

On nature specifically, Australian companies were targeted by shareholder proposals calling for the disclosure of financed deforestation and for the adoption of a strategy aimed at eliminating any deforestation-related financing. At Woolworths Group Limited⁷¹, we also voted on three proposals requesting updates on the company’s approach to classifying and sourcing three different commodities⁷². We supported 13 of the 14 nature-related resolutions we reviewed this year, voting against only one.

⁷¹ See [Environmental Case Studies](#)

⁷² Please see [Case Studies](#) to learn how Candriam voted on Item 5d at Woolworths Group Limited AGM.

Social Shareholder Proposals

In 2025, we observed the most notable shift in volume and composition of shareholder resolutions on social topics. Overall support declined by eight percentage points, driven primarily by fewer votes on diversity and inclusion-related proposals and political spending. By contrast, we saw a marked increase in resolutions related to data security, privacy, and AI: we voted on 20 proposals (18 supported) compared with six in total in 2024.

We also recorded a significant decline in supply chain risk assessment proposals. While the topic continues to attract regulatory attention in Europe, it featured less prominently in North American shareholder resolution activity. This year, we voted on 21 such resolutions (vs. 36 in 2024), supporting 20.

In 2025, some shareholder proposals, notably at large technology companies, focused on the social and human-rights risks linked to AI-driven business models and practices. At Meta, Microsoft and Alphabet, shareholder votes put AI-related social risks firmly on the agenda, from content governance to human-rights due diligence and AI-driven advertising. While the proposals did not pass, the level of support sent a clear signal that boards can no longer ignore questions around AI oversight and accountability. These votes illustrate a shift in how investors are approaching social risks linked to AI. Rather than focusing on high-level principles, shareholders are increasingly questioning whether boards have the oversight, processes and transparency needed to manage the real-world impacts of AI-driven business practices. The level of support for these proposals reflects growing concerns about the gap between the pace of AI deployment and the strength of existing governance frameworks.

For long-term investors, this reinforces the view that human-rights due diligence, clear accountability and meaningful disclosure are becoming central to managing the regulatory, reputational and legal risks associated with AI-enabled platforms.

Governance Shareholder Proposals

In 2025, we voted on 456 governance-related proposals, supporting 263 (57.7%). Themes mainly included the independence of board chairs, amendments to remuneration policies including severance structures and claw backs, the adoption of simple majority votes and the rights to call special meetings and nominate dissident nominees to boards. We systematically vote For resolutions requiring an independent board chair, as this provides a safeguard at board level to protect minority shareholders.

This year, we observed proxy contests not only in the United States but also in other regions (Japan and Poland). One of the most prominent contests involved Air Products and Chemicals. In our analysis, we supported the case put forward by the dissident side, in part due to strategy and governance considerations, including the need for clearer leadership succession planning for the combined Chair/CEO role. At the time of the AGM in January 2025, our view from a strategic and risk perspective was that the company had increased emphasis on larger-scale, speculative energy-transition projects alongside its core industrial gases franchise. We had noted that while these investments may offer long-term opportunities, they also presented high uncertainty on their offtake and financial returns. These potential risks materialised in 2025 along with stringent regulations and challenging market conditions, which ultimately led Air Products and Chemicals to interrupt and abandon many of these projects throughout the year⁷³.

73 [Air Products to Exit Three U.S.-Based Projects | News Release](#)



Active Stewardship.

As an active steward of our clients' assets, Candriam typically initiates discussions with a defined set of companies leading up to each Annual General Meeting (AGM) season. Our proactive engagement aims to explain our views and enable management to better meet investor expectations on corporate governance.

In our role as stewards of Candriam's voting policy, the Proxy Voting Committee is kept abreast of interactions with

companies, allowing the Committee to assess potential courses of action. These actions may include, but are not limited to, jointly filing a shareholder resolution, initiating collaborative engagement efforts, pre-declaring votes, or presenting queries during general meetings.

