

2021

# Annual Engagement & Voting Report

**CANDRIAM**   
A NEW YORK LIFE INVESTMENTS COMPANY

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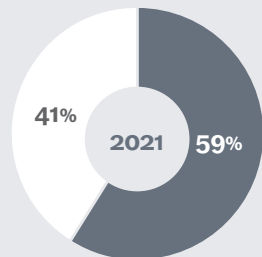
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# The Year in Pictures



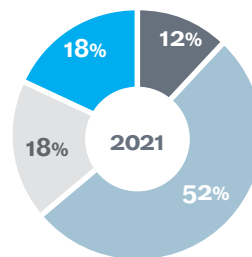
**274**  
Corporates  
contacted  
individually

## Impact on our decision (direct dialogue)



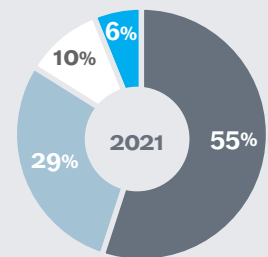
- Yes, influenced Candriam's opinion
- Dialogue still ongoing

## Dialogue Topics (direct dialogue)



- Environment
- Social
- Governance
- Overlapping ESG Issues

## Region (direct dialogue)



- Europe
- North America
- Asia Pacific
- Emerging Markets

## Top topics

- Energy Transition
- Fair Work Conditions
- Business Ethics

## Direct Dialogue



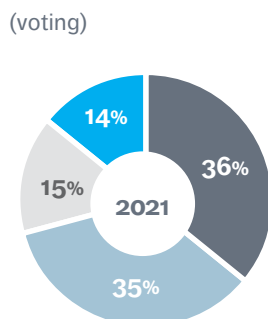
Concerns **35%** of our AUM\*

## Collaborative Dialogue



Concerns **86%** of our AUM\*

## Geographical split of meetings (voting)



- Europe
- North America
- Asia Pacific
- Rest of the World

## Compensation of Management and Directors (voting)



**49.5%**  
votes against

## Engaged votes (voting)



**76%**  
of Meetings with at least  
one vote against  
management



**2,060**  
Voted  
Meetings

\*% for Corporates invested in direct lines (both through equity and bond instruments)

## Candriam: a Responsible Investor and Company

We engage actively as part of numerous collective investor engagement groups, initiatives and alliances aimed at establishing conversations and bringing about positive change.



Workforce Disclosure Initiative



Sustainable Protein

*Founding Signatory of:*

*Signatory of:*



Please consult the [Candriam Engagement policy](#) for more information

# Strengthening our Long-Standing Efforts

***Covid-19 remained a leading topic in 2021 as its effects spread across economies and societies. The prevalence in individual dialogues of Social topics, especially related to direct and indirect employees such as subcontractors or suppliers, is not accidental. This followed the 'exceptional' nature of the year 2020, during which stewardship was marked by the pandemic and the upheaval of Engagement plans, as well as the modes of exchange with issuers.***

The pandemic has become a revealing factor. It continues to exacerbate inequalities, and to make concrete those elements which were previously limited to expert predictions.

Yes, the potential for a pandemic, and its likely impact, had been forecast in advance, actually ranking quite high in the risk maps!... but the actual materialization of a pandemic changes perspectives and habits at all levels. Covid-19 has not diminished the climate agenda. On the contrary, two years after the outbreak, the topics of climate change, extreme weather events and biodiversity loss still lead the rankings of global challenges in both strength of potential impact and probability of occurrence<sup>2</sup>.

These shifts in perspective have been incorporated in the interactions between companies and investors. Corporate *Say on Climate* resolutions flourished during the 2021 annual meetings, while investors increasingly analysed the *quality* of corporate Energy Transition plans. The responsibility of Boards was also challenged, with a wave of resolutions, emanating from the United States, calling for a better balance between company duties towards stakeholders and a better consideration of all stakeholder interests (for example, Social Benefit Corporation resolutions).

The context is further complicated by the sharp rise in conflict and tension zones, the interruption of supply chain audits during the pandemic, chaotic labour markets, and the prevalence of homeworking. These disrupted social relations and put the need for solid due diligence on fundamental labour and human rights back at the centre of discussions. Investor collaborations such as the *Workforce Disclosure Initiative* and the *Investor Alliance for Human Rights*, of which we are members, are proving their worth.

Disclosure of Environmental, Social, and Governance data and policies for both investee companies and investment managers is encouraging more Active Ownership on the part of investors. Examples include the SFDR in Europe,<sup>3</sup> or the recent SEC proposed rule changes to require US registrants to include certain climate-related disclosures in registration statements and periodic reports.<sup>4</sup>

Candriam is no exception. Our three primary Engagement Conviction topics are **Energy Transition**, **Fair Working Conditions**, and **Business Ethics**. Established by our Engagement Team and the Candriam Executive Committee in 2014, these remain our priority topics in our company Engagement campaigns. If dialogues in the second half of

2021 emphasized Social topics, this weighting reflects both the perspectives of the pandemic and preparations for a climate campaign phase in the coming months.

Today, the trend is clear –increasingly, investor dialogues aim to influence the practices of target issuers, and collaborative initiatives continue to grow in importance because of the leverage they provide to shareholders.

In 2021 we launched our first collaborative initiative on the risks associated with the development and use of Facial Recognition Technology. More broadly, the understanding of risks and challenges associated with new technologies, and in particular biometrics, is still blurred, outpaced by the speed at which these technologies are developing. Regulators are unable to keep up with the rapid pace of innovations and the new questions which are arising. We believed it was necessary to take a lead on this subject, aiming to promote conversation and define the issues, reduce uncertainty, and to help define best practices in this area.

The relationship between Candriam's Investment Managers and Engagement Professionals grows increasingly close as we continue to refine our processes. Our direct engagement campaigns have benefitted from this close association between Investment and ESG Teams, demonstrated by rising response rates, including outside Europe, and more dynamic information exchange, investment decisions, and Active Ownership. Whenever possible we set up our Engagement conversations with the aim of sharing with issuers the lessons learned from our exchanges.

Unwilling or uninterested issuers are rare, while those facing important ESG challenges are numerous. Investors and issuers are increasingly partners, ready to build sustainable and responsible solutions together.

Engagement and voting are at the centre of our investment strategy, and we remain close to our managers. However, Engagement is never an alibi. Escalation measures are taken when necessary.

#### Notes and Sources

1 WEF, Global Risk Report, January 2020, [https://www3.weforum.org/docs/WEF\\_Global\\_Risk\\_Report\\_2020.pdf](https://www3.weforum.org/docs/WEF_Global_Risk_Report_2020.pdf)

2 WEF, Global Risk Report, January 2022, [https://www3.weforum.org/docs/WEF\\_The\\_Global\\_Risks\\_Report\\_2022.pdf](https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2022.pdf)

3 [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector_en)

4 <https://www.sec.gov/news/press-release/2022-46>







Part 1

# Engagement Annual Review

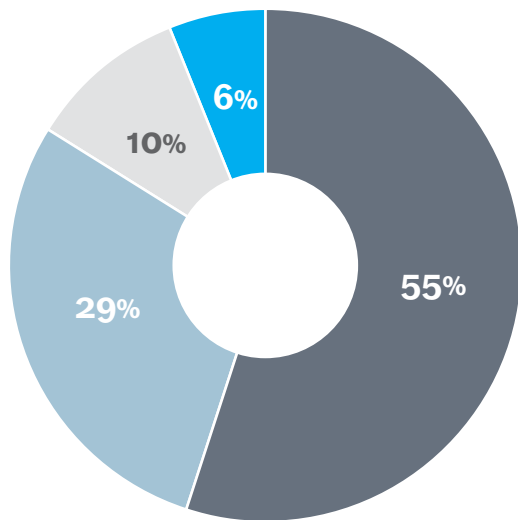
# Engagement Statistics

## Direct Dialogue

During 2021, 274 issuers were targeted by our direct dialogue efforts, representing a total of 320 dialogues on a range of topics. These issuers account for 35% of Candriam AUM, based on corporate instruments (stock and bond instruments, direct lines).

