

# **2023 Annual Engagement Statistics**



**MARCH 2024**





Since 2015, our three Conviction topics have been Energy Transition, Fair Work Conditions and Business Ethics. Our engagement framework is evergreen, but the specifics are ever-changing.

# The year at a glance.

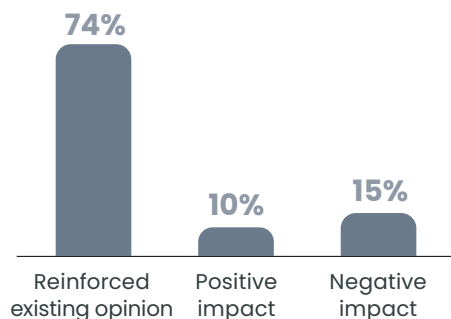
## Main themes:

- Strong corporate Governance
- Climate change
- Biodiversity
- Human Rights

**314** corporates engaged directly

**36%**  
of our AUM\*

### Direct dialogues impact on Candriam ESG opinion



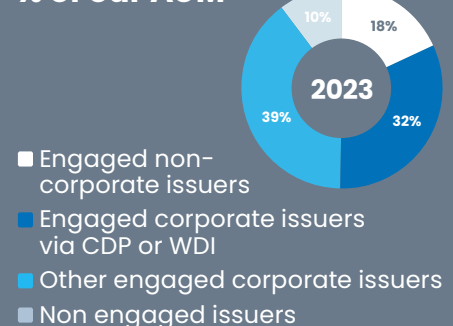
### Collaborative dialogues

**734** corporate issuers engaged collaboratively (outside CDP and WDI initiatives)

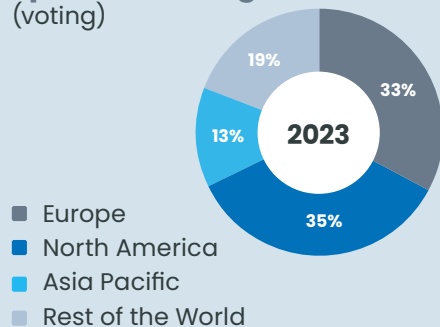
**256** dialogues led or actively supported by Candriam (outside CDP and WDI)

**9,365** corporate issuers engaged through large initiatives (CDP and WDI)

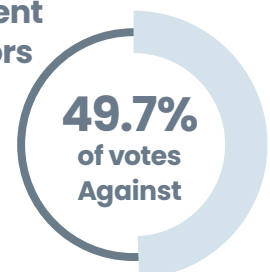
### Collaborative dialogues % of our AUM\*



### Geographical split of meetings (voting)



### Compensation of management and directors (voting)

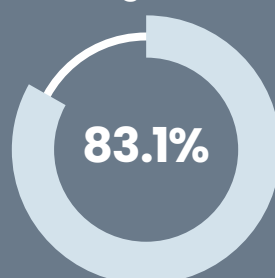


**Globally Candriam supported 71% of management resolutions**



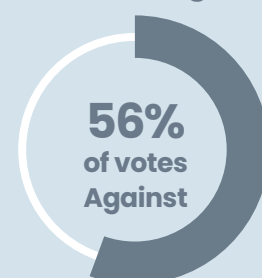
**1,876**  
voted meetings

### Active voting



**of meetings with at least one vote Against management**

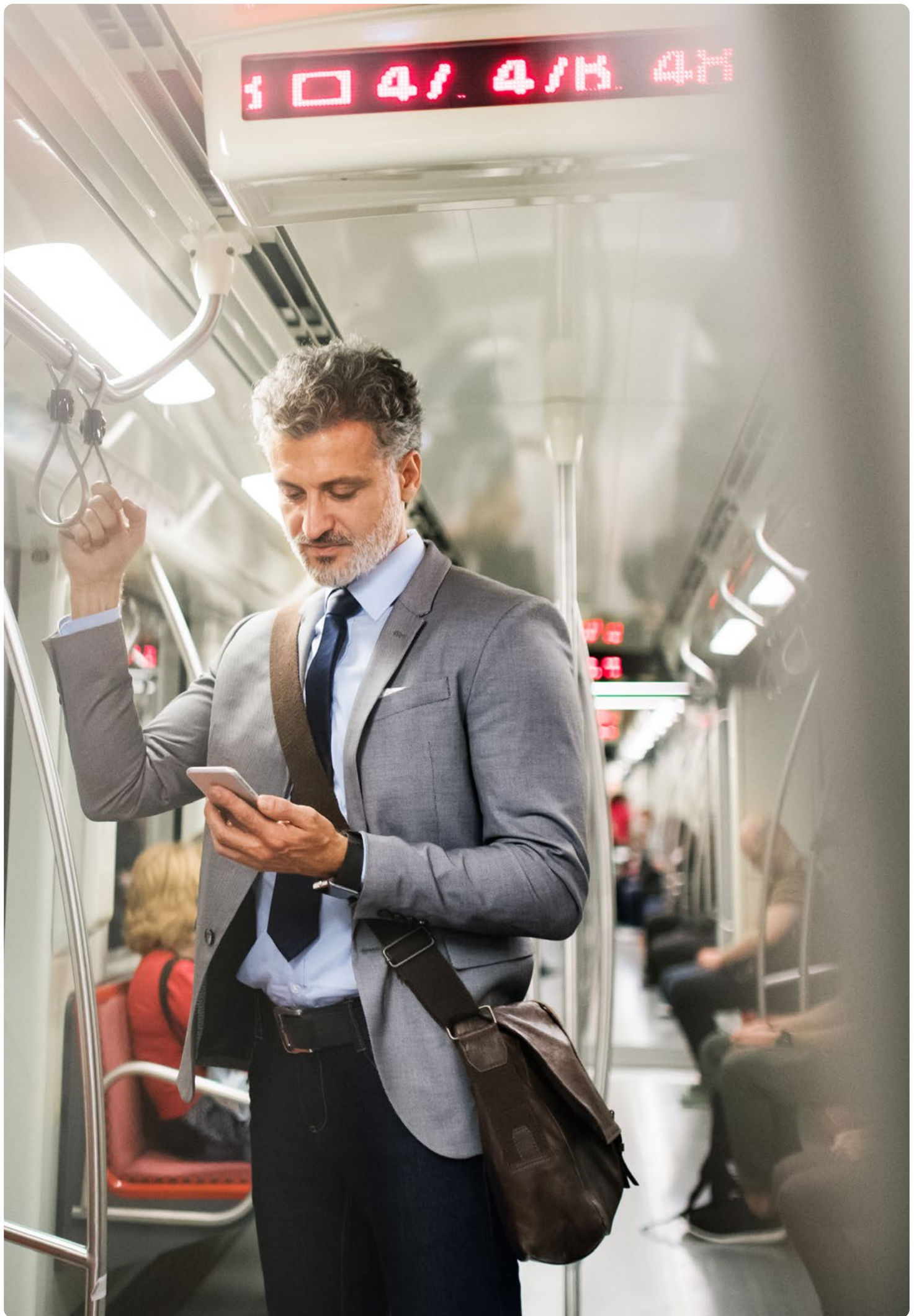
### Climate in voting



**Say-on-Climate resolutions sponsored by management**

\*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.  
Source: All data is from Candriam, unless otherwise specified.







# Annual Engagement Statistics

## Agenda.



### In Figures: Engagement Data.

<b>2023 Engagement Statistics</b>	<b>6</b>
Direct initiatives	6
Collaborative initiatives	14
New initiatives – summaries	22
Collaborative statistics	31
<b>Promoting Sustainable Development</b>	<b>39</b>

The source for all data in this report is Candriam, unless otherwise noted.



# 2023 Engagement Statistics.



## Direct initiatives

We offer a variety of perspectives on our direct dialogues with corporate issuers — including the types of issuers we targeted, their responsiveness, the topics we addressed, the status of these dialogues at the end of 2023, and their results.

**‘Dialogue’**, for the purpose of our statistics, means attempt to exchange, or an effective exchange, with issuers on Environmental, Social and/or Governance (ESG) factors.

During 2023, we targeted 314 corporate issuers through our direct dialogue efforts, resulting in a total of 382 dialogues<sup>1</sup> on a range of topics. These issuers account for 36% of Candriam AUM, based on corporate instruments (stock and bond instruments, direct lines).

The apparent decline from last year, in the number of issuers directly engaged reflects our commitment to streamline and more narrowly focus on our engagement activities, illustrated by our improved response rate, as well as our choice to favor collaborative engagement when possible for a greater impact.

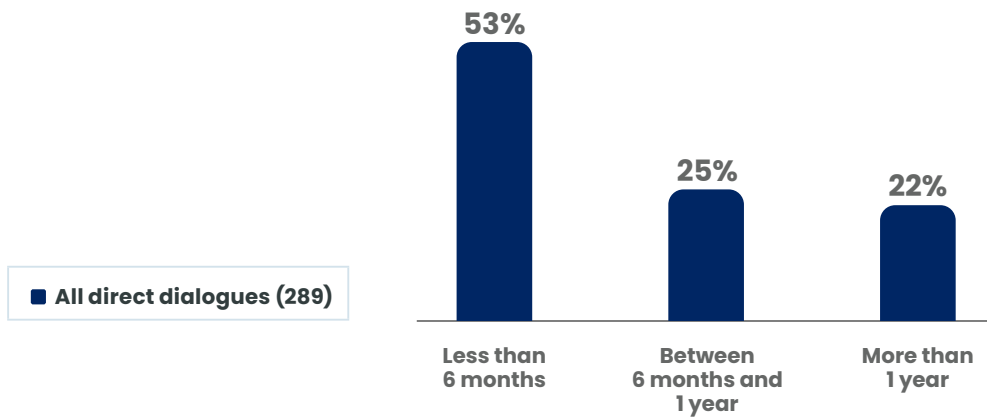
<sup>1</sup> That is, we may engage in more than one topic with each issuer.





## Duration of direct dialogues

Direct dialogues closed in 2023



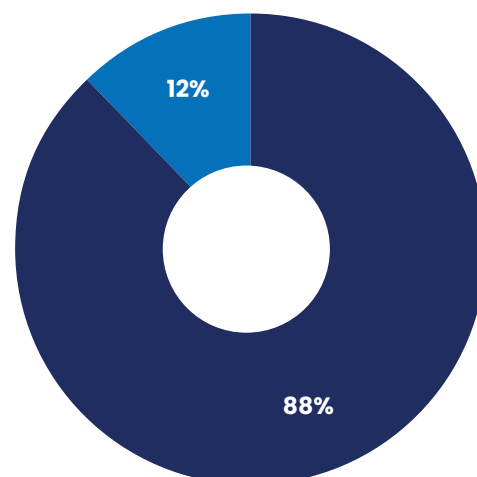
## Issuer breakdown by region

Region	2023	2022	2021
Europe	68%	62%	55%
North America	20%	24%	29%
Asia Pacific	3%	6%	10%
Emerging Markets	10%	8%	6%



## Issuer breakdown by response rate

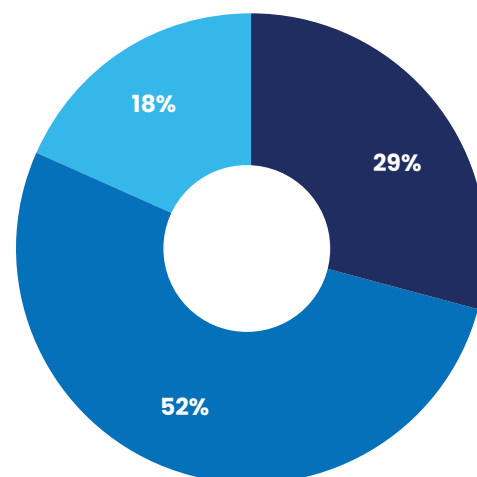
Response rate	2023	2022	2021
■ Responded	88%	70%	60%
■ Did not respond	12%	30%	40%



## Main contact channel

A total of 277 issuers responded in 2023 (versus 237 in 2022 and 167 in 2021).