To learn more about the tasks and responsibilities of the Proxy Voting Committees, please consult Section 4.1 of the Candriam Voting Policy under the Proxy Voting Committee section.

Pre-AGM

Candriam highly values individual pre-AGM engagement, as this provides constructive discussions with investee companies. We explain our voting approach and expectations regarding corporate governance practices, while also gaining insights from investee companies about the challenges they may be facing. Understanding how companies are addressing these challenges can help alleviate our concerns.

Over the years, we have observed significant benefits from these conversations: they enhance our analysis of votes and refine our voting approach, particularly in the context of European companies. Similarly to last year, we continued to include North American and Emerging companies in our pre-AGM engagement initiatives. In 2025, our pre-AGM voting analysis involved dialogue with companies from across the world, including Europe, Asia, and the Americas.

In 2025, we contacted 23 companies and recorded a response rate of **56.5%**. In addition to the engagements we initiated, 14 investee companies reached out to us to organise discussions on their ESG practices ahead of their meetings (compared to 6 in 2024).

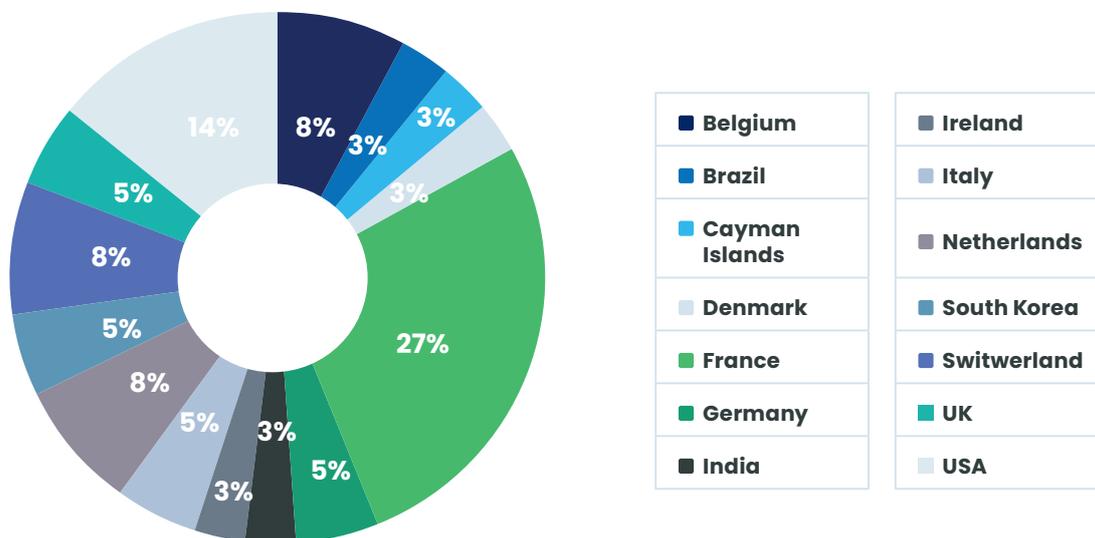
The primary emphasis of all pre-AGM engagements lies in the examination of board composition and remuneration, with additional attention given to capital structure and the safeguarding of shareholder rights. We view pre-AGM dialogues with companies as valuable opportunities to share different points of view and clarify our approach to governance.

These talks also enable us to gather insights from companies that may address or ease our concerns. This knowledge is then systematically reflected in our votes and rationales during the proxy voting season.

After the voting season, and in collaboration with our investment teams, we identified 8 companies grappling with ongoing challenges in their governance structures. This led us to initiate a secondary engagement process in the latter part of 2025, strategically timed to prepare for the upcoming 2026 AGM. Our overarching goal is to instigate and foster positive changes in these companies' practices.