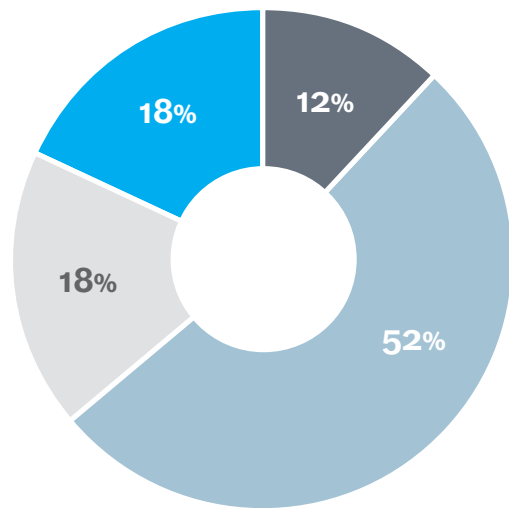
### Regional breakdown

274 issuers for a total of 320 dialogues in 2021 (respectively 206 and 227 in 2020, 207 and 221 in 2019)



### Thematic breakdown of all our Direct Dialogues

Of a total of 320 dialogues in 2021 (227 in 2020, 221 in 2019)

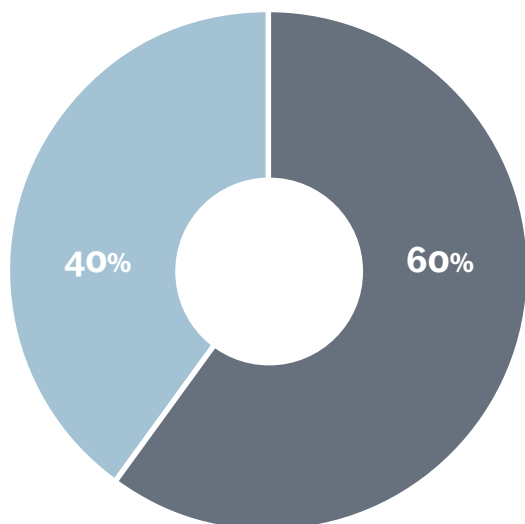


Region	2021	2020	2019
■ Europe	55%	71%	53%
■ North America	29%	16%	30%
■ Asia Pacific	10%	6%	9%
■ Emerging Markets	6%	7%	8%

	2021	2020	2019
■ Environment	12%	27%	38%
■ Social	52%	44%	23%
■ Governance	18%	15%	19%
■ Overlapping ESG issues	18%	14%	21%

## Response rate

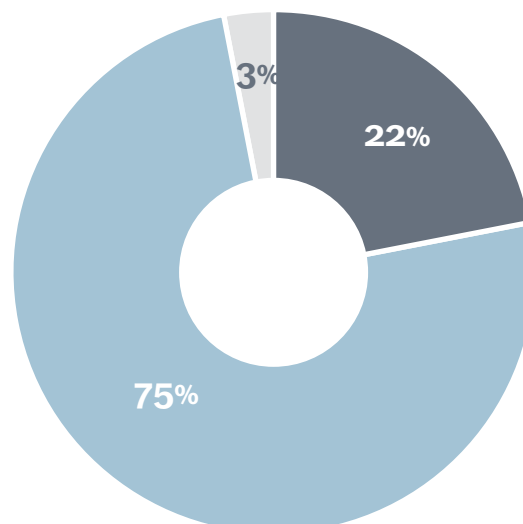
Of a total of 274 issuers contacted in 2021 (206 in 2020, 207 in 2019)



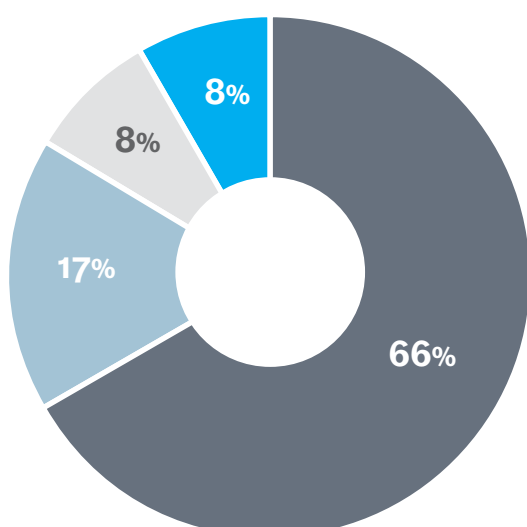
Response rate	2021	2020	2019
■ Responded	60%	54%	50%
■ Did not respond	40%	46%	50%

## Main contact channel

Of a total of 320 dialogues in 2021 (227 in 2020, 221 in 2019)



Main contact channel	2021	2020	2019
■ Conference Call	22%	13%	14%
■ (e-)Mail	75%	85%	82%
■ Meeting	3%	2%	5%



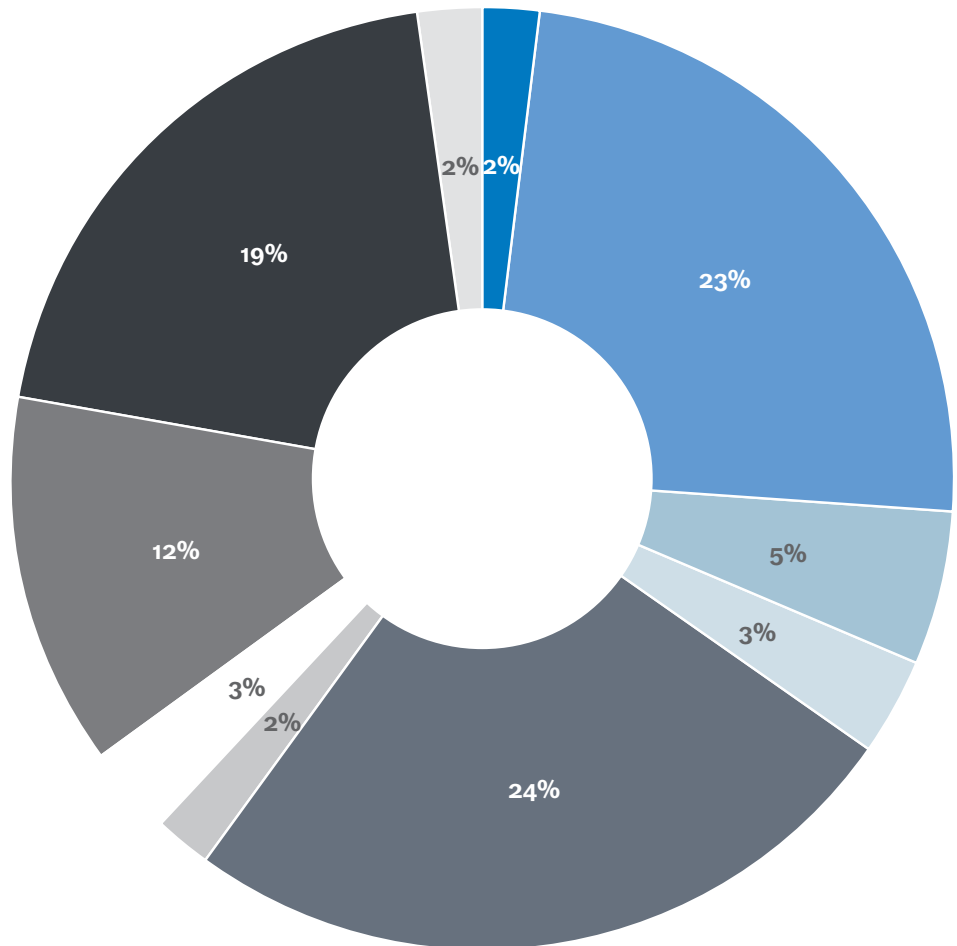
## Regional breakdown of issuers which responded