Main contact channel	2023	2022	2021
■ Conference call	29%	33%	13%
■ (e-)Mail	52%	57%	85%
■ Meeting	18%	10%	2%



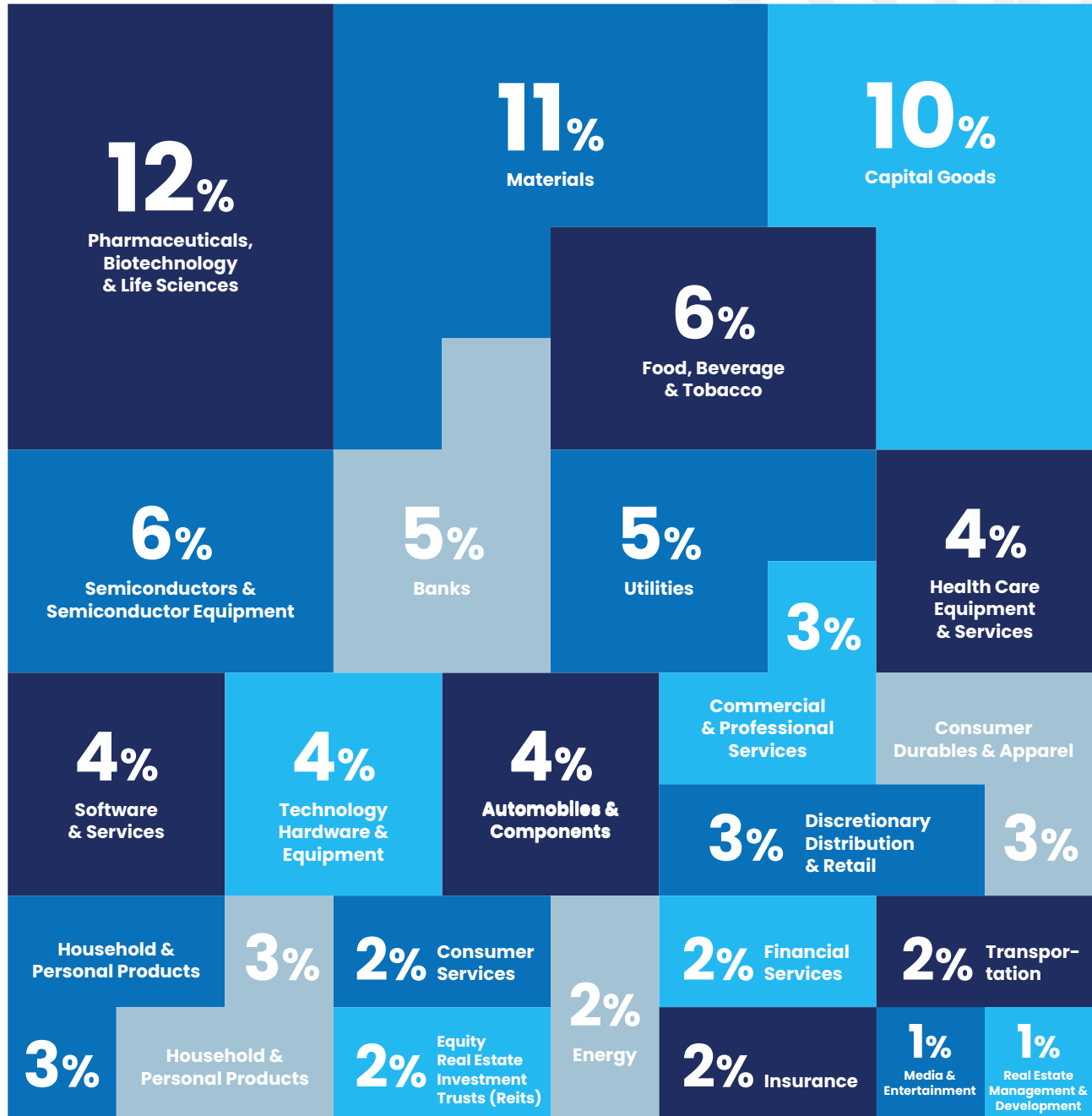
## Regional breakdown of issuers who responded

A total of 277 issuers which responded in 2023 (versus 237 in 2022 and 167 in 2021).

Region	2023	2022	2021
Europe	69%	72%	79%
North America	19%	16%	10%
Asia Pacific	3%	6%	4%
Emerging Markets	10%	7%	7%



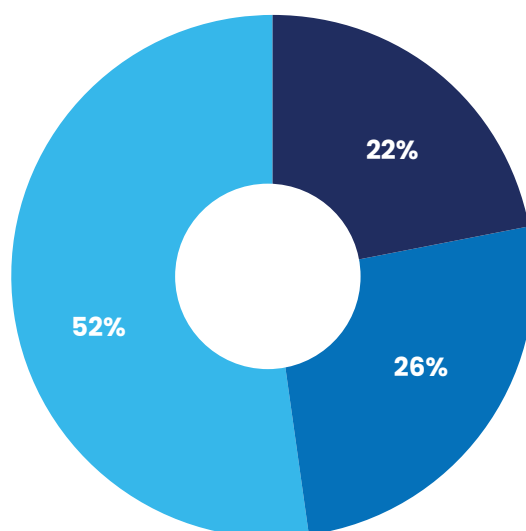
## Issuer breakdown by sector



## Direct dialogue breakdown by primary objective

A total of 382 dialogues were held in 2023 (versus 427 in 2022 and 320 in 2021).

- **Encourage improved ESG disclosure:** More transparency (public information) is demanded regarding ESG challenge(s) assumed to be material for the issuer, and on how issuer manages them.
- **Support investment-decision making:** When ESG specialists need to confirm or challenge their opinion on the issuer, for a planned ESG profile review, after a controversy, or in the framework of continuous monitoring.
- **Influence corporate practice:** When the issuer lags our expectations and we expect the issuer to review its approach (strategy, practice) over specific ESG topic(s).



## Direct dialogue breakdown by trigger

A total of 382 dialogues were held in 2023 (versus 427 in 2022 and 320 in 2021).

Trigger	2023	2022	2021*
ESG issue(r) planned review / follow-up	32%	23%	25%
Exceptional event / controversy	5%	2%	-
Pre / post AGM Engagement	15%	12%	10%
Thematic	25%	46%	-
Investment team's demand	22%	17%	65%
Client's demand	0%	0%	-

\*Note: the change in reporting format since 2022 has been made to increase granularity.



## Direct dialogues breakdown by status

As of December 2023, of a total of 382 dialogues (versus 427 in 2022 and 320 in 2021).

Status	2023	2022	2021*
<b>Closed during the year and tagged for escalation</b>	3%	<1%	38%
<b>Closed during the year</b>	72%	53%	-
<b>Continued through the year</b>	21%	39%	32%
<b>Initiated during the year</b>	4%	7%	30%

\*Note: for better information and monitoring, since 2022 we are distinguishing between two different types of dialogue closure (simple closure of dialogue and closure with escalation). Escalation becomes a possibility when the company targeted is not sufficiently responsive to our requests in spite of materiality of the topic. As detailed in both our [engagement](#) and [voting](#) policies ([Publications | Candriam](#)), for escalation after a direct dialogue, Candriam is prepared to consider one or more options. These include joining or launching a collaborative initiative, engaging with main shareholders, exercising voting rights against management and potentially pre-announcing our intentions, supporting or filling a statement or a shareholder resolution at the next AGM, and / or changing the eligibility status of the Candriam systems with potential divestment.

## Direct dialogues breakdown by thematic

Of a total of 382 dialogues in 2023 (versus 427 in 2022 and 320 in 2021).

Thematic	2023	2022	2021
<b>Environment</b>	29%	14%	12%
<b>Social</b>	29%	27%	52%
<b>Governance</b>	15%	17%	18%
<b>Overlapping ESG issues</b>	27%	42%	18%



## Share of Direct Dialogues related to our Conviction topics

Definitions and further details on our Conviction topics can be found in our [Engagement Policy](#).



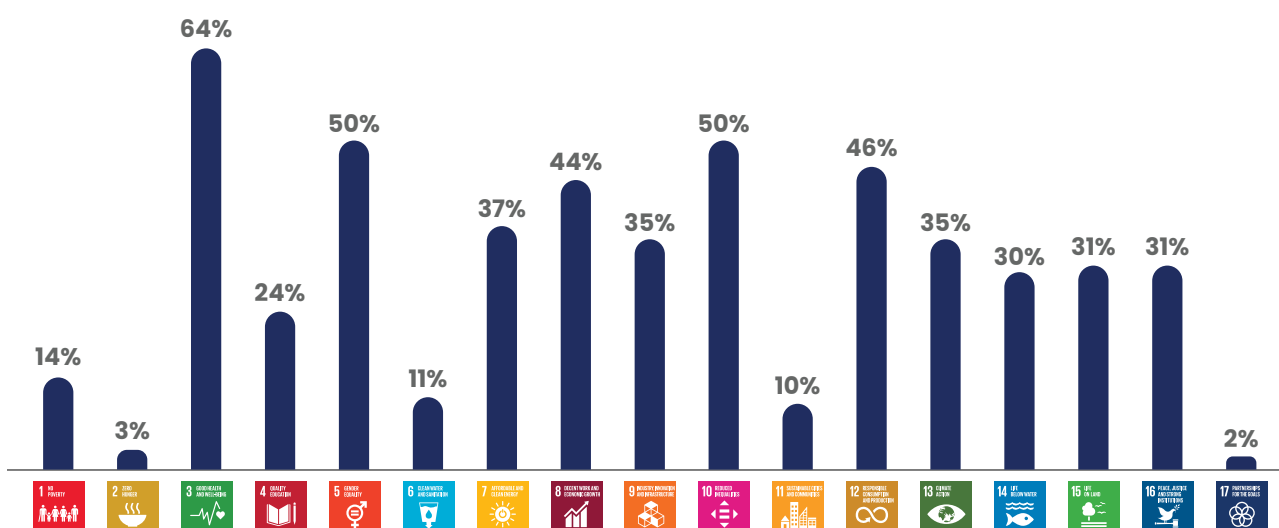
## Sustainable Development Goals and Principal Adverse Impacts

At Candriam, our priority is to continually improve our client service, by paying close attention to their needs and staying up-to-date with regulatory changes, particularly in Europe. To offer greater transparency and clarity, we've worked to

enhance our understanding of how our dialogues align with both United Nations Sustainable Development Goals<sup>1</sup> and Principal Adverse Impacts<sup>2</sup> on sustainability factors caused by issuers of securities held in our portfolios.

## Share of direct dialogues linked to each of the UN SDGs

A total of 382 direct dialogues underway during 2023.