Country	Companies reached out to Candriam	Candriam reached out to companies		TOTAL
		Response	Lack of response	
Belgium	1	1	1	3
Brazil		1		1
Cayman Islands			1	1
Denmark	1			1
France	4	5	1	10
Germany	1	1		2
India			1	1
Ireland	1			1
Italy		1	1	2
Luxembourg				
Netherlands	1	1	1	3
Spain				
South Korea	1		1	2
Switzerland	2	1		3
UK	1	1		2
USA	1	1	3	5
TOTAL	14	13	10	37

Geographic Distribution of Companies Engaged in 2025 Pre/Post AGM Campaign



Issuer responsiveness	Nb of companies	%
Low	13	35.1%
Medium	9	24.3%
High	15	40.5%

Pre-declaration of Votes in 2025

In 2025, we continued our systematic method of pre-declaring our intentions, using Candriam’s pre-declaration webpage. This allows us to flag up concerns publicly before the official voting date, and to share any improvements observed following our engagement efforts.

Our pre-declaration of voting intentions can serve either as an escalation measure, or a response to stakeholder demands for greater transparency, in keeping up with our engagement objectives. In 2025, Candriam pre-declared our voting intentions at 24 meetings, for 41 resolutions.

To predeclare our voting intention, the latter must relate to a sensitive resolution (next chapter) and must be associated with a case of specific interest recognised by the Candriam Proxy Voting Committee. For example, climate-related resolutions may fall under this category, as well as any new topic for which Candriam’s current voting policy does not yet define explicit guidelines. Controversy-related voting items may also be included.

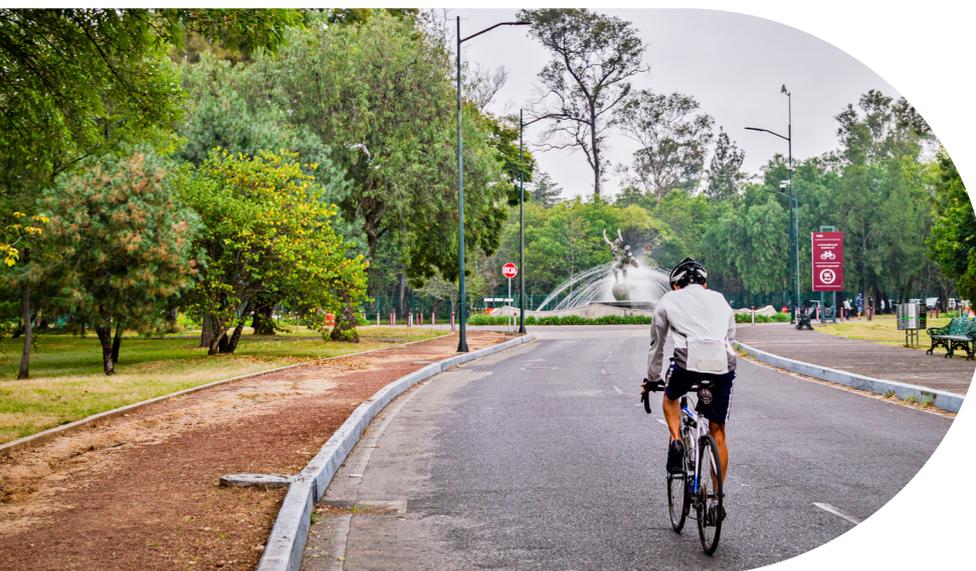
More to read under [Pre-declaration of Voting Intentions](#)

Other Escalation Tools

Utilising resolutions and/or raising queries at AGMs are standard practices among responsible investors. These methods are commonly employed to escalate engagements that have been unproductive, or to align with our investment strategies and the principles we advocate. Below is a summary of our escalation cases during 2025.