Of a total of 167 issuers which responded in 2021 (112 in 2020, 103 in 2019)

Region	2021	2020	2019
■ Europe	66%	79%	67%
■ North America	17%	10%	17%
■ Asia Pacific	8%	4%	8%
■ Emerging Markets	8%	7%	8%

# Sector breakdown

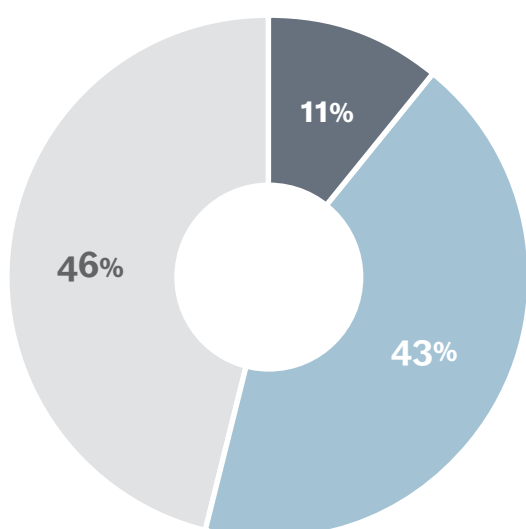
Of a total of 274 issuers contacted in 2021 (206 in 2020, 207 in 2019)



Sector breakdown	2021	2020	2019
■ Consumer discretionary	2%	8%	11%
■ Industrials	23%	19%	11%
■ Consumer staples	5%	7%	14%
■ Materials	3%	3%	8%
■ Financials (incl. Real Estate)	24%	28%	19%
■ Utilities	2%	9%	14%
□ Energy	3%	2%	3%
■ Health Care	12%	6%	5%
■ Information Technology	19%	14%	14%
■ Telecommunication Services	2%	3%	2%

## Dialogue triggers

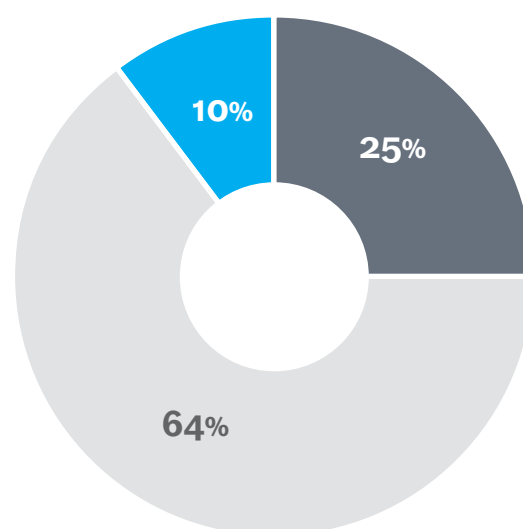
Of a total of 320 dialogues in 2021 (227 in 2020, 221 in 2019)



Trigger	2021	2020	2019
■ Encourage improved ESG disclosure	11%	22%	28%
■ Support investment decision-making	43%	54%	41%
■ Influence Corporate Practice (inter alia, AGMs related letters)	46%	24%	32%

## Dialogue context

Of a total of 320 dialogues in 2021 (227 in 2020, 221 in 2019)

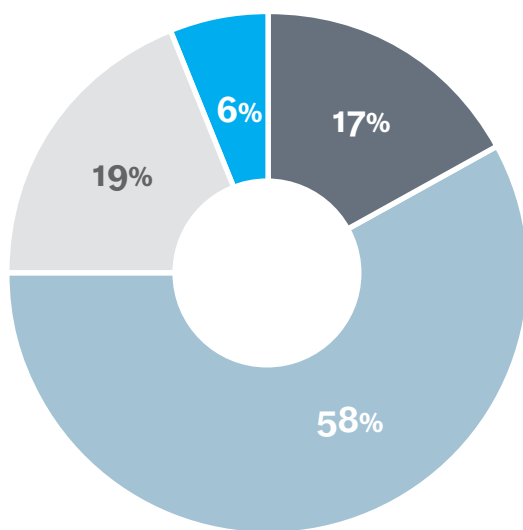


Special context for dialogue	2021	2020	2019
■ SRI sector review / Issuer profile update / Specific events	25%	33%	29%
■ Other, Thematic	64%	53%	57%
■ Pre/Post AGM Engagement	10%	14%	14%

Disclaimer : previously used category "In Line" classified companies in SRI selection" was merged with "SRI sector review / Cpy profile update / Specific events"

## Conviction topic breakdown

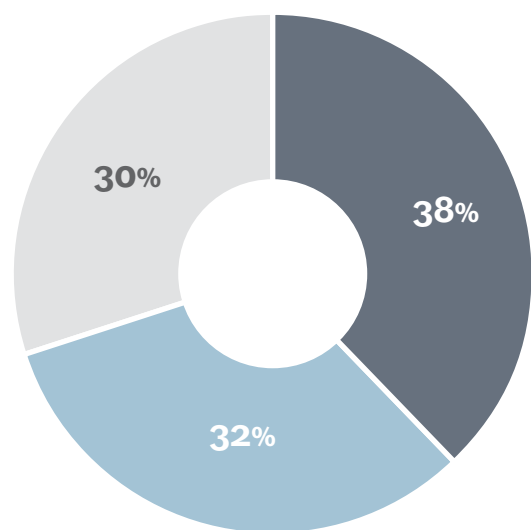
Of a total of 282 dialogues involving conviction topics in 2021



Conviction topics	2021	2020	2019
■ E - Energy Transition	17%	35%	54%
■ S - Fair Work Conditions	58%	47%	18%
■ G - Business Ethics	19%	17%	28%
■ Mix of conviction topics	6%		

## Dialogue status

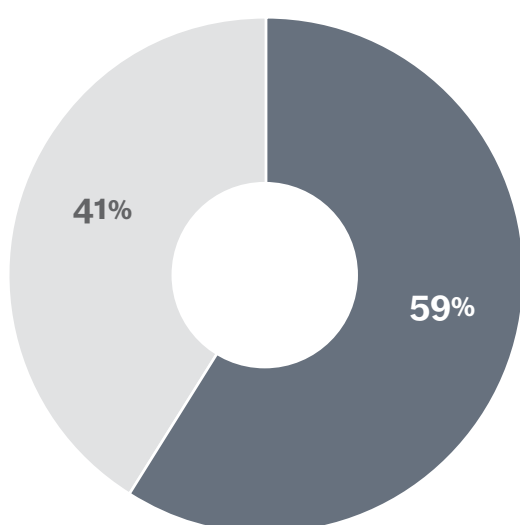
Of a total of 320 dialogues in 2021 (227 in 2020, 221 in 2019)



Dialogue status	2021	2020	2019
■ Closed during the year	38%	46%	39%
■ Continued through the year	32%	16%	29%
■ Initiated during the year	30%	38%	32%