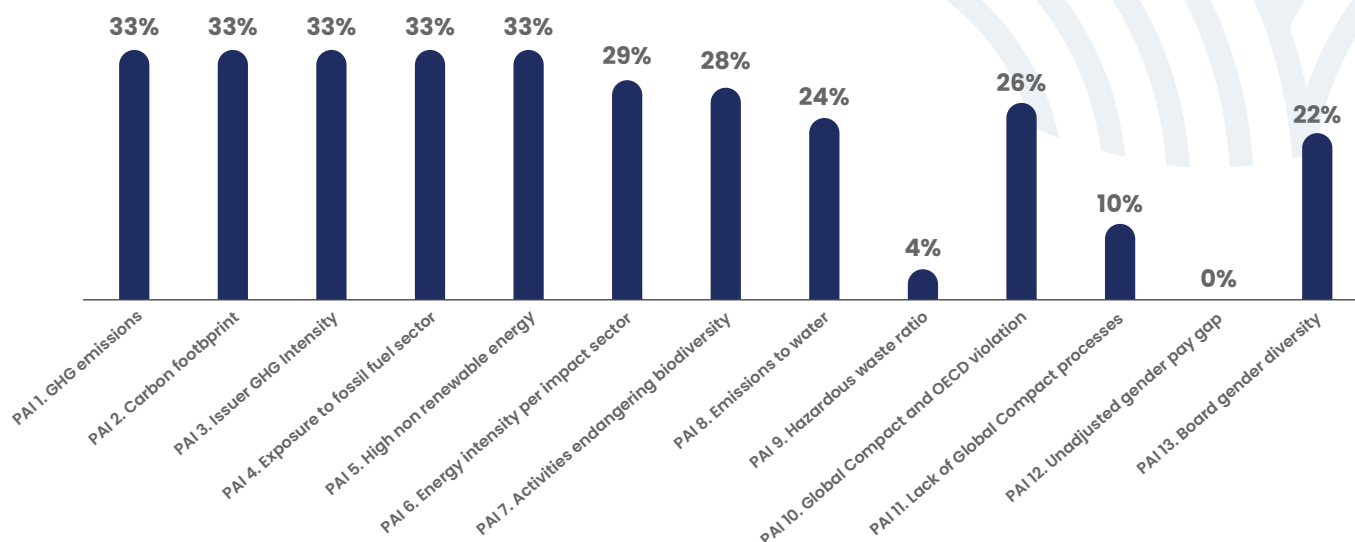
<sup>1</sup> United Nations Sustainable Development Goals (UN SDGs): for additional background information about them, please refer to the UN official website under <https://sdgs.un.org/goals>.

<sup>2</sup> 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/sfdr/>.



## Share of direct dialogues linked to the 13 first PAIs

A total of 382 direct dialogues in 2023.



## Impact on Candriam ESG opinion

The impact of an engagement is difficult to quantify given both the diversity of topics as well as the lag time between the start of engagement and the effective change at issuer level (if change was the primary objective).

We integrate our engagement activities into our investment processes. We gather data, understand best practices, and sometimes ask for change. And our investment processes are part of the determination of our engagement topics. At

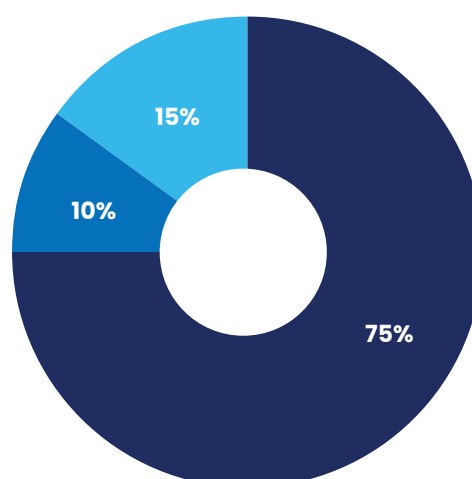
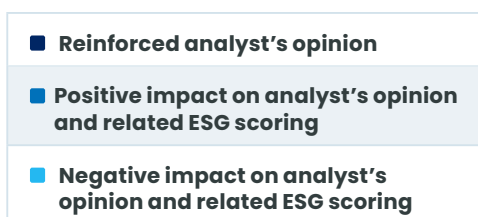
Candriam, the most direct link can be seen via the ESG opinion expressed about the issuer.

For these reasons, we measure our impact in two ways:

- First, we highlight and record the respective influence of dialogues on the opinion of the ESG analyst in charge for every dialogue closed during the year under review.
- Second, we measure the achievement of primary objectives for every dialogue closed during the year.

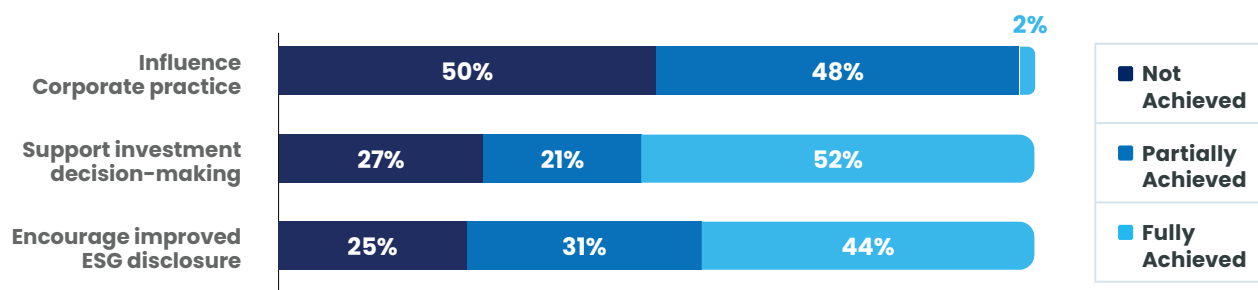
## Direct dialogue breakdown by impact on Candriam ESG opinion

A total of 288 direct dialogues were closed during 2023.



## Direct dialogue breakdown by primary objective achievement level

A total of 288 direct dialogues were closed during 2023.



Note : further details on our direct dialogues initiatives (including names of contacted corporate issuers) can be found under [2023 Details of direct dialogues](#)

## Collaborative initiatives

Candriam acts responsibly, both as an investor and as a company. We also join forces with other investors for greater leverage when calling on issuers to act responsibly. These collaborative engagements continue to increase in importance, as ESG awareness gains momentum in the financial community and as issuers face large and rising requests.

- With many data requests being similar in nature, it makes sense to increase information and transparency while rationalizing reporting costs for issuers.
- Collective initiatives can be more powerful than individual dialogues when important changes in company practices are at stake.

During 2023, **we targeted 9,385 corporate issuers through our collaborative dialogues and statements**, representing a total of 17,399 dialogues on various ESG topics across 42 initiatives.









The size of two of the initiatives supported, namely CDP and the Workforce Disclosure Initiative, overwhelms and possibly skews the presentation of our statistics. Together these two initiatives target 9,365 issuers and account for 16,329 dialogues in total. For clarity, our report systematically presents data both with and without these two initiatives. This presentation is offered in consideration of stakeholders such as UNPRI, who do not view extensive surveys as comprehensive engagement initiatives. Candriam, however, recognizes the value of these surveys despite their size and standardization, acknowledging their role in enhancing ESG transparency and contributing to the global ESG ecosystem, which currently suffers from a shortage of pertinent and precise data.

Collaborative dialogues represent 89% of Candriam AUM measured as corporate instruments (equity and bond instruments, direct lines), in funds or in mandates for which Candriam is the investment manager. Within this, corporate issuers engaged through large initiatives such as WDI and CDP represent 32%, 39% for issuers engaged through other initiatives, and 18% for non-corporate issuers.



## Candriam's sustainable commitments

Since 2006, when we became a founding signatory to the United Nations Principles for Responsible Investment, we have committed ourselves to follow these additional principles by signing the following statements:

Commitments and statements signed	Thematic	Signed in	Conviction topics
<b>Principles for Responsible Investment (PRI)</b>	ESG	2006	
<b>UNGC Call to Action on Anti-corruption</b>	G	2014	
<b>G20 Energy Efficiency Investor Statement</b>	E	2015	
<b>Montreal Carbon Pledge</b>	E	2015	
<b>Paris Pledge for Action</b>	E	2015	
<b>Investor Statement on ESG Credit ratings</b>	ESG	2017	
<b>Adhesion to Green and Social Bond Principles</b>	ES	2017	
<b>Tobacco-free Finance Pledge</b>	S	2018	
<b>The Investor Agenda</b>	E	2018	
<b>Commitment to support a Just Transition on Climate Change</b>	ESG	2018	
<b>Task Force on Climate-Related Financial Disclosures (TCFD) supporter</b>	E	2021	
<b>Net Zero Asset Managers Initiative (NZAMI)</b>	E	2021	
<b>UK Stewardship Code 2020</b>	ESG	2022 application, approved in 2023	
<b>Task Force on Nature-related Financial Disclosures (TNFD)</b>	E	2023, public information 2024	

**Focus:**

## **Task Force on Nature-related Financial Disclosures (TNFD)**

*One of our new commitments  
added in 2023*

**Type:**

Collaborative statement

**Candriam role:**

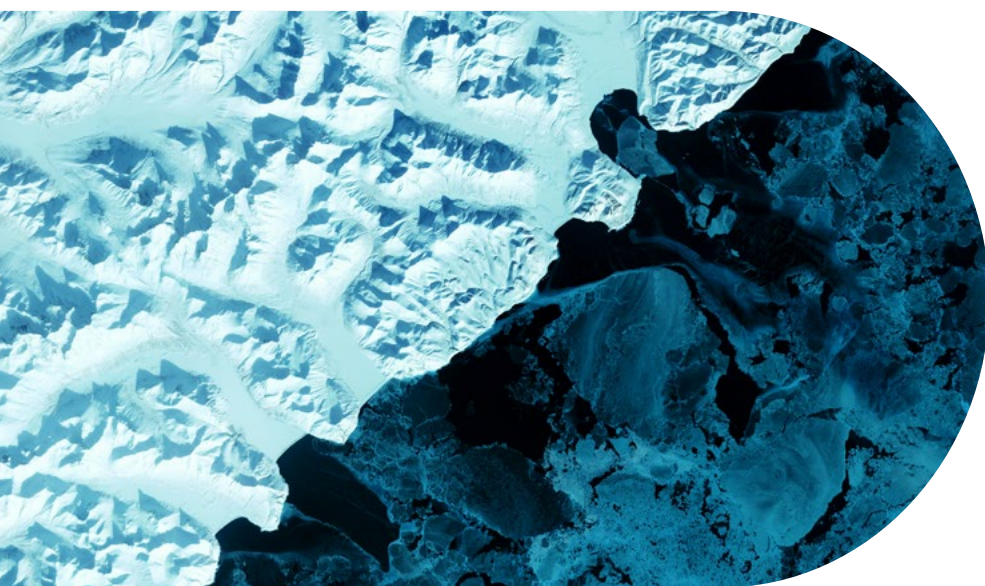
Lead

**Initiative trigger:**

Candriam strategic decision

**Description:**

We publicly offer our early support to TNFD. It is a global initiative uniting a wide array of businesses of all sizes and across various sectors, including numerous financial institutions. This initiative draws its inspiration from the success of the Task Force on Climate-related Financial Disclosures (TCFD) and extends the focus to encompass the broader spectrum of natural resources and ecosystems.