Escalations

Measure	Company name	Topic	Outcome
Resolution co-filing, in cooperation with Assogestioni	Intesa Sanpaolo SpA	Governance – Nomination Slate	Passed
AGM Questions	Anheuser-Busch Inbev SA/NV	Board Composition & Remuneration	Answer at the meeting – no written answer provided
AGM Questions	Bureau Veritas SA	Director's skills	Detailed written answer accessible on the company website in French & English
AGM Questions through FIR (collaborative)	CAC40 companies	Environmental, Social, Governance	Detailed written answers accessible on the companies' websites



Votes on Sensitive Resolutions.

Highly Sensitive Votes

The Candriam Voting Team sets a predefined list of companies at the beginning of each year, providing a framework to identify ‘highly sensitive votes’. This list is not exhaustive and is updated during the voting season.

As explained in our Voting Policy, we vote for every ‘votable’ position within the portfolio—part of our voting scope. In cases of securities lending, during 2025, we reserved a minimum position of 50% in order to preserve our voting rights; our average voting percentage for 2025 is 96% (97 percent in 2025 and 97.1% in 2024). For highly sensitive companies, and/or in instances when the shares are on loan, we ensure that all shares are recalled so that we can exercise our full leverage at the meetings.

If the circumstances that caused the company to be on the pre-defined list materialise, the Voting Team will analyse the relevant resolutions and assess whether any sanctioning vote, or vote Against management, is necessary.

The tables lists, by topic, the resolutions we targeted at these 142 highly sensitive meetings⁷⁴ and the alignment of our vote with⁷⁵. Our reporting here is intended to provide more granularity on how Candriam voted at sensitive meetings and on our alignment with a significant proportion of the other shareholders.

Shareholder Climate Resolutions

We supported 22 shareholder climate proposals filed for companies flagged as ‘most sensitive’ for climate-related reasons (one was withdrawn at the time of the AGM).

Aligned*	0
Partially aligned (resolution failed with at least 20% support)	6
Not aligned (resolution failed with less than 20% support)	15**

*The aligned data field includes cases when Candriam voted For the resolution and the resolution passed and when Candriam voted Against and the resolution failed.

** The meeting outcome was not available for one meeting analysed.

Management Climate Resolutions

We voted on ten management climate proposals filed by companies flagged as ‘most sensitive’ for climate-related reasons.

Aligned*	0
Partially Aligned (Candriam voted Against and the resolution passed with at least 20% dissent)	0
Not Aligned (Candriam voted Against and the resolution passed with less than 20% dissent)	10

*The aligned data field includes cases when Candriam voted For the resolution and the resolution passed and when Candriam voted Against and the resolution failed.

⁷⁴ Please note that one meeting can be classified as highly sensitive for a number of different reasons. For the sake of analysis, the most impactful trigger has been taken into account to make the below analysis.

⁷⁵ When we indicate 20% dissent, we mean 20% of those shares which were voted.

Climate Sanctioning: Director Election and Discharge

We voted Against 162 management resolutions on discharge and director elections filed by companies flagged as ‘most sensitive’ for climate-related reasons, owing to a lack of proper Board oversight.

Aligned (resolution failed)	5
Partially Aligned (resolution passed with more than 20% dissent)	4
Not Aligned (resolution passed with less than 20% dissent)	152*

* The meeting outcomes were not available for one resolutions analysed.

Governance Concerns and Engagement

A total of 457 management resolutions on director elections, compensation and auditor-related topics were flagged as ‘most sensitive’ for reasons of weak governance, combined with significant holdings in these companies by Candriam. Out of these 457, Candriam did not support 179 resolutions:

Aligned (resolution failed)	7
Partially Aligned (resolution passed with more than 20% dissent)	38
Not Aligned (resolution passed with less than 20% dissent)	131

* The meeting outcomes were not available for three resolutions analysed.

Historical Dissent from Shareholders

In 2025, we did not vote Against a flagged resolution (due to the high dissent trigger).

Though they hadn't been flagged prior to the season, we voted Against 8 resolutions due to our significant holding, governance related concerns, environmental flag or previous engagement together with the presence of high dissent levels in 2024. The resolutions passed, but three received more than 20% dissent, thereby confirming that a significant proportion of investors were aligned with our vote. The alignment is therefore considered ‘partially aligned’ for these three resolutions.