## Impact of dialogues on Candriam ESG opinion

Out of a total of 223 closed and ongoing dialogues in 2021 (179 in 2019)

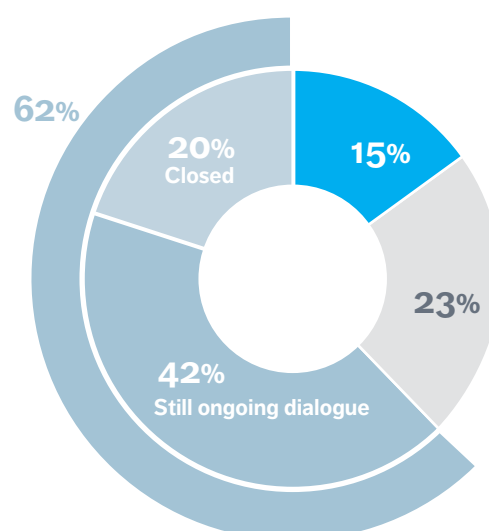


Impact on opinion	2021	2020	2019
■ Yes, influenced Candriam's opinion	59%	36%	38%
■ No influence	0%	21%	20%
■ Still Ongoing	41%	43%	42%

Note : This table gives an idea of the share of 2021 dialogue having already influenced the ESG analysts in their opinion on the target issuer involved. Influence doesn't mean a change in ESG ranking, but the fact outcomes of engagement are already integrated in the analysis.

## Impact of dialogues on issuer practices

Of a total of 144 closed and ongoing dialogues aimed at improving ESG disclosure or influencing company practices in 2021



- Yes, impacted company's practices and ways of thinking
- Not relevant
- No impact yet

Further details on direct dialogues (including names of contacted companies) can be found under [2021 Details of direct dialogues](#).

# Three Examples of Direct Dialogue Campaigns in Which We Were Involved During 2021



Energy Transition









Fair Work Conditions



Business Ethics

## Campaign #1

### Fixed Income Engagement Campaign

	Status	Topics	Conviction Topic	SDG
	Launched in 2021, Ongoing	ESG	 	   

### Context

As part of our ESG integration effort in our Fixed Income portfolio, in 2020 we established an Engagement framework specifically for debt issuers. We put this framework to the test in 2021 with an Engagement campaign defined in collaboration with our credit analysts and portfolio managers.

Our High Yield department showed the most interest for engagement as they invest in smaller un-listed companies which offer less disclosure in general and in ESG in particular.

We therefore defined a short focus list of issuers, mostly within the High Yield market where Engagement could yield results.

We decided to target two types of issuers:

- First those with poor disclosure and transparency, in order to obtain better sustainability data to enable us to carry out our ESG research. These were all non-listed companies, many held by private equity shareholders.
- Second, companies with mediocre ESG scores but good or satisfactory financial scores. These are companies our portfolio managers like from a business standpoint but whose sustainable strategies require strengthening.

As defined by our ESG integration in Fixed Income approach, we consider governance and climate change to be the most material factors in assessing the creditworthiness of an issuer.



## Objective

Ahead of each Engagement, we worked alongside the relevant credit and ESG analysts on every targeted issuer. We defined and agreed on key ESG challenges, areas where better transparency was needed and areas where better practices could be put in place.

Our aim was thus :

- To gain a better understanding of the issuers main ESG challenges with a focus on Governance and Climate Change
- To push for better disclosure and transparency of ESG key performance indicators specific to each issuer
- To push for the implementation of best practice in the targeted areas of improvement.

## Outcome

With a 80% response rate (from the first 10 target issuers), we carried out several high level dialogues including some with 'C-suite' executives.

Two of the dialogues we established with non-listed issuers ultimately enabled our fund managers to include these companies in Candriam sustainable portfolios.



Most companies were happy to discuss their ESG challenges and were also keen to learn the kind of data points and KPI we, as responsible investors, were expecting. Three of the issuers with whom we engaged began publishing ESG data in their sustainability report in 2021.

## Follow up

The campaign is ongoing. A few dialogues have been closed, while new names have been added to the list of issuers to be targeted.

## Campaign #2

### Human Capital in Small & Mid-Sized Firms

	Status	Topics	Conviction Topic	SDG
	Launched in 2020, Ongoing	S		

### Context

The highly-competitive operating environment and typically rapid growth of Small and Mid-cap firms (SMID) can strain their employees. Competing in the same employment and talent market as larger firms, and facing the same disclosure expectations as larger firms, these smaller companies can be more exposed to Human Capital risks (HCM). It is critical for investors to understand the ability of these issuers to adapt Human Resources practices to their entrepreneurial ambitions and to their specific business challenges. This includes gaining an understanding of how small and medium companies track the efficiency of HR measures in place, as well as sharing best practices.

### Objective

Based on our long history of both direct and collaborative Engagement, we are developing a program of direct Engagement specifically tailored to our SMID investee companies. Hand-in-hand with the Fundamental European Equities Team, we work with these companies to improve their HCM data disclosure and to better understand their issues, their supervision, and how better management of human capital may improve their business performance. Our initial goal is to encourage at least the disclosure of basic but meaningful HCM Key Performance Indicators (KPIs), and to encourage further steps.

### Outcome

We embarked on our SMID workforce engagement program in September 2020, planned for two main stages.

- Stage 1: Collect indicators for preliminary analysis and determine priority topics and priority target companies.
- Stage 2: Construct qualitative questions and establish dialogues with priority companies, based on the results of the questionnaires.

We surveyed firms on 13 KPIs related to seven themes -- Workforce Demographics, Work Organization and Structure, Workforce Stability, Employee Recruitment and Development, Employee Engagement Practices, and Management of the Covid-19 crisis.

The response rate was gratifying. During the first stage, between November 2020 and August 2021, we reached out to more than 60 companies, with a response rate of 72%. Our first finding was that despite their more limited resources available to respond to investor queries, the Small- and Mid-cap companies were very responsive.

They seemed to understand the importance of Human Capital, and showed genuine willingness to improve disclosure. Transparency varied sharply by topic. Diving into the responses, we discovered a strong divergence in disclosure levels among KPIs. For example, the topic of workforce demographics generated the most complete responses, while data for workforce stability, recruitment, and developing was more challenging to gather.



### More to read under

[https://www.candriam.com/48f49c/siteassets/medias/publications/sustainable-investment/human-capital-in-small-and-mid-sized-firms/2022\\_01\\_smid\\_engagement\\_en\\_web.pdf](https://www.candriam.com/48f49c/siteassets/medias/publications/sustainable-investment/human-capital-in-small-and-mid-sized-firms/2022_01_smid_engagement_en_web.pdf)

### Follow up

We are now prepared for an integrated Engagement program of qualitative questions and extensive exchanges with companies. Internal consultation and coordination with teams such as ESG Analysts, Fundamental Equity, Stewardship, and our own Human Resources Department enabled us to define and agree on our Engagement priorities. Determination of our Engagement priorities includes not only the results of the first stage, but also factors including our overall internal ESG rating of the company or the weight the issuer represents if held in the portfolio. More specific dialogues have begun in early 2022 with some of the issuers targeted in Stage 1. Outcomes of the Stage 1 (with statistics, comparisons from one sector to another) will be sent to target companies in Q2 2022 and will feed future exchanges.

# Campaign #3

Diversity & Inclusion	Status	Topics	Conviction Topic	SDG
	Launched in 2020, Ongoing	S		

## Context

Gender diversity matters. Despite representing half of the global population, women are still underrepresented in many key aspects of society and economy. Reaching global gender parity could add as much as \$28 trillion p.a. to the global GDP by 2025, equivalent to the size of US and Chinese economies combined.