## Collaborative initiatives

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>	Conviction topics
<b>Access to Medicine</b> <i>Collaborative Dialogue</i>	S	2010	Mix of support <i>Thematic</i>	
<b>Sustainable Stock Exchanges</b> <i>Collaborative Dialogue</i>		2010	Passive support <i>Thematic</i>	
<b>Fiduciary Duty In the 21st Century Statement</b> <i>Collaborative Statement</i>		2017	Passive support <i>Thematic</i>	
<b>Climate Action 100+</b> <i>Collaborative Dialogue</i>	E	2017	Mix of support <i>Thematic</i>	
<b>Plastic Solutions Investor Alliance</b> <i>Collaborative Statement</i>	ES	2018	Mix of support <i>Thematic</i>	
<b>Investor Expectations Statement on Sustainable Palm Oil</b> <i>Collaborative Statement</i>		2018	Passive support <i>Thematic</i>	
<b>Open Letter to Index Providers on Controversial Weapons Exclusions</b> <i>Collaborative Statement</i>		2018	Passive support <i>Thematic</i>	
<b>Making Finance Work for People and Planet</b> <i>Collaborative Statement</i>		2019	Passive support <i>Thematic</i>	
<b>Investor Mining and Tailings Safety Initiative</b> <i>Collaborative Dialogue</i>	ES	2019	Passive support <i>Thematic</i>	
<b>Investor Statement on Turkmen Cotton (Responsible Sourcing Network)</b> <i>Collaborative Statement</i>		2019	Passive support <i>Thematic</i>	
<b>Investor Statement on Deforestation and Forest Fires in the Amazon</b> <i>Collaborative Statement</i>		2019	<i>Thematic</i>	
<b>CA100 related: Paris Aligned Accounting</b> <i>Collaborative Dialogue</i>	E	2019	Mix of support <i>Thematic</i>	
<b>CHRB – Investor statement calling on companies to improve Human Rights performance 2020–22</b> <i>Collaborative Dialogue</i>	S	2020	Mix of support <i>Thematic</i>	 
<b>Teleperformance: Duty of Vigilance Law &amp; related concerns</b> <i>Collaborative Dialogue</i>	S	2020	Lead <i>Exceptional event/Controversy</i>	 
<b>Investors Policy Dialogue on Deforestation</b> <i>Collaborative Dialogue</i>	E	2020	Active Support <i>Thematic</i>	

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>	Conviction topics
<b>Marine Microplastic Pollution</b> <i>Collaborative Dialogue</i>	E	2020	Mix of support <i>Thematic</i>	
<b>Collaborative Engagement on Uyghurs Slave Labour in the Supply Chain</b> <i>Collaborative Dialogue</i>	S	2020	Mix of support <i>Exceptional event/ Controversy</i>	
<b>Access to Nutrition Index 2021 – 2023</b> <i>Collaborative Dialogue</i>	S	2021 <b>Renewal</b>	Mix of support <i>Thematic</i>	
<b>BBFAW Investor Collaboration on Farm Animal Welfare 2021–24</b> <i>Collaborative Dialogue</i>	E	2021 <b>Renewal</b>	Passive support <i>Thematic</i>	
<b>2021–22 Kingspan Governance Structure Engagement</b> <i>Collaborative Dialogue</i>	SG	2021	Lead <i>Pre/post AGM Engagement</i>	
<b>Global Banks Climate Change &amp; Biodiversity</b> <i>Collaborative Dialogue</i>	E	2021	Mix of support <i>Thematic</i>	
<b>Corporate Accountability for Digital Rights 2021–22</b> <i>Collaborative Dialogue</i>	S	2021 <b>Renewal</b>	Mix of support <i>Thematic</i>	
<b>Investor Engagement on Facial Recognition 2021</b> <i>Collaborative Dialogue</i>	S	2021	Active Support <i>Thematic</i>	
<b>FAIRR: Where's the Beef Statement</b> <i>Collaborative Statement</i>	E	2021	Passive Support <i>Thematic</i>	
<b>IIGCC Investor Position Statement: Voting on Transition Planning</b> <i>Collaborative Statement</i>		2021	<i>Thematic</i>	
<b>Net Zero Proxy Advice: IIGCC Investors Letter to Proxy Advisors</b> <i>Collaborative Statement</i>	E	2021	Passive Support <i>Thematic</i>	
<b>Healthy Market Initiative</b> <i>Collaborative Dialogue</i>	SG	2021	Active Support <i>Thematic</i>	
<b>Investor Letter: Linking Access to Vaccine with Pharmaceuticals' Executives' Remuneration</b> <i>Collaborative Dialogue</i>	SG	2021	Mix of support <i>Thematic</i>	
<b>2022 IIGCC/CERES Banks Engagement</b> <i>Collaborative Dialogue</i>	E	2022	Mix of support <i>Thematic</i>	
<b>2022 Letter to Starbucks on Worker Representation</b> <i>Collaborative Dialogue</i>	S	2022	Passive Support <i>Exceptional event/ Controversy</i>	

Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>	Conviction topics
<b>Investor Initiative on Responsible Care – UNI Global led</b> <i>Collaborative Dialogue</i>	S	2022	Mix of Support <i>Exceptional event/ Controversy</i>	
<b>2022 PRI–Coordinated Collaborative Sovereign Engagement on Climate Change: Australian Pilot</b> <i>Collaborative Dialogue</i>	E	2022	Active Support <i>Thematic</i>	
<b>2022 UNPRI Tax Reference Group</b> <i>Collaborative Dialogue</i>	S	2022	Mix of support <i>Thematic</i>	
<b>2022 Global Investor Statement to Governments on the Climate Crisis</b> <i>Collaborative Statement</i>	ES	2021 <b>Renewal</b>	Passive Support <i>Thematic</i>	
<b>30% Club France</b> <i>Collaborative Dialogue</i>	SG	2022	Mix of support <i>Thematic</i>	
<b>WBA Investor Engagement on Ethical AI</b> <i>Collaborative Dialogue</i>	ESG	2022	Mix of support <i>Thematic</i>	
<b>FAIRR Biodiversity : Waste &amp; Pollution</b> <i>Collaborative Dialogue</i>	E	2022	Mix of support <i>Thematic</i>	
<b>2022 PRI Advance: Human Rights</b> <i>Collaborative Dialogue</i>	S	2022	Mix of support <i>Thematic</i>	
<b>2023 BFF Bank SpA: Collaborative Engagement on Remuneration</b> <i>Collaborative Dialogue</i>	SG	2022	Lead	
<b>2023 Big Tech and Human Rights</b> <i>Collaborative Dialogue</i>	S	2023 <b>New</b>	Mix of support <i>Thematic</i>	
<b>30% Club Germany</b> <i>Collaborative Dialogue</i>		2023 <b>New</b>	Mix of support <i>Investment team request</i>	
<b>Animal Welfare: Investors’ Letter to the EU</b> <i>Collaborative Statement</i>	E	2023 <b>New</b>	Passive Support <i>Thematic</i>	
<b>Breast Milk Substitute Marketing: Abbott Lab</b> <i>Collaborative Statement</i>	SG	2023 <b>New</b>	Passive support <i>Exceptional event/ Controversy</i>	
<b>CDP Climate, Forest &amp; Water 2023</b> <i>Collaborative Dialogue</i>	E	2023 <b>Renewal</b>	Mix of support <i>Thematic</i>	

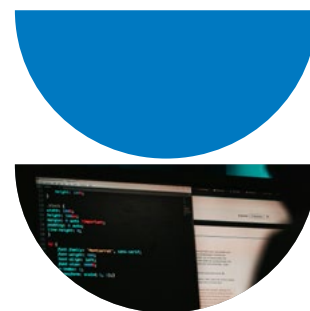


Initiative name <i>Type</i>	Thematic	Joined/ Renewed in	Candriam role <i>Initiative trigger</i>	Conviction topics
<b>Enhancing Legal Framework Say-on-Climate and Shareholder Resolutions</b> <i>Collaborative Dialogue</i>	ESG	2023 <b>New</b>	Passive support <i>Exceptional event/ Controversy</i>	
<b>Eurosif, PRI, IIGCC, EFAMA, UNEP FI: Joint Statement on ESRs</b> <i>Collaborative Statement</i>		2023 <b>New</b>	Passive Support <i>Strategic decision</i>	
<b>FIR: Forced Labour and Child Labour Engagement</b> <i>Collaborative Dialogue</i>	S	2023 <b>New</b>	Active Support <i>Investment team request</i>	
<b>Intesa Sanpaolo's Thermal Coal policy</b> <i>Collaborative Dialogue</i>	E	2023 <b>New</b>	Active Support <i>Thematic</i>	
<b>Investor Letter to Nike on Wages Owed to Workers</b> <i>Collaborative Statement</i>	S	2023 <b>New</b>	Passive Support <i>Exceptional event/ Controversy</i>	
<b>Investor Letter to NXP Semi on links to Russia weapons systems</b> <i>Collaborative Statement</i>	S	2023 <b>New</b>	Active Support <i>Exceptional event/ Controversy</i>	
<b>Investor statement on Tobacco Control</b> <i>Collaborative Statement</i>	S	2023 <b>New</b>	Passive Support <i>Thematic</i>	
<b>Nature Action 100</b> <i>Collaborative Dialogue</i>	E	2023 <b>New</b>	Mix of support <i>Thematic</i>	
<b>Plastic Solutions Investor Alliance : Petrochemicals</b> <i>Collaborative Dialogue</i>	E	2023 <b>New</b>	Active Support <i>Thematic</i>	
<b>PRI Nature Reference Group</b> <i>Collaborative Dialogue</i>		2023 <b>New</b>	Active Support <i>Thematic</i>	
<b>Telecom Italia: Delaying Plan</b> <i>Collaborative Dialogue</i>	G	2023 <b>New</b>	Mix of support <i>Exceptional event/ Controversy</i>	
<b>VBDO: Investor call to Reduce Plastic</b> <i>Collaborative Statement</i>	E	2023 <b>New</b>	Active Support <i>Thematic</i>	
<b>VBDO: Plastic Engagement</b> <i>Collaborative Dialogue</i>	E	2023 <b>New</b>	Mix of support <i>Thematic</i>	
<b>Workforce Disclosure Initiative 2023</b> <i>Collaborative Dialogue</i>	S	2023 <b>Renewal</b>	Mix of support <i>Thematic</i>	



## New initiatives – summaries

Throughout 2023, we engaged in 17 new collaborative dialogues and statements. Our resource allocation remains guided by our enduring priorities established in 2015: **Energy Transition**, **Fair Work Conditions**, and **Business Ethics**. We assess the potential for value addition to our investment process or meaningful impact on the subject matter when prioritizing our engagements. Here, we provide an overview of the initiatives joined during the year.






**Energy Transition**



**Fair Work Conditions**



**Business Ethics**

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>2023 Big Tech and Human Rights</b>	Collaborative dialogue	Mix of support	Thematic	  



**PAIs: 10. Global Compact and OECD violation**

This investor collaboration engages selected big tech companies on their Human Rights and societal risks and impacts. This three-year initiative is led by the Council on Ethics of the Swedish national pension funds.

The primary goal is to encourage tech companies to take concrete measures to strengthen their approach to operational and systemic human rights risks and impacts pertaining to their products and services as well as reporting on the related challenges and activities more transparently. The Initiative focuses on influencing corporate practices regarding:

- Content (misinformation, hate speech and electoral interference and its impact on the society);
- Corporate culture and structures (how human rights considerations are integrated in company culture and operations);
- Access to remedy for rights holders;
- Corporate interactions with authorities and regulators (including lobbying).



Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>30% Club Germany</b>	Collaborative dialogue	Mix of support	Investment Team demand	N/A

The 30% Club is a global campaign to take action to increase gender diversity at board and senior management levels. The campaign launched in the UK in 2010 when there were just 12% of women on the FTSE 100 boards. The Club believes that gender balance on boards and senior management not only encourages better leadership and governance, but diversity and inclusion further contribute to overall board performance and ultimately increased corporate performance for companies and their shareholders.

The German government has committed to increasing the proportion of women on supervisory boards to 30% by 2030 and introduced a law requiring companies to appoint at least one woman to the management board. Yet this regulation does not apply to all DAX-listed companies and

we would expect it to take time to drive significant and sustainable change.