Aligned (resolution failed)	0
Partially Aligned (resolution passed with more than 20% dissent)	3
Not Aligned (resolution passed with less than 20% dissent)	5

MATERIAL SUSTAINABILITY Metrics in Executive Remuneration

We voted Against four remuneration-related proposals in 2025 for companies that were flagged in our close monitoring list owing to the presence of ESG metrics.

Aligned (resolution failed)	0
Partially Aligned (resolution passed with more than 20% dissent)	0
Not Aligned (resolution passed with less than 20% dissent)	4

Meetings of Specific Interest

Highly sensitive resolutions, such as those mentioned above, only account for one segment of our targeted items.

Our Voting team consistently examines resolutions across different categories, utilising various criteria throughout the year to identify meetings categorised as ‘of specific interest.’ Whether a meeting attracts attention due to particular topics or other factors, our internal voting team conducts a comprehensive analysis of the entire meeting agenda to determine if a specific item should be focused on.

[Want to know how we work with proxy advisors ?](#)

The topics of these meetings tend to fall under one of 10 categories:

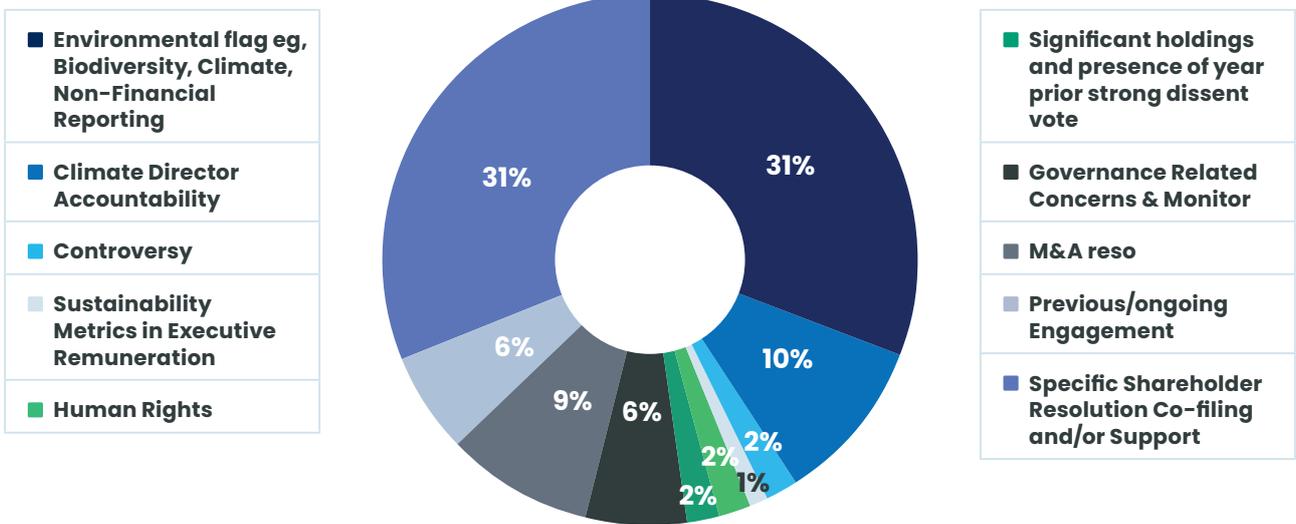
- Significant holdings and Governance Concern
- Environmental flag – e.g., Biodiversity, Climate, Non-financial reporting
- Climate Director Accountability
- Controversy
- Significant holdings and presence of year prior strong dissent vote
- Human Rights flag
- M&A
- Previous/ongoing Engagement
- Specific Shareholder Resolution Co-filing and/or Support
- Material Sustainability Metrics in Executive Remuneration

In 2025, we conducted an internal re-analysis of 669 meetings, covering 592 different companies, for a variety of reasons. Of these 669 meetings, 142 were deemed highly sensitive as per the Votes on Sensitive Resolutions Section.