Diversity as a whole matters. The corporate world is neither diverse nor inclusive. That data which is available shows that minorities, and more harshly persons of colour, are underrepresented too. In 2020, the death of George Floyd revived the Black Lives Matters movement with knock-on effects for corporates.

From a financial perspective, inclusive and diverse organisations are more innovative, providing a competitive advantage. They usually show higher employee motivation, as well as enhancing their 'social license to operate'.

## Objective

We have contacted companies to understand the ambitions, targets and achievements when related to Diversity and Inclusion (D&I) management, and not only gender. Indeed, all types of diversity matter. In our Engagement campaign we have considered ethnic as much as gender diversity. Our first objectives is to understand how D&I is embedded in the history and strategy of target companies, how they monitor these aspects, and how they measure the efficiency of the measures in place. Understanding bottlenecks is also important to fine-tune our level of expectations or to reconsider the topic from different angles. Our second objectives is to share with target companies the outcomes of this Engagement, to feed further dialogue.

## Outcome

As we move beyond gender-only diversity, we have developed a framework with a comprehensive list of topics and questions to be addressed with companies. Because we know that experience matters and that we are only at the beginning of this journey, we have targeted both companies recognized for their practices towards gender equality as well as companies singled out for lack of ethnic diversity at board level. We have held several exchanges resulting in a significant body information as well as a wide variety of initiatives, aimed at unlocking or bypassing observed bottlenecks.

We also held extensive discussions on common difficulties observed by managements in deploying their diversity strategies, as well as on cultural and regional differences.

## More to read under

[https://www.candriam.com/siteassets/medias/publications/brochure/research-papers/ethnic-diversity/2021\\_01\\_diversity\\_en\\_web.pdf](https://www.candriam.com/siteassets/medias/publications/brochure/research-papers/ethnic-diversity/2021_01_diversity_en_web.pdf)

## Follow up

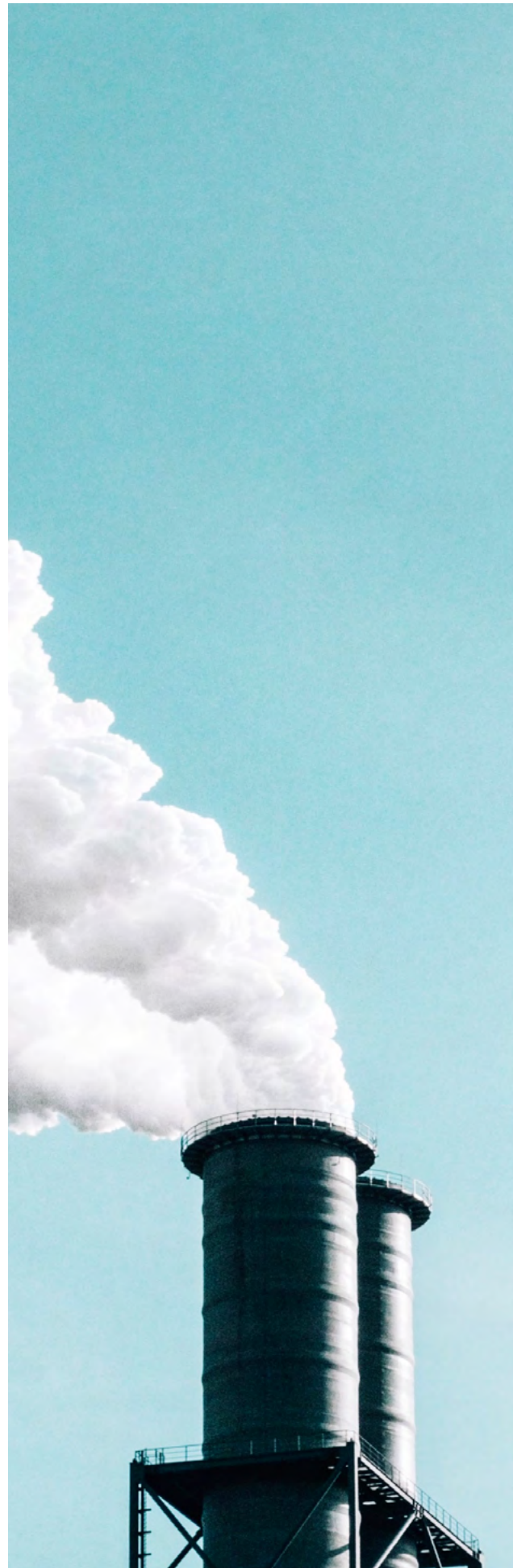
Our Engagement is ongoing. The response rate so far (40% out of more than 95 contacted companies) is very encouraging, especially when considering the geographic variety of the companies. We will publish a report that will summarize the findings of our campaign and will be shared target with companies in the course of 2022.

# 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 will continue to increase in importance, as ESG awareness continues to gain 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 2021, we targeted 4,248 corporate issuers through our collaborative dialogues, representing a total of 10,500 dialogues on various ESG topics. These engaged issuers account for 86% of Candriam AUM, measured as corporate instruments (equity and bond instruments, direct lines).*

*For non-corporate issuers, such as sovereigns, we currently engage only via collaborative initiatives. Engaged non-corporate issuers accounted in 2021 for about 90% of Candriam AUM, when measured as non-corporate instruments (stock and bond instruments, direct lines).*





# Candriam's Sustainable Commitments

Since 2006, when we became a founding signatory to the UN PRI, we have signed the following statements:

Commitments	ESG	Joined in/ Signed in	Conviction Topics
<b>PRI - Principles for Responsible Investment</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>TCFD supporter</b> 	E	2021	
<b>Net Zero Asset Managers initiative (NZAMI)</b> 	E	2021	

# Collaborative Initiatives both new and ongoing

Collaborative Initiatives Initiatives for a call to action	ESG	Joined/ Signed in	Candriam Contribution summary	Conviction Topics
<b>CDP - Carbon Disclosure Project (incl. Climate Change, Water and Forest programs)</b> 	E	2004	Lead investor on over 10 companies to encourage them to fill in the questionnaire (non disclosure campaign)	
<b>Sustainable Stock Exchanges</b> 	ESG	2010	<ul style="list-style-type: none"> <li>. Participation in update calls</li> <li>. Participation in the Diversity related working group (2021)</li> </ul>	
<b>Access to Medicine (AtM)</b> 	S	2010	<ul style="list-style-type: none"> <li>. Letter(s) co-signer</li> <li>. Lead for one target company</li> <li>. Active supporting investor with others</li> </ul>	
<b>Access to Nutrition</b> 	S	2013	<ul style="list-style-type: none"> <li>. Letter(s) co-signer &amp; Lead for one target company</li> <li>. Active investor for several target companies</li> <li>. Support renewed in 2020 (Investors' Expectation statement)</li> <li>. Signatory of 2021 Nutrition for Growth (N4G) Statement</li> </ul>	
<b>Bangladesh Initiative on garment industry</b> 	S	2013	<ul style="list-style-type: none"> <li>. Statement(s) and Letter(s) co-signer to companies, OECD and authorities</li> <li>. Active engagement with 15 companies to encourage them to join or support <i>The Accord</i></li> </ul>	
<b>Labour practices in agricultural supply chain</b> 	S	2016 - 2020Q1 Now completed	Co-lead investor for two corporates, supporting investor for one	
<b>Fiduciary Duty in the 21st Century</b> 	ESG	2017 one off	Signatory	
<b>Engagement on antibiotics overuse in livestock supply chains</b> 	ES	2017	<ul style="list-style-type: none"> <li>. Letters co-signer.</li> <li>. Past form of collaborative engagement now closed to develop another type of engagement on the AMR.</li> </ul>	
<b>Sustainable Protein Engagement</b> 	E	2017	<ul style="list-style-type: none"> <li>. Letters co-signer</li> <li>. Co-lead investor for 2 corporates</li> </ul>	
<b>Workforce Disclosure Initiative</b> 	S	2017	<ul style="list-style-type: none"> <li>. Letters co-signer.</li> <li>. (Co-)lead investor for 4 corporates in 2020, 14 in 2021</li> </ul>	
<b>Banking on a Low Carbon Future</b> 	E	2017 - 2020	<ul style="list-style-type: none"> <li>. Letters co-signer</li> <li>. Participation to group calls</li> </ul>	