As of September 2022, women accounted for an average of 34% on the supervisory boards of the 160 largest German companies. However, only 14% of management board members on average were women and 5% had a female CEO.

In light of these considerations, 30% Club Germany Investor Group starts a business campaign aiming to boost the number of women in board seats and executive leadership of DAX40 and MDAX companies in Germany across various sectors.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Animal Welfare: Investors' Letter to the European Union</b>	Collaborative statement	Passive support	Thematic	N/A



Intensive animal agriculture creates risks for society as well as long-term investment risks. Some farms depend on subsidies for up to 90% of their profits, while factory farming creates negative externalities for the local communities, the environment and for the animals raised for food. Poor animal welfare is inherent in intensive livestock systems that rely on antimicrobials to perpetuate high stocking densities, as well as routine mutilations, fast breeding and high-stress environments. Aside from poor animal welfare, these production systems pose risks to public health through promoting antimicrobial resistance and zoonotic diseases. A comprehensive assessment of these risks is necessary for future-proofing the EU food system and guiding sustainable investments.


It is essential to ensure that the EU regulatory framework accommodates growing concern by consumers, as well as stakeholders for animal welfare and sustainable production models, without creating unfair competition for companies

that choose to act in accordance with consumer expectations. The current revision of the animal welfare legislation presents a unique opportunity to raise standards for animals and respond to citizens' continuing demands to significantly improve animal welfare in the EU.

The letter calls for an overarching and ambitious review of animal welfare standards, to include:

- Higher on-farm animal welfare standards
- The prohibition of caged systems
- A full ban on the routine mutilation of animals
- The lowering of stocking densities and outdoor access, when possible
- The provision of adequate enrichment requirements.

Crucially, these measures would also lead to a decrease in the use of antibiotics and a lower likelihood that EU food production systems will contribute to a new public health crisis.


Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Breast Milk Substitute Marketing: Abbott Lab</b>	Collaborative statement	Passive support	Exceptional event/ Controversy	



#### PAI 11. Lack of Global Compact processes

Initiated by CCLA Investment Management due to concerns regarding the company's response to the controversy related to its infant formula products that began early this year. Some have found it difficult to engage Abbott on this topic in the past two years. The letter includes two asks related to BMS/CF Marketing, i.e.:

- That Abbott commits to increase its score in the Access to Nutrition BMS/CF Marketing Index, with a target of 35% in 2025 (thereby reverting to its 2018 score) and >50% by 2027.
- A commitment to score >50% in both 'Corporate Profile' and 'In-country assessment', ensuring that progress is made on implementation as well as policy.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Enhancing Legal Framework Say-on-Climate and Shareholder Resolutions</b>	Collaborative dialogue	Passive support	Exceptional event/ Controversy	



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

A continuation of our efforts on Say-on-Climate in France, which took a new dimension in 2022 with the work done on the TotalEnergies campaign. Under the initiative of PhiTrust, a formal letter was addressed to the French authorities responsible, calling for an enhancement of the French legislation surrounding both the filing of shareholder proposals and of Say-on-Climate.

It was followed by another letter, coordinated by the French SIF, and supporting similar changes.

Submitting a proposal in France is a shareholder right that is hard to effect, as the legal framework is very restrictive. The share ownership threshold is 0.5%, which considerably limits the number of shareholders that can file proposals in a large-capitalization company, or substantially complicate the coordination of the co-filing process (as a large number of

investors will need to coordinate). Further, the timeframe is very restrictive. An unsupportive management can deny shareholder rights with no consequence.


Shareholder dialogue on climate issues suffers from an efficiency problem in France. The transition plans published by the companies are still incomplete: companies, even those addressing the topic, do not yet provide enough information and/or are not specific enough to allow shareholders to form an opinion on their climate ambitions. The CSRD directive should gradually fill this gap, but until then, corporate climate transparency remains insufficient and improvement is slow.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>EuroSIF, PRI, IIGCC, EFAMA, UNEP FI: Joint Statement on ESRS</b>	Collaborative statement	Passive support	Candriam Strategic Decision	N/A

This statement aims to contribute to the ongoing consultation initiated by the European Commission regarding its inaugural delegated Act. This Act serves to refine the initial set of EU Sustainability Reporting Standards (ESRS) proposed by the European Financial Reporting Advisory Group (EFRAG) in November 2022. The EFRAG's recommendations were the culmination of an extensive three-year process of stakeholder engagement and consultation.

The recent proposal put forth by the Commission diverges from EFRAG's November 2022 proposal on several fronts. The primary variance lies in the shift from mandatory disclosure of certain items to making them contingent upon the results of materiality assessments conducted by the entities involved.

*Candriam and other asset managers and actors within the financial community need get access to investee and other data to be able to report on our own impact / exposure (SFDR). We have thus decided voice our concerns on what we consider as a rollback of ambition.*

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>FIR: Forced Labour and Child Labour Engagement</b>	Collaborative dialogue	Active support	Investment Team demand	



#### PAI 10. Global Compact and OECD violation


The 'Forum pour l'Investissement Responsable' (FIR) has formed a coalition with ten of its investor members, representing more than € 3.1 trillion in assets under management, to support the fight against forced labour and child labour around the world.

The commitment is based on a methodology for evaluating companies developed by the NGO 'Ressources Humaines Sans Frontières' (RHSF).

The objective is to establish vigilance over the entire value chain of products or services up to the countries of origin, and to map and identify risks in the different activities in order to evaluate and address the segments of the market that are most at risk.

Ten French companies from sectors considered to be high-stakes on this issue (Food, Automotive, Consumer Discretionary, Construction, Hospitality, Industries and Utilities) have been selected by the investors to engage in a constructive dialogue.

This dialogue will aim to better understand the risks of forced labour and child labour in the value chain of these companies and to support them in managing these risks.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Intesa Sanpaolo's Thermal Coal Policy</b>	Collaborative dialogue	Active support	Thematic	



**PAI 1. GHG emissions**  
**PAI 2. Carbon footprint**  
**PAI 3. Issuer GHG Intensity**  
**PAI 4. Exposure to fossil fuel sector**  
**PAI 5. High non-renewable energy**  
**PAI 6. Energy intensity per impact sector**  
**PAI 10. Global Compact and OECD violation**

Intesa Sanpaolo updated its thermal coal policy in July 2021, with mixed outcomes. Although the group now commits to immediately cease financing coal power plant developers and to phase out financing of coal mining by 2025, some essential exclusions are missing.

First, there is no exclusion regarding general purpose financing to thermal coal mine developers.

Second, this updated policy allows Intesa Sanpaolo to service more coal power generation companies in Europe and the OECD for a longer period of time. Indeed, immediate exclusion thresholds (30% in OECD countries and 50% worldwide) for coal-fired power plants have been replaced by a unique threshold (35%) that will apply only from 2030 onwards. As a result, Intesa Sanpaolo lags significantly behind 71 financial institutions that have already adopted a corporate exclusion threshold of 20% or less (coal share of revenues or power generation) for coal power companies<sup>1</sup>.

Third, the 2025 phase-out deadline does not apply to coal power, only to coal mining. Intesa Sanpaolo lags behind 78 financial institutions that have now committed to fully phase out all financial services to the coal industry by 2030 in Europe/OECD and 2040 everywhere else. Finally, Intesa Sanpaolo's coal policy suffers from a restricted scope. The bank policy applies to lending and advisory services, but does not cover investment activities and securities underwriting.

As one of the largest banks both in Europe and globally, Intesa Sanpaolo has an important responsibility and role to play in financing the transition towards a low-carbon and resilient economy. We also believe it is in the best interests of both Intesa Sanpaolo and its shareholders interest to raise the group's climate ambition to the level of its peers.


As investors who are committed to contribute effectively to a low-carbon and just transition, we urge Intesa Sanpaolo to tighten its coal policy and to publicly share it policies in their entirety, in order to:

- Exclude general purpose financing to coal mine developers
- Adopt an immediate and more stringent threshold definition for the exclusion of coal power generation companies
- Detail a comprehensive strategy to fully exit coal at the latest by 2030 in Europe/OECD countries, and 2040 worldwide
- Cover all financial services, including investments and securities underwriting



<sup>1</sup> Intesa Sanpaolo [press release](#), 27 July 2021, accessed 25 March, 2024.



Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Investor letter to Nike on Wages Owed to Workers</b>	Collaborative statement	Passive support	Exceptional event/ Controversy	



#### PAI 10. Global Compact and OECD violation

The investor letter, led by ABN Amro and CCLA Investment Management, describes two cases of labour violations, where garment workers employed by Nike's largest international supplier, the Ramatex Group and the Hong Seng Knitting Group (that has a joint venture with the Ramatex Group) were not paid legally owed wages and benefits in full in 2020, amounting to a collective \$2.2 million owed to more than

4,500 garment workers in Cambodia and Thailand<sup>1</sup>.

The issue highlights clear due diligence and monitoring failure from Nike and urges the need for the company to put pressure on its suppliers to remedy the issue. It was drafted by a coalition of investors after consultation with NGOs and unions.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Investor Letter to NXP Semi on Links to Russia Weapons Systems</b>	Collaborative statement	Active support	Exceptional event/ Controversy	



#### PAI 10. Global Compact and OECD violation PAI 14. Controversial Weapons Exposure

Given the significant human rights concerns and material risks – ranging from legal and regulatory to operational – linked to the utilization of NXP's products in Russian weaponry, this investor letter urges the company to explore the

establishment and implementation of a comprehensive know-your-customer due diligence procedure that surpasses mere adherence to sanctions and export control regulations.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Investor Statement on Tobacco Control</b>	Collaborative statement	Passive support	Thematic	N/A




Ambition of this investor statement (coordinated by Achmea and the Tobacco Free Finance Pledge) is to call on UN member states to sign, ratify and implement the WHO Framework Convention on Tobacco Control and to signal that tobacco control makes sense from a health, as well as a financial point of view.

The investor statement will be launched alongside the UN General Assembly on the 19th /20th of September and will also be the foundation for subsequent sovereign engagement to which Candriam won't take part.

Main target counties are the ones which signed but did not ratify the convention.

<sup>1</sup> Worker Rights Consortium, June 2023. [Failure to Pay Terminal Benefits at Violet Apparel \(Cambodia\) Co., Ltd.](#) accessed 25 March 2024.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Nature Action 100</b>	Collaborative dialogue	Mix of support	Thematic	



**PAI 7. Activities endangering biodiversity**  
**PAI 10. Global Compact and OECD violation**

Nature Action 100 is a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss.


The initiative engages companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. It was conceived by a group of institutional investors known as the Launching Investor Group. The initiative's Secretariat and Corporate Engagement Working Group is co-led by Ceres and the Institutional Investors Group on Climate Change (IIGCC), and the initiative's Technical Advisory Group is co-led by the Finance for Biodiversity Foundation and Planet Tracker.

Investors are calling on companies to take action related to six areas:

- **Ambition:** *Publicly commit* to minimize contributions to key drivers of nature loss and to conserve and restore ecosystems at the operational level and throughout value chains by 2030.
- **Assessment:** *Assess and publicly disclose* nature-related dependencies, impacts, risks, and opportunities at the

operational level and throughout value chains.