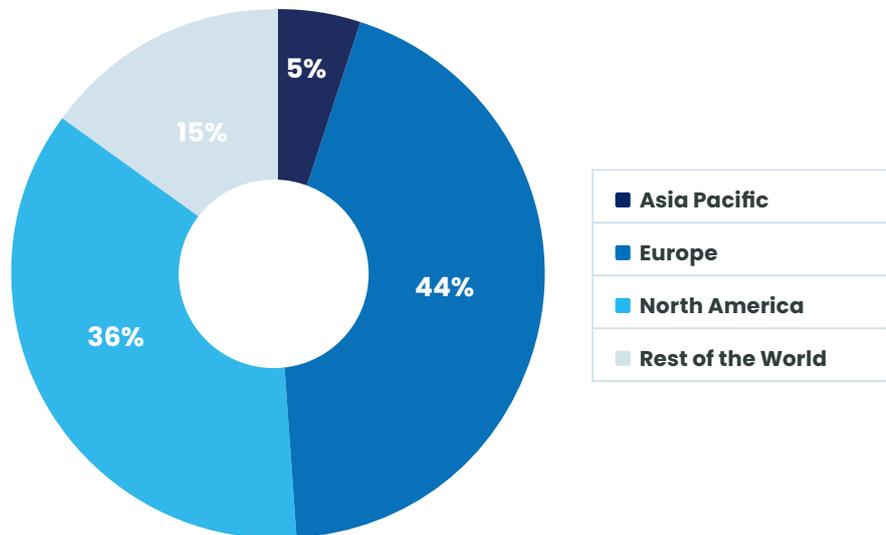
Main Trigger Reason ⁷⁶	Number of Meeting (Re-analysed)
Significant holdings and Governance concern	41
Environmental flag – e.g., Biodiversity, Climate, Non-Financial Reporting	207
Climate Director Accountability	65
Controversy	13
Significant holdings and presence of year prior strong dissent vote	14
Human Rights	14
M&A resolution⁷⁷	62
Previous/ongoing Engagement	39
Specific Shareholder Resolution Co-filing and/or Support	207
Material Sustainability Metrics in Executive Remuneration	7

⁷⁶ Please note that the same meeting may be classified as sensitive for multiple reasons listed here. The primary concern is used for each meeting to illustrate our approach.

⁷⁷ 15 M&A resolutions were voted AGAINST in 2025 of which 3 received a dissent more than 20 percent.



The geographical distribution of all sensitive meetings analysed in 2025 is shown in the chart below:



To illustrate our approach — and in addition to the examples provided under the Governance and Climate Sections of this report — we have provided seven case studies from the

Environmental, Social, or Governance realms during our 2025 voting season. Each case study outlines the priority trigger, background details, rationale, and overall outcome.

Comprehensive information on all our votes, including the rationale for votes against management recommendation is accessible through our [voting dashboard](#).

Case Studies.



Environmental⁷⁸

Woolworths Group Ltd. Food and Staples Retailing, Australia

AGM, October 30, 2025

Priority Trigger: Specific Shareholder Resolution Co-filing and/or Support

Item 5d: Approve Classification of Beef

Vote: FOR

Rationale:

A vote FOR is warranted, as we note that Woolworths has removed beef from its list of high-risk commodities under its no-deforestation goal for 2025, after having identified beef as a primary deforestation-linked commodity in 2024. This change represents a setback in the company's deforestation strategy, given that Australia is a globally recognised deforestation hotspot, where beef pasture expansion is the leading

driver of forest loss, and considering Woolworths' position as the country's largest beef retailer. The removal of beef from the scope of high-risk commodities may expose the company to increased regulatory, supply chain, and reputational risks, which could have material financial implications over the medium to long term.