Collaborative Initiatives Initiatives for a call to action	ESG	Joined / Signed in	Candriam Contribution summary	Conviction Topics
<b>Engagement on Cybersecurity</b>	SG	2017 - 2020 now completed	. Letters co-signer . Lead investor on 1 corporate . Participation to exchanges with several corporates	
<b>Expectations on Corporate Climate Lobbying</b> 	E	2017 one-off	Signatory	
<b>Decarbonisation Initiative (incl. RE100 &amp; EP100 Engagement)</b>  	E	2017	Letters co-signer	
<b>Combating Child Labour in Cocoa Supply Chains</b>   	S	2017 - 2019	. Statement' co-signer to companies and related stakeholders . Active investor for 1 company	
<b>Corporate Tax Responsibility</b> 	G	2017 - 2020 now completed	. Letters co-signer. . Lead investor on 2 corporates . Participation to exchanges with several corporates	
<b>Climate Action 100+</b>  	E	2017	. Active supporting investor for 5 corporates . Signature of 2019 letters to US companies on Climate lobbying	
<b>CA100+ related - Paris-aligned accounting and audit</b>  	E	2019	. 2019 Letters to Audit Committee Chairs – CRH, Shell, BP and Total . June 2020 Investor statement Paris-aligned accounting vital to deliver climate promises” . 2020-21 Campaign targeting 30 European companies, Lead on 1 corporate . 2021 signatory of Paper calling for government's to mandate Paris-aligned accounting and audit . 2021 signatory to UK Big 4 Managing Partners	
<b>PRI - Climate change transition for oil and gas</b>  	E	2018 - 2020 Merged with CA100+	. Supporting Investor . Signature of 2019 statement sent to O&G companies in relation to US Methane Deregulation	
<b>BBFAW Investor Collaboration on Farm Animal Welfare</b>  	ES	2018	. Letters co-signer . Active supporting investor with 1 corp	
<b>PRI Water risks in agricultural supply chains</b> 	E	2018 - 2020Q1 now completed	. Letters co-signer . Lead investor on 1 corporate	
<b>Plastic Solutions Investor Alliance</b>    	E	2018	. Statement co-signer . Active supporting investor for 4 corporates . In Lead for 2 retail corp since H2 2019	
<b>UK Living Wage Engagement Campaign</b>  	S	2018	Letters co-signer	
<b>PRI supported engagement on responsible sourcing of cobalt</b>  	ES	2018 - 2021Q2 now completed	Co-Lead investor for 1 corporate	



Collaborative Initiatives Initiatives for a call to action	ESG	Joined / Signed in	Candriam Contribution summary	Conviction Topics
<b>Corporate Accountability for Digital Rights</b> 	SG	2018	<ul style="list-style-type: none"> <li>. Letter(s) co-signer</li> <li>. Co-lead investor for one corporate</li> <li>. Signatory of 2021 Investor Statement on Corporate Accountability for Digital Rights sent to 26 companies.</li> <li>. Member of Investor Alliance for Human Rights since 2021.</li> </ul>	
<b>Investor Statement to EU Policymakers on the future of Corporate Reporting</b> 	ESG	2018 one off	Statement co-signer	
<b>Investors call on power companies to accelerate decarbonisation and support ambitious climate policy</b> 	E	2018 one off	Statement co-signer	
<b>Open Letter to index providers on controversial weapons exclusions</b> 	SG	2018 one off	Statement co-signer	
<b>Making Finance Work for People and Planet</b> 	ESG	2019 one off	Statement co-signer	
<b>PRI-coordinated Investor Working Group On Sustainable Palm Oil</b> 	ES	2019 - 2021	Supporting Investor for 6 corporates, Lead investor for one	
<b>Implementation of labour rights in Amazon's operations and supply chain (led by Ohman)</b>	S	2019	Letter Co-signer. Support renewed in 2021 and 2022.	
<b>Investor Mining and Tailings Safety Initiative</b> 	E	2019	<ul style="list-style-type: none"> <li>. Letters co-signer</li> <li>. Participation to call</li> </ul>	
<b>Statement for mandatory human rights due diligence - Switzerland</b> 	S	2019 - 2020	Statement co-signer	
<b>2019 Global Investor Statement to Governments on Climate Change</b> 	E	2019 one off	Statement co-signer	
<b>Investor Statement On Turkmen Cotton (SourcingNetwork)</b> 	S	2019 one off	Statement co-signer	
<b>2019-2020 Initiative for Pesticide Use Reduction and Safer Chemicals Management - Grocery Retail</b> 	ES	2019	<ul style="list-style-type: none"> <li>. Letter(s) co-signer</li> <li>. Lead investor for one corporate</li> </ul>	
<b>Investor Statement On Deforestation &amp; Forest Fires in the Amazon</b> 	E	2019 one off	Statement co-signer	

Collaborative Initiatives Initiatives for a call to action	ESG	Joined / Signed in	Candriam Contribution summary	Conviction Topics
<b>Investor Statement to support Gender Equality in the workplace</b> 	S	2019 - 2020 Now completed	Statement co-signer	
<b>Australian extractives sector, IGCC Public Sign On Letter</b>  	E	2019 one off	Letter co-signer	
<b>Open Letter in support to Amazon Soy Moratorium</b>  	E	2019 one off	Open Letter co-signer	
<b>PRI Investor statement on Climate change for Airlines &amp; Aerospace companies</b> 	E	End 2019/2020 one off	Statement co-signer	
<b>PRI investors Letter to SEC</b> 	ESG	End 2019/2020 one off	Open Letter co-signer	
<b>CHRB - Investor statement calling on companies to improve Human Rights performance</b>  	S	2020 one off	Statement co-signer	
<b>Investor Statement on Coronavirus Response</b>  	ESG	2020 one off	Statement co-signer	
<b>The Investor Agenda   Open investor letter to EU leaders on a sustainable recovery from Covid-19</b> <b>IIGCC   Open letter to EU leaders from investors on a sustainable recovery from Covid-19</b> 	ESG	2020 one off	Open Letters co-signer	
<b>Support brought to Joint-statement-on-the-NFRD-revision (7 recommendations)</b> 	ESG	2020 one off	Candriam supported officially the recommendations, while not being part of the informal group itself	
<b>Collaborative dialogue on Teleperformance</b> 	S	2020	Dialogue - Co-lead investor, in partnership with french AMs.	
<b>Investors Policy Dialogue on Deforestation in Brazil &amp; Indonesia</b> 	E	2020	Dialogue - Active investor	
<b>Investor Engagement Group - Xinjiang Uyghur Autonomous Region (XUAR)</b> 	S	2020	Dialogue - 6 Active investor positions	