- **Targets:** *Set time-bound, context-specific, science-based targets* informed by risk assessments on nature-related dependencies, impacts, risks and opportunities. Disclose annual progress against targets.
- **Implementation:** Develop a company-wide plan on how to achieve targets. The design and implementation of the plan should prioritize rights-based approaches and be developed in collaboration with Indigenous Peoples and local communities when they are affected. Disclose annual progress against the plan.
- **Governance:** Establish Board oversight and disclose management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities.
- **Engagement:** Engage with external parties including actors throughout value chains, trade associations, policy makers, and other stakeholders to create an enabling environment for implementing the plan and achieving targets.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Plastic Solutions Investor Alliance: Petrochemicals</b>	Collaborative dialogue	Active support	Thematic	



**PAI 7. Activities endangering biodiversity**  
**PAI 10. Global Compact and OECD violation**

'As You Sow' is coordinating shareholder engagements with a first set of targets, namely four U.S. petrochemicals companies -- Chevron, Dow, ExxonMobil and Phillips66 -- asking them to study the impact on their business of the expected drop in plastic demand that will be necessary to cut plastic pollution 80% by 2040, and to disclose essential safety and process efficiency data associated with risky chemical recycling technologies. These four companies are the leading producers of plastic resins bound for single-use applications, according to Minderoo Foundation research.

This is also the continuity of resolutions they filed in 2022 and 2023 at these same companies and that gathered great support from investors (Candriam supported these).

The core goal is to analyze the impact on the company of a one-third cut in demand for single-use plastic by 2040, along with disclosure of information about the recycling technologies.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>PRI Nature Reference Group</b>	Collaborative dialogue	Active support	Thematic	N/A



#### PAI 7. Activities endangering biodiversity

The Nature Reference Group is a voluntary body, consisting of PRI signatories. The Nature Reference Group will:

- Advance signatory awareness of nature-related impacts, dependencies, risks and opportunities surrounding their investment activities, as well as their importance in pursuing credible net zero targets.
- Build investor capacity to address biodiversity loss and other nature-related risks, in line with global sustainability goals, including the Kunming-Montréal Global Biodiversity

Framework (e.g., sharing investor practices and their experiences with tools, disclosure frameworks, and initiatives; inputting into the development of PRI guidance that further supports investors).

- Support investors to integrate nature-related risks and opportunities in their investment practices and policies, and support investors to use relevant tools and frameworks.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>Telecom Italia: Delaying Plan</b>	Collaborative dialogue	Mix of support	Exceptional event/ Controversy	N/A

Assogestioni's Investors Committee arranged an investor call with the company where investors shared their remarks on

the delaying (divestiture) plan of the company and the bidding process.

Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>VBDO: Investor Call to Reduce Plastic</b>	Collaborative statement	Active support	Thematic	N/A



#### PAI 7. Activities endangering biodiversity

Each part of the plastics lifecycle poses a serious and growing threat to the environment, climate, biodiversity, human rights and public health. Research underscoring the gravity of these impacts continues to accumulate, but the picture is already clear: intensive production and use of plastics is causing great damage to the health of people and planet, with scientists concluding that "clean-up is futile" if production continues at current rates.

As investors and their representatives, we believe that companies must set their sights higher and act more swiftly to address the plastics crisis through reducing dependence on single-use plastic packaging, working to bring production and consumption of plastics within the limits of the planetary boundaries and alignment with the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. This statement is directed in particular at companies in the fast-moving consumer goods and grocery retail sectors.



Initiative name	Type	Candriam role	Initiative trigger	Conviction topics
<b>VBDO: Plastic Engagement</b>	Collaborative dialogue	Mix of support	Thematic	N/A



**PAI 7. Activities endangering biodiversity**

After the statement we signed in May 2023, the initiative is a targeted shortlist of companies to invited to follow up discussions with the signatory investors.





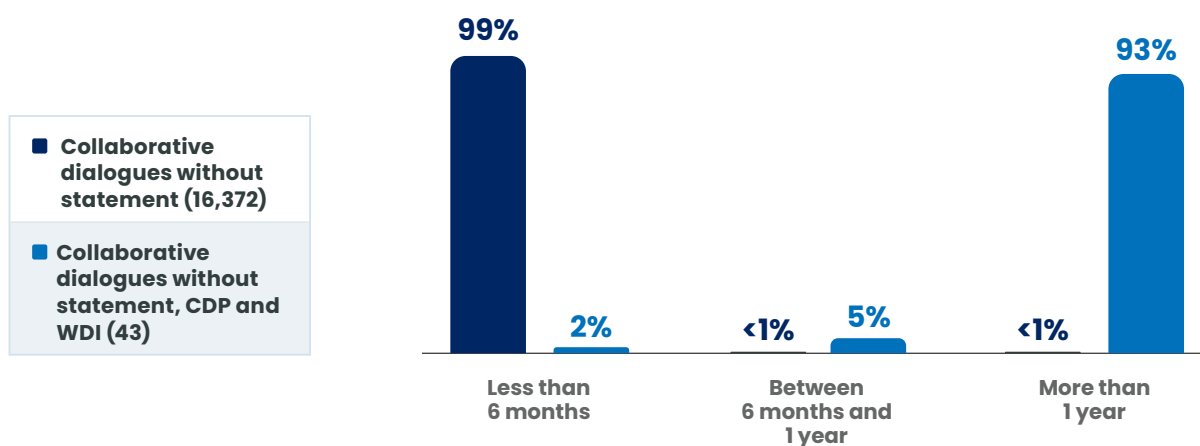
# Collaborative statistics.

Top-down view of our collaborative dialogues with corporate issuers. For these statistics, 'dialogue' means attempt to exchange with, or effective exchanges with, issuers on Environmental, Social and Governance (ESG) factors.