BP Plc. Energy, United Kingdom

AGM, April 17, 2025

Priority Trigger: Climate Director Accountability

Item 3: Re-elect Helge Lund as Director

Vote: AGAINST

Rationale:

A vote AGAINST incumbent board chair Helge Lund is warranted as the company withdrew significant climate targets and made substantial changes to its business strategy without seeking shareholder approval. Given that

the Board Chair Helge Lund plans to step down in 2026, the Audit and Safety & Sustainability Committees are now increasingly responsible for climate oversight.

⁷⁸ Please note that you can find Candriam's votes and rationale for all say-on-climate proposals voted in 2025 on [Predeclaration of Voting Intentions | Candriam](#)

Item 7: Re-elect Tushar Morzaria as Director

Vote: AGAINST

Rationale:

A vote AGAINST incumbent Audit Committee Chair Tushar Morzaria is warranted, as the company has abandoned key climate targets and significantly altered its business strategy without having secured shareholder approval. This transition

further underscores concerns over the Audit Committee’s shortcomings in adequately integrating mid- and long-term climate risks into its assessment of the company’s key risk exposures.

Item 8: Re-elect Melody Meyer as Director

Vote: AGAINST

Rationale:

A vote AGAINST incumbent Sustainability Committee Chair Melody Meyer is warranted, as the company has abandoned key climate targets and significantly altered its business strategy without having secured shareholder approval. Given

that the Board Chair Helge Lund plans to step down in 2026 and we do not know who the next Chair will be, the Safety & Sustainability Committee will be increasingly responsible for climate oversight.

Social

Marks & Spencer Group PLC Food and Staples Retailing, United Kingdom

AGM, July 1, 2025

Priority Trigger: Specific Shareholder Resolution Co-filing and/or Support

Item 27: Oversee the Preparation of a Report to Provide Investors the Information Needed to Assess the Company’s Approach to Human Capital Management

Vote: FOR

Rationale:

A vote FOR is warranted as human capital management is a material driver of long-term performance for Marks & Spencer, particularly given the company’s large workforce and exposure to cost of living, retention and operational resilience risks. While the company provides some disclosure on workforce matters, Candriam considers that the current reporting fails to allow investors to fully assess how remuneration and broader human capital practices support workforce stability, productivity and fair treatment.

A more structured and transparent report on the company’s human capital management approach, including how wage practices are assessed against subsistence and fairness considerations, would be appropriate and decision-useful. Enhanced disclosure would support investors’ understanding of potential workforce-related risks and how these are managed; it is also aligned with Candriam’s expectations on decent work and sustainable value creation.

Governance



Danone SA Food, Beverage and Tobacco, France

AGM, April 24, 2025

Priority Trigger: Previous/Ongoing Engagement

Item 11: Approve Remuneration Policy

Vote: AGAINST

Rationale:

In recent years, we have observed the company's efforts to incorporate new criteria related to health, nutrition, and employee well-being into its variable compensation structure. We have duly noted the inclusion of a new metric on water consumption intensity (average water intensity reduction in Danone's production sites in 2026 vs 2023) within the long-term incentive plan, which we view as a positive step. Additionally, the company's greenhouse gas (GHG) emissions reduction target covers the entire value chain (Scope 1-3), aligning with its ambitious GHG emission reduction goals.

However, we have also identified areas of concern, notably regarding the variable remuneration scheme. First, we have noted a lack of disclosure on target levels for Short-Term Incentive (STI) post-performance, raising questions over

alignment between STI and LTIP targets. The risk is that executives may be rewarded annually for meeting GHG emission reduction targets, while failing to achieve long-term targets for the same metric by the end of the cycle. Granular disclosure is necessary for shareholders to assess alignment and challenge any discrepancies between STI and LTIP targets.