Collaborative Initiatives Initiatives for a call to action	ESG	Joined / Signed in	Candriam Contribution summary	Conviction Topics
<b>Micro Fibre Engagement</b> 	E	2020	1 co-lead position	
<b>Global Investor Statement in Support of an effective, fair and equitable Global Response to Covid-19</b> 	S	2021 one off	Statement co-signer	
<b>Cumbria Coking Coal Mine project, Letter to the UK Prime Minister</b> 	E	2021 one off	Letter co-signer	
<b>IIGCC   Investor Expectations for the banking sector</b> 	E	2021	. Supporter of the Expectations Document . Member of related IIGCC Working group (Banks assesment framework)	
<b>Barclays / Energy Policy engagement, led by ShareAction</b> 	E	2021	Letter co-signer	
<b>UN PRI letter to support full country by country reporting in EU</b> 	G	2021	Letter co-signer	
<b>2021 Global Investor Statement to Governments on the Climate Crisis</b> 	E	2021 one off	Statement co-signer	
<b>Investor Statement on Facial Recognition Technology</b> 	SG	2021	Candriam initiated this statement that gather more than 50 investors with more than USD 4.5 trillion, as well as the associated engagement initiative targeting public & private corporates launched mid-2021 (cf below).	
<b>CDP - Science Based Target Campaign</b> 	E	2021	Letter(s) co-signatory	
<b>Financing a Just Transition Alliance : letter to the UK Prime Minister on the importance of the Just Transition in the forthcoming Net Zero Strategy</b> 	ES	2021 one off	. Initiative led by the Grantham Research Institute on Climate Change and the Environment, London School of Economics, and Convenor . Letter co-signer	
<b>FAIRR led Investor Statement - Where's the Beef ? Need to reduce the level of GHG emitted by the global agricultural supply chain</b> 	E	2021 one off	Statement targeting G20 nations ahead of COP26.	
<b>Investor Engagement on Facial Recognition Technology</b> 	SG	2021	Candriam initiated this statement that gather more than 50 investors with more than USD 4.5 trillion, as well as the associated engagement initiative targeting public & private corporates launched mid-2021.	
<b>IIGCC investor position statement - voting on transition planning</b> 	E	2021 one off	Statement co-signer	

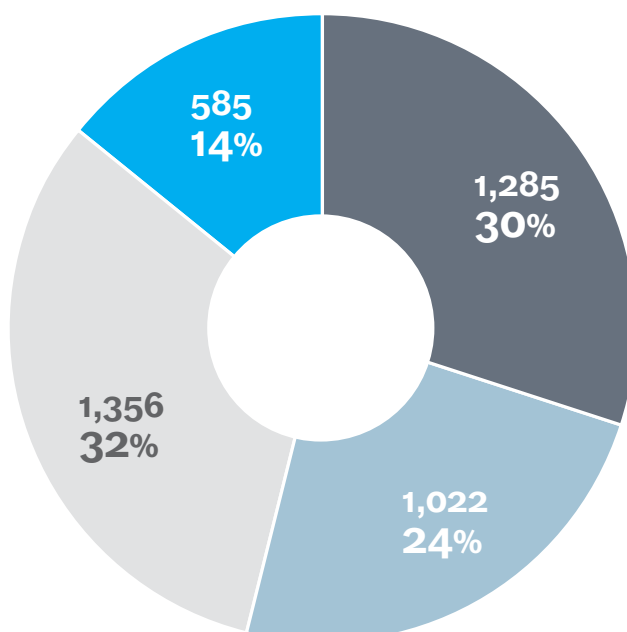
Collaborative Initiatives Initiatives for a call to action	ESG	Joined / Signed in	Candriam Contribution summary	Conviction Topics
<b>Investor letter to Global banks on Climate Change &amp; Biodiversity (Shareaction-led)</b> 	E	2021	Letter co-signer, active participation to calls with corporates	
<b>UNICEF &amp; Partners, Letter to GRI Standards Board</b>	S	2021	Letter co-signer	
<b>Investor Statement in Support of Mandated Human Rights and Environmental Due Diligence in the EU</b> 	ESG	2021	Statement Signatory	
<b>Net Zero Proxy Advice - IIGCC Investors Letter to Proxy Advisors</b> 	EG	2021 one off	Letter co-signer	
<b>Letter to Chevron &amp; TotalEnergies relative to their presence in Myanmar</b> 	SG	2021	Letter co-signer	
<b>Investor Letter - Vaccine Equity &amp; Executive Remuneration (Achmea Lead)</b> 	SG	2021	Co signer of the letter targeting 4 companies: AstraZeneca, Johnson & Johnson, Moderna and Pfizer.	

## Focusing on corporate issuers

During 2021, a total of 4,248 issuers were targeted by collaborative initiatives we support.