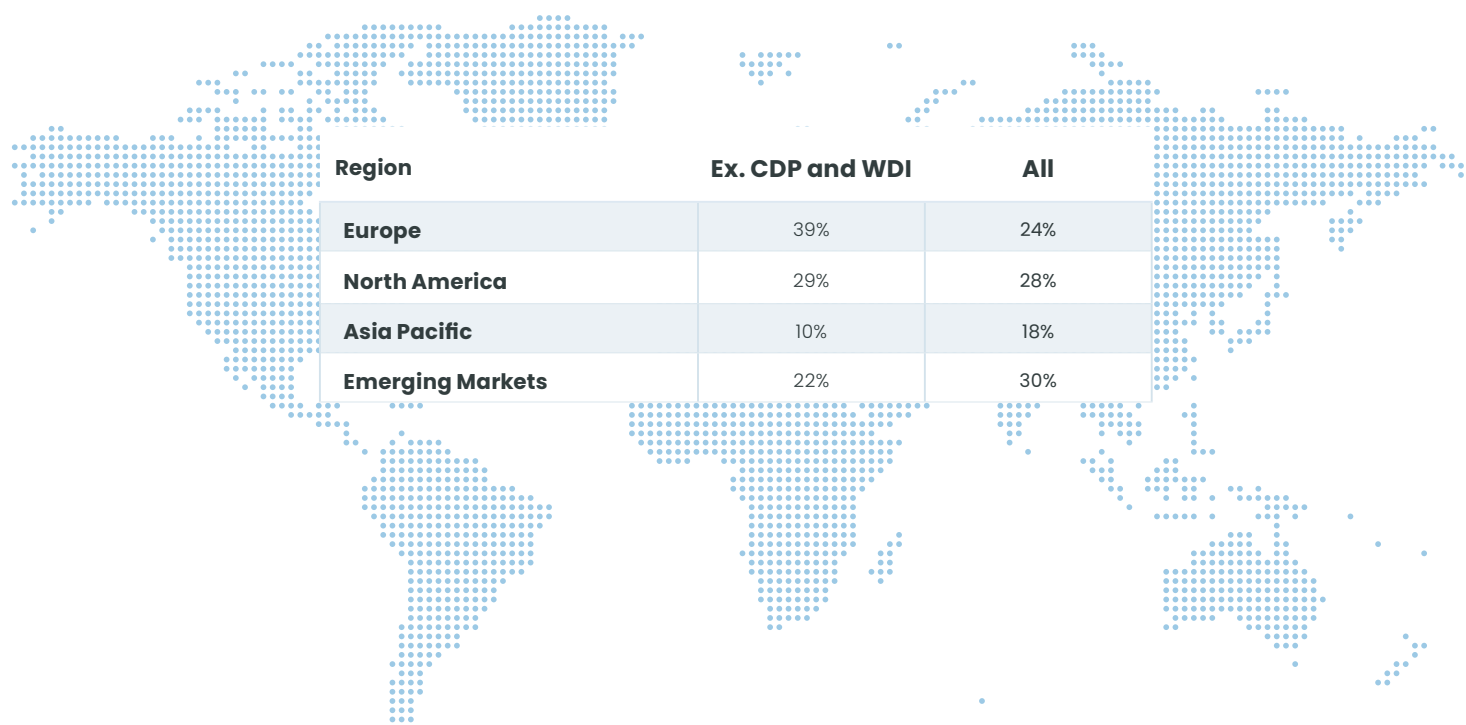


## Duration of collaborative dialogues

Collaborative dialogues closed in 2023

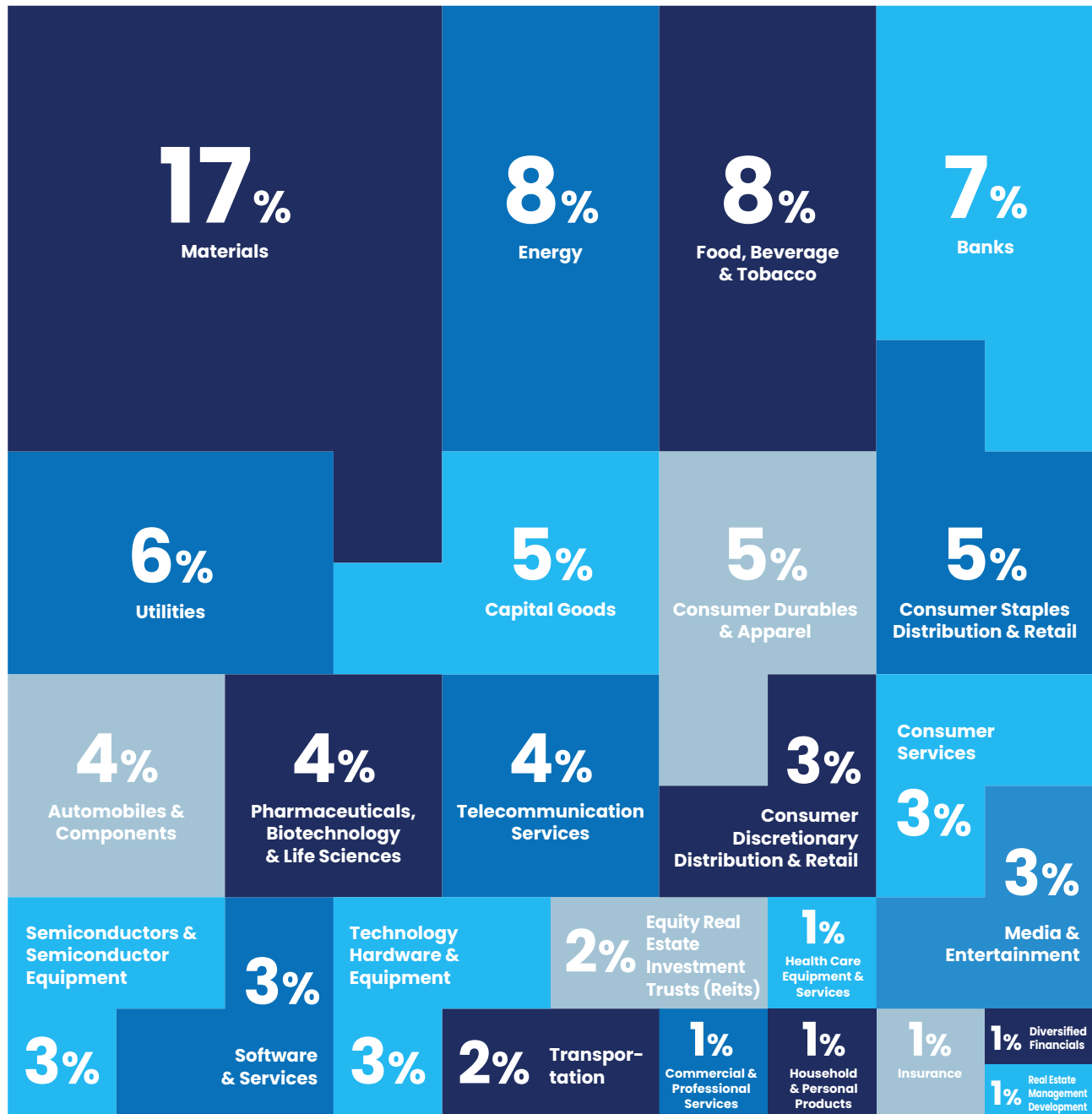


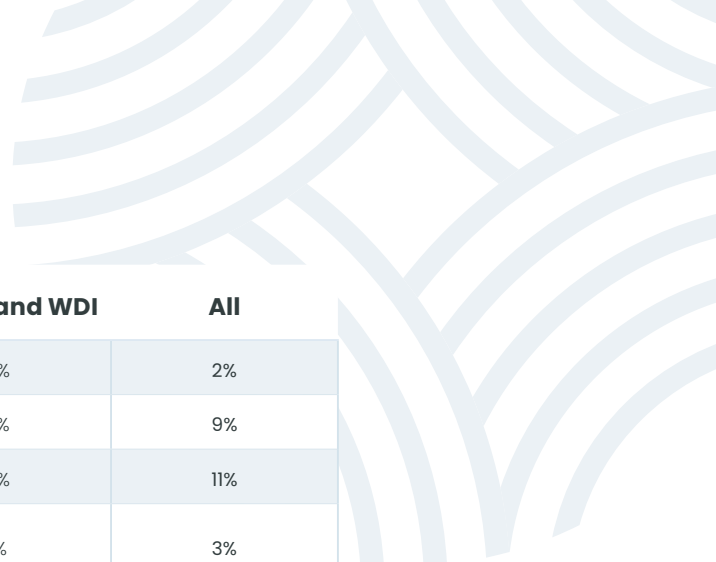
## Issuer breakdown by region



## Issuer breakdown by sector

These figures apply to a total of 697 corporate issuers targeted by a collaborative dialogue in 2023 other than those of CDP or WDI.





Sector	Ex. CDP and WDI	All
Automobiles & Components	4%	2%
Banks	7%	9%
Capital Goods	5%	11%
Commercial & Professional Services	1%	3%
Consumer Discretionary Distribution & Retail	3%	4%
Consumer Durables & Apparel	5%	3%
Consumer Services	3%	3%
Consumer Staples Distribution & Retail	5%	2%
Diversified Financials	1%	1%
Energy	8%	4%
Equity Real Estate Investment Trusts (Reits)	2%	4%
Financials	0%	0%
Food, Beverage & Tobacco	8%	5%
Health Care Equipment & Services	1%	4%
Household & Personal Products	1%	1%
Insurance	1%	2%
Materials	17%	10%
Media & Entertainment	3%	3%
Pharmaceuticals, Biotechnology & Life Sciences	4%	6%
Real Estate	0%	0%
Real Estate Management & Development	1%	3%
Semiconductors & Semiconductor Equipment	3%	2%
Software & Services	3%	5%
Technology Hardware & Equipment	3%	4%
Telecommunication Services	4%	2%
Transportation	2%	3%
Utilities	6%	4%

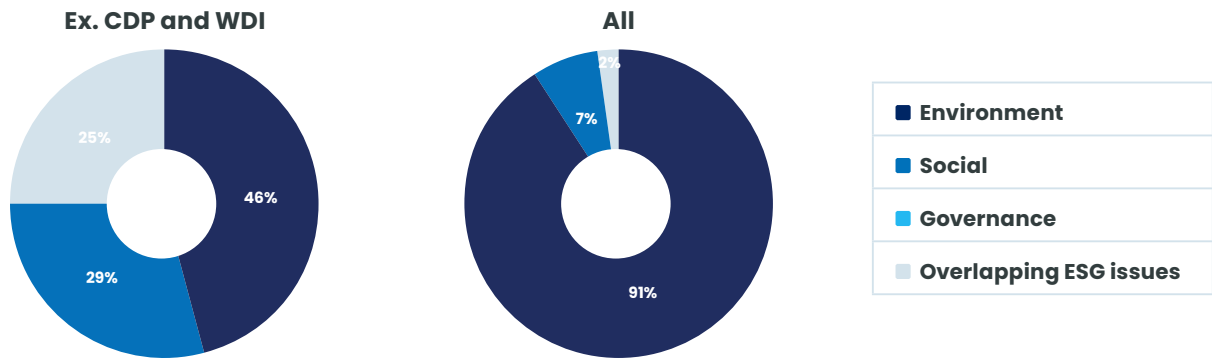
For any collaborative initiative, investors can opt for different roles:

- Leading exchanges with issuers
- Being an active participant, offering true support to the coordinators or lead investors
- Offering passive support by bringing ‘leverage’, in the form of additional AUM, and benefiting from the economy of scale of the initiative

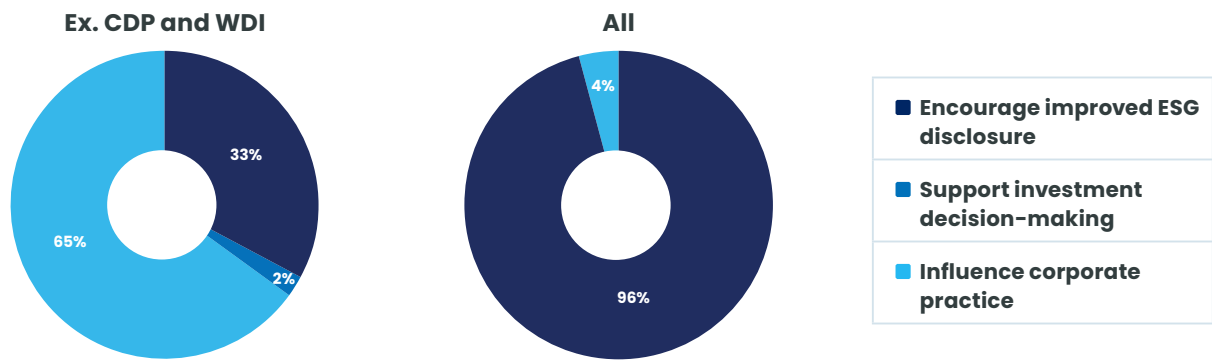
In practice, coordinators and supporting investors typically share the workload, choosing lead or active investors essentially on the basis of their competence, history of relationships with the company, geographical proximity, or their respective ‘leverage’.

During 2023, Candriam co-led or was an active participant in 297 of these dialogues, 256 excluding CDP and WDI-associated dialogues.

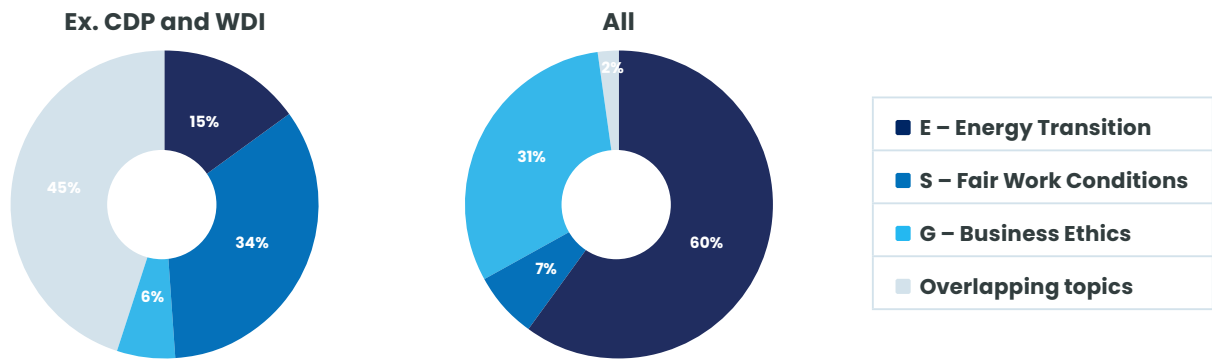
### Collaborative dialogues breakdown by thematic



### Collaborative dialogues breakdown by primary objective



### Collaborative dialogues breakdown by relation to our conviction topics





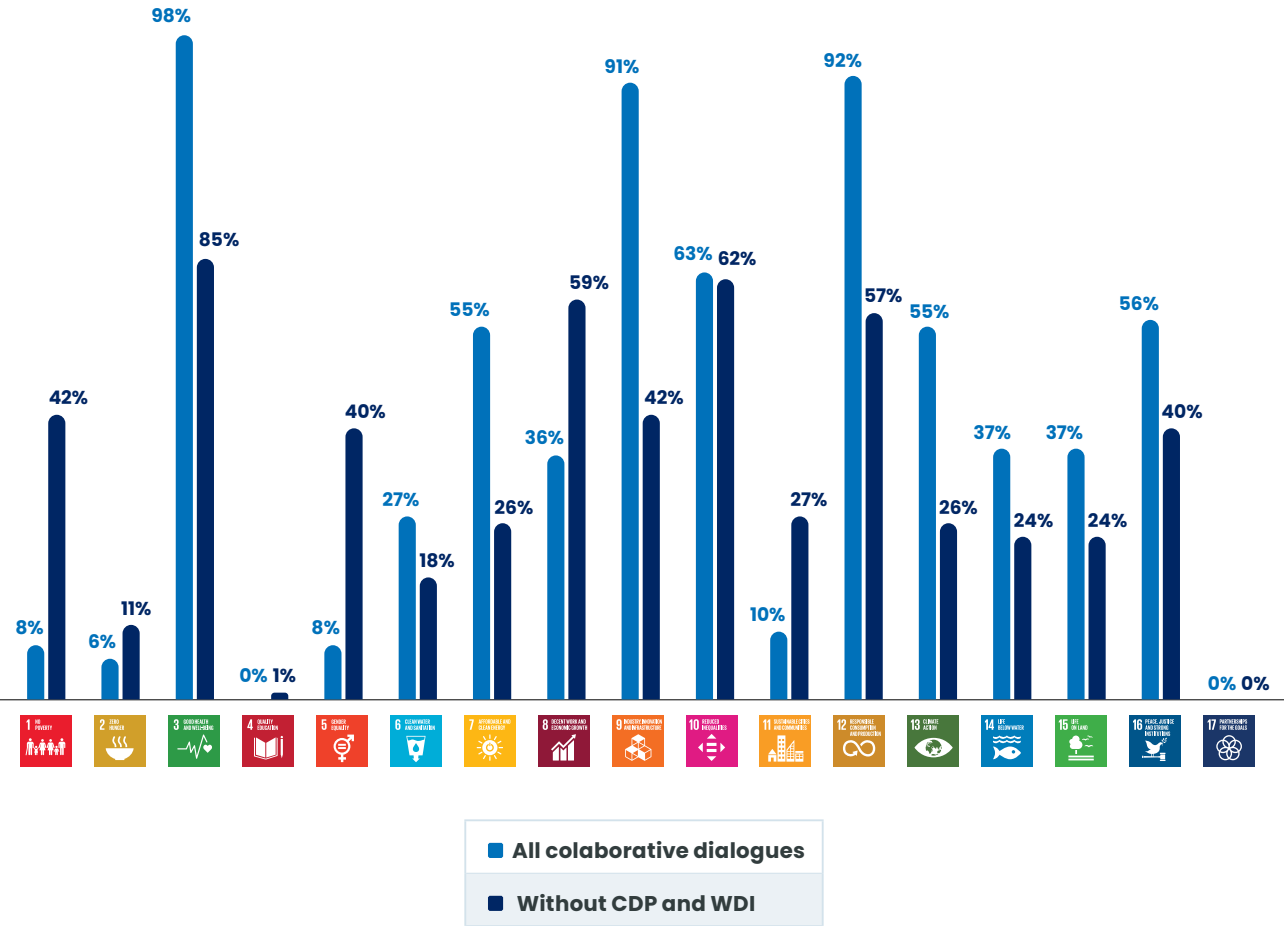
# Sustainable Development Goals and Principal Adverse Impacts

In line with the data we collect and provide for our direct dialogues, we are clarifying the links between our dialogues and the specific United Nations Sustainable Development Goals (UN SDGs), as well as with Principle Adverse Impacts (PAIs) on sustainability factors caused by security issuers held in our portfolios.