Moreover, we have reservations about the variable payment structure. None of the non-financial metrics reflect the company's management of plastic, a significant sustainability challenge highlighted by legal actions from an NGO. Given the importance of reducing plastic pollution, the company's overall performance, which forms the basis for the CEO's remuneration, should include progress in this area. Lastly, the company does not have a claw back policy.



Schneider Electric SE Electric Equipment, France

AGM, May 7, 2025

Priority Trigger: Governance Related Concerns and Close Monitor

Item 11: Approve Remuneration Policy

Vote: ABSTAIN

Rationale:

A vote to ABSTAIN is warranted on this remuneration report. The remuneration paid and the wording of the remuneration policy are contradictory, and the termination payment exceeds the total cash compensation actually paid over the former CEO's entire term of office.

The company made it clear during the engagement prior to the meeting that it is the interpretation given to the triggering

clause by the board and the departing CEO, and that this mechanism does not intend to reward him for failure. While we understand the company's explanations and the change of CEO, the remuneration package raises questions on whether the company has a robust succession strategy, including the capacity to assess the skills and competences of executives accurately.

ArgenX SE Pharmaceuticals, Biotechnology and Life Sciences, Netherlands

EGM, November 18, 2025

Priority Trigger: Governance Related Concerns and Close Monitor

Item 2: Approve Remuneration Policy

Vote: FOR

Rationale:

A vote FOR is warranted because the revised remuneration policy demonstrates responsiveness to shareholder feedback, removes the disproportionate future-CEO LTI quantum from the rejected May 2025 AGM proposal, and rebalances the peer group with greater European representation. Compared with the current 2021 framework, it also introduces defined LTI caps, a 50 percent performance-based PSU component, a three-year cliff vesting schedule, and strengthened shareholding requirements, all of which improve structure and transparency.

However, we raise concerns over the fact that the overall pay opportunity would exceed 450 percent of the base salary, which is not in line with our policy. As such, we shall monitor the remuneration paid for 2025 closely and conduct in-depth analysis into the Pay for Performance Alignment.

Promoting Sustainable Development.

Industry associations and responsible investment working groups that we are part of.

	Name of Association	Joined in
SRI Working Groups within:	AFG – Association Française de la Gestion financière	2003
	BEAMA – Belgian Asset Managers Association	2004
	EFAMA – European Fund And Asset Management Association	2010
	ALEI – Association of the Luxembourg Fund Industry	2024
Several sustainable investment forums:	VBDO – Dutch Sustainable Investment Forum	2007
	Forum Nachhaltige Geldanlagen (Germany, Switzerland & Austria)	2010
	Swiss Sustainable Finance (Switzerland)	2014
	Forum pour l'Investissement Responsable (French SIF FIR)	2014
	Forum per la Finanza Sostenibile (Italy SIF)	2015
	UKSIF – United Kingdom Sustainable Investment Forum	2016
	US SIF – United States Forum for Sustainable & Responsible Investment	2016
Other sustainability-oriented investor bodies	IIGCC – The Institutional Investors Group on Climate Change	2020
	Investor Alliance for Human Rights (ICCR Initiative)	2021

As an asset manager, Candriam also actively promotes sustainable finance by educating the next generation of responsible investors. This is done via our Candriam Institute for Sustainable Development and especially with the Candriam Academy initiative ([Home - Candriam](#)), which offers courses designed to increase the understanding of anyone who is interested in sustainable investing and ESG factors in the investing industry. As of December 2024, the Academy provides online free training to more than 16,400 individuals across 116 countries.

Regarding how Candriam engages with policymakers, including:

- Related governance processes in place ,
- How we ensure alignment with our position on sustainable finance,
- Candriam policy engagement activities or those conducted on our behalf,

All related information will be made available in our forthcoming 2024 CSR report, as well as additional details⁷⁹ on our guiding principles on ESG, promotion and influence, are available on our [Publications webpage](#).

⁷⁹ These, including our [Guiding Principles](#) and other documents on our website, are updated as changes occur.



€163 Bn

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31 December 2025



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