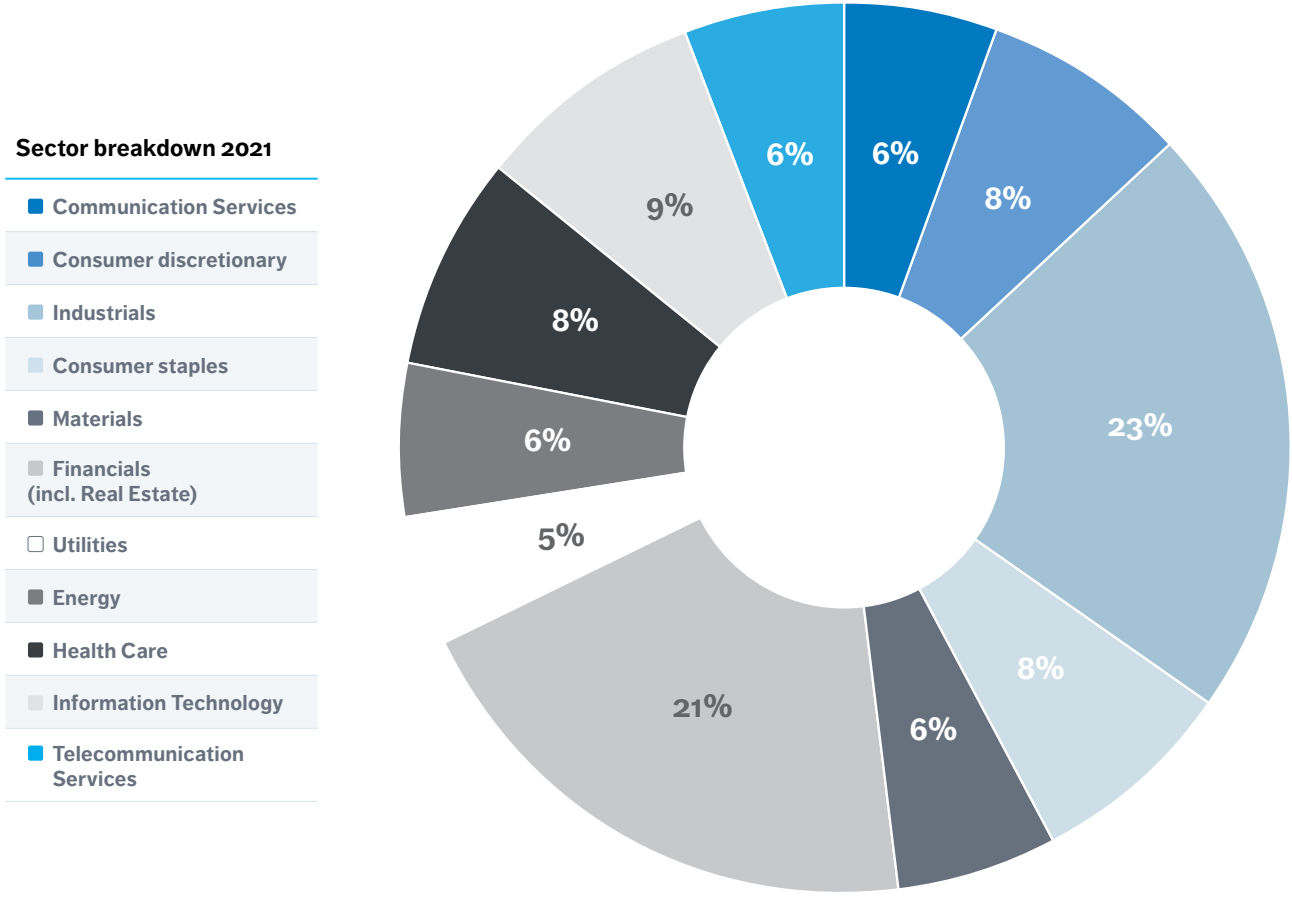
### Issuers by Region

 Europe	 Emerging
 North America	 Asia Pacific



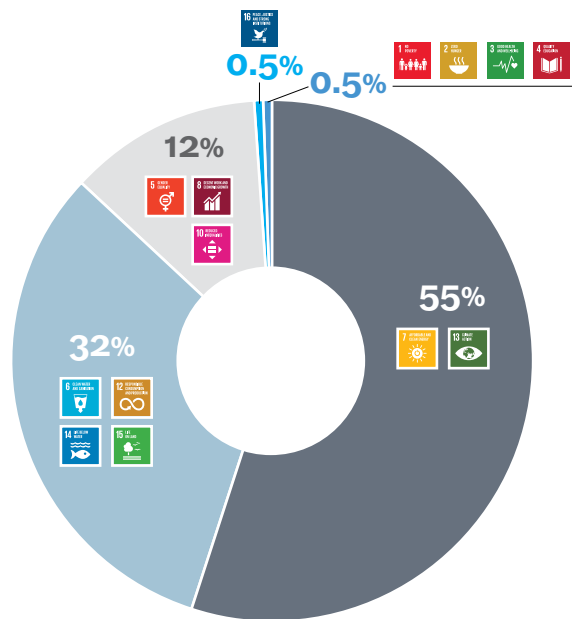
## Sector Breakdown

Of a total of 4,248 corporate issuers contacted in 2021



## Topic Breakdown, including CDP<sup>1</sup>

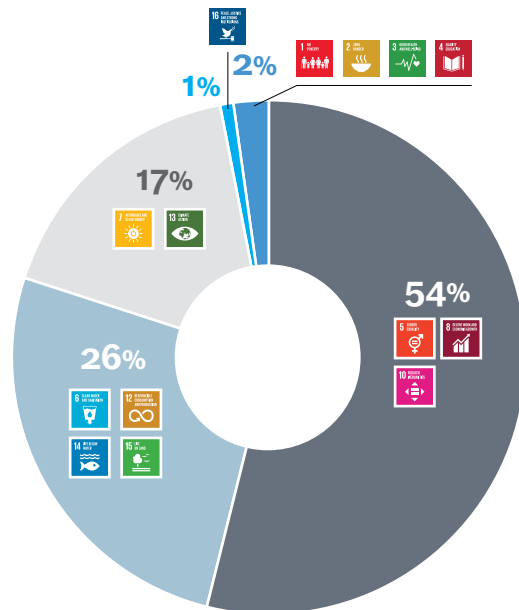
(in number of dialogues)



<sup>1</sup> CDP was formerly the Carbon Disclosure Project

## Topic Breakdown, all Initiatives Except CDP

(in number of dialogues)



SDG Group	Initiative
	Access to Medicine Access to Nutrition Index Healthy Strategy @ Unilever, incl. 2022 Sh. Resolution (Healthy Work Coalition) Investor Letter - Linking Access to Vaccine with Pharmaceuticals' Executives' remuneration
	Barclays / Energy Policy engagement, led by ShareAction CA100 related - Letters to Audit Committees CDP - Science Based Target Campaign 2021 CDP Climate 2021 Climate Action 100+ Decarbonisation initiative ShareAction - Letter to Unicredit
	2021 - Myanmar collaborative, Chevron & TotalEnergies Corporate Accountability for Digital Rights 2021-22
	Bangladesh Investor Initiative CHR - Investor statement calling on companies to improve Human Rights performance 2020-21 Collaborative engagement on Uyghurs slave labour in the supply chain Implementation of labour rights in Amazon's operations and supply chain Teleperformance- Duty of Vigilance Law & related concerns UK Living Wage Engagement Campaign - Good Work Coalition Workforce Disclosure Initiative 2021
	2017 - 2020 Antibiotics' overuse in livestock supply chains 2019-2022 Initiative for Pesticide Use Reduction and Safer Chemicals Management - Grocery Retail BBFAW Investor Collaboration on Farm Animal Welfare 2021-22 CDP Forest 2021 CDP Water 2021 CONFIDENTIAL - PRI coordinated investor response to XXXXX failure Investor Engagement on Facial Recognition 2021 Investor Letter to Global banks on Climate Change & Biodiversity (Shareaction-led) Investor Mining and Tailings Safety Initiative Investor Statement on Facial Recognition 2021 Plastic Solutions Investor Alliance PRI - Responsible sourcing of cobalt PRI-coordinated Investor Working Group On Sustainable Palm Oil Sustainable Protein 2020-21 Washing Machine Plastic Microfibre Filters Initiative.


# New Initiatives

<b>Global Investor Statement in support of an effective and equitable global response to Covid-19</b>	S	2021	Investor Statement	
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This investor statement, initiated by the Access to Medicine Foundation and signed by over 100 international investors representing over \$10 billion in assets under management, affirms the overwhelming importance of the need for an effective, just and equitable global response to Covid-19. Signatories to the statement are concerned about the negative

impact (described by two independent studies) that the limited funding for the Access to Covid-19 Tools Accelerator (ACT) and unequal global access to health technologies (from vaccines and monoclonal antibodies to diagnostics and medical oxygen) will have on the trajectory of the pandemic and global economic activity in the years to come.

<b>Cumbria Coking Coal Mine Project, Letter to the UK Prime Minister</b>	E	2021	Investor Letter	
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This investors letter to the UK Prime Minister expresses serious concerns over the decision to open a new deep coking coal mine in Cumbria County. As highlighted in a letter from the UK Climate Change Committee, the opening of the mine will increase global emissions and have a noticeable impact on the UK's legally binding

carbon budgets. Additionally, the decision to grant planning permission in 2049 will commit the UK to coking coal emissions, for which there may be no domestic use after 2035. Furthermore, on the eve of the COP26 climate conference in Glasgow, it was important for the UK to show leadership in the fight against climate change.

<b>Barclays / Energy Policy engagement, led by ShareAction</b>	E	2021	Collaborative Dialogue	
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Initiated by ShareAction, this investor letter acknowledges Barclays Bank's progress on strategy but also highlights concerns about the bank's exposure to fossil fuel assets, including coal and oil sands. Investors are calling on Barclays to cease financing and servicing tar sands projects (and related infrastructure such as pipelines, etc.), new coal mines and power plants and also to commit to helping its clients develop, disclose and implement similar exit plans by December 2023.

Barclays has taken strong steps to start operationalising its net-zero ambition in the past year. In particular, we welcome the bank's decision to join the Partnership for Carbon

Accounting Financials (PCAF), develop a methodology to measure and reduce greenhouse gas emissions that covers its capital markets activities, and set emissions