As we do for our direct dialogues, we listen to our clients and pay close attention to regulatory change when choosing or participating in our collaborative campaigns, notably in Europe.

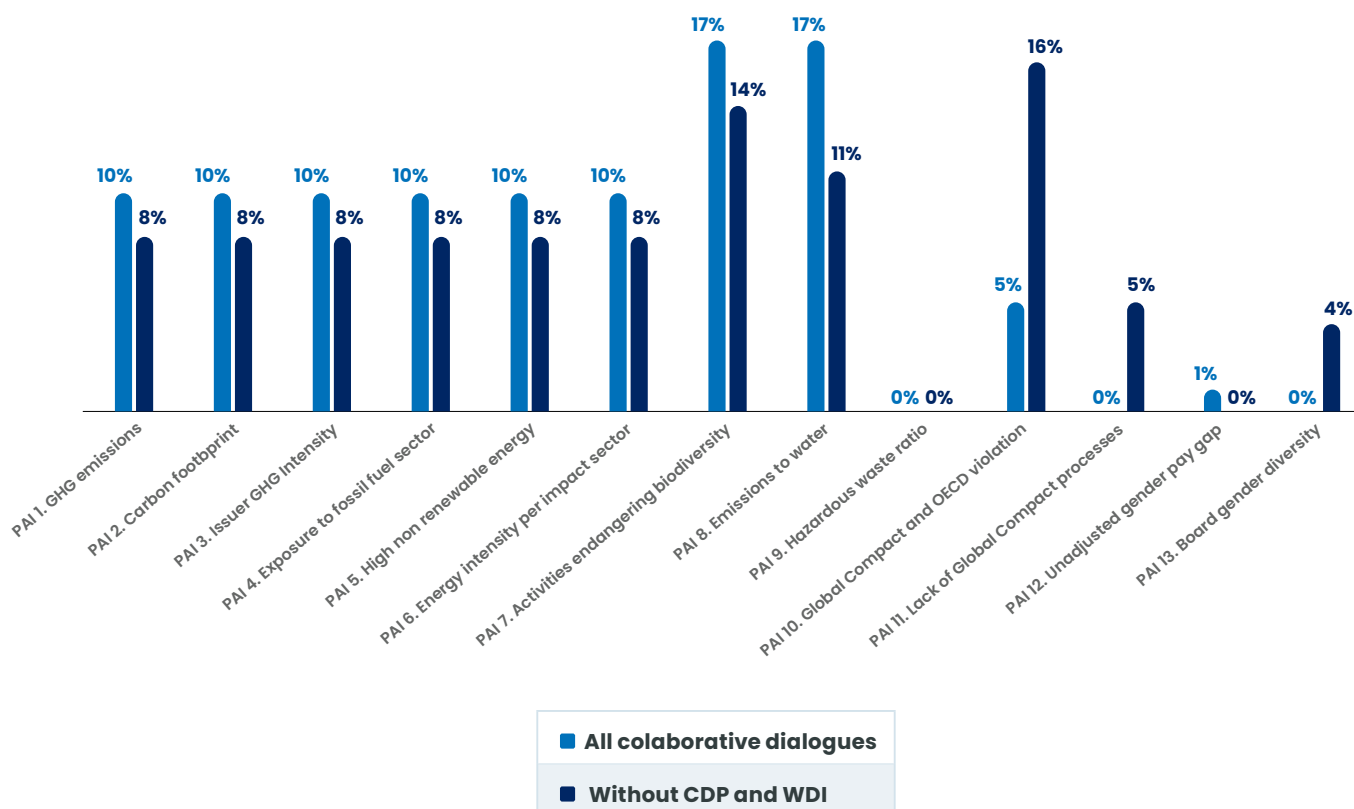
## Share of collaborative dialogues linked to each of the UN SDGs

Of a total of 17,362 collaborative dialogues with corporate issuers, 1,033 were held in 2023 through initiatives other than CDP and WDI.



## Share of collaborative dialogues linked to the first 13 PAIs

Of a total of 17,362 collaborative dialogues with corporate issuers, 1,033 were held in 2023 through initiatives other than CDP and WDI.



## Impact of collaborative dialogues

The impact of an engagement is difficult to quantify given both the diversity of topics as well as the lag time between the start of engagement and the effective change at issuer level (if change was the primary objective).

The way in which engagement is integrated in the investment process is also of importance, as it helps to better understand our investment process and how engagement feeds and supports it. At Candriam, the most direct link can be seen via the ESG opinion expressed about the issuer.

For these reasons, we measure our impact in two ways:

- First, we highlight and record the respective influence of dialogues on the opinion of the ESG analyst in charge for every dialogue closed during the year under review.
- Second, we measure the achievement of primary objectives for every dialogue closed during the year.



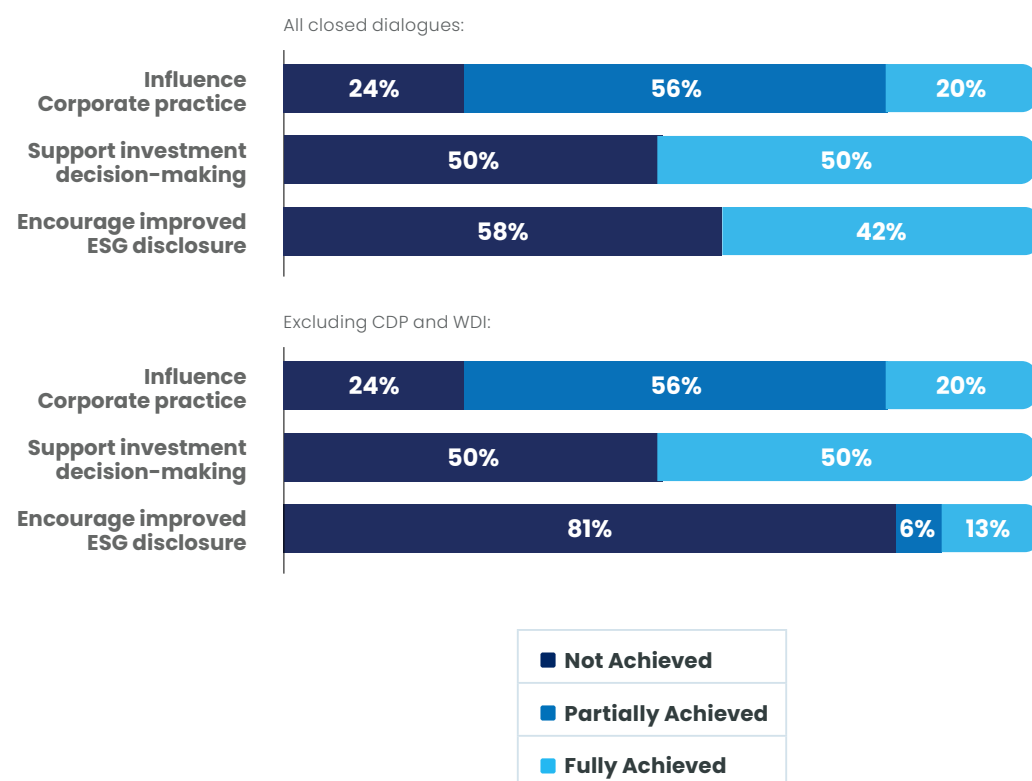
## Collaborative dialogues breakdown by impact on Candriam ESG opinion

Impact on opinion	Ex. CDP and WDI	All
Reinforced analyst opinion	95%	99%
Positive impact on analyst and related ESG scoring	5%	<1%
Negative impact on analyst and related ESG scoring	0%	0%

Influence on opinion does not systematically mean a change in ESG eligibility.

## Breakdown of collaborative dialogues by primary objective achievement level

During 2023, a total of 16,372 collaborative dialogues with corporate issuers were closed. Excluding those held with CDP and WDI, a total of 43 were closed.







# Promoting Sustainable Development.

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

	Name of Association	Joined in
<b>SRI Working Groups within:</b>	<a href="#">AFG</a> - Association Française de la Gestion financière	2003
	<a href="#">BEAMA</a> - Belgian Asset Managers Association	2004
	<a href="#">EFAMA</a> - European Fund And Asset Management Association	2010
<b>Several Social Investment Forums, such as:</b>	<a href="#">VBDO</a> - Dutch Sustainable Investment Forum	2007
	<a href="#">Forum Nachhaltige Geldanlagen</a> (Germany, Switzerland & Austria )	2010
	<a href="#">Swiss Sustainable Finance</a> (Switzerland)	2014
	<a href="#">Forum pour l'Investissement Responsable</a> (French SIF FIR)	2014
	<a href="#">Forum per la Finanza Sostenibile</a> (Italy SIF)	2015
	<a href="#">UKSIF</a> - United Kingdom Sustainable Investment Forum	2016
	<a href="#">US SIF</a> - United States Forum for Sustainable & Responsible Investment	2016
<b>Other sustainability-oriented investor bodies</b>	<a href="#">ABIS</a> - The Academy of Business in Society	2005
	<a href="#">IIGCC</a> - The Institutional Investors Group on Climate Change	2020
	<a href="#">Investor Alliance for Human Rights</a> (ICCR Initiative)	2021

As an asset manager, Candriam also actively promotes sustainable finance by educating the next generation of responsible investors. With the [Candriam Academy](#) anyone can access courses designed to increase understanding of sustainable investing and ESG factors in the investing industry. As of 2023, the academy provided online free training to more than 14,500 individuals across 79 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 2023 CSR report, as well as additional details<sup>1</sup> on our guiding principles on ESG, promotion and influence, are available on our [Publications webpage](#).

<sup>1</sup> These, including our [Guiding Principles](#) and other documents on our website, are updated as changes occur.



**€145 B**

**AUM at end  
Dec. 2023\***



**+600**

**Experienced and  
committed professionals**



**+ 25 years**

**Leading the way in  
sustainable investing**

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\*As of 31/12/2022, Candriam changed the Assets Under Management (AUM) calculation methodology, and AUM now includes certain assets, such as non-discretionary AUM, external fund selection, overlay services, including ESG screening services, [advisory consulting] services, white labeling services, and model portfolio delivery services that do not qualify as Regulatory Assets Under Management, as defined in the SEC's Form ADV. AUM is reported in USD. AUM not denominated in USD is converted at the spot rate as of 31/12/2023.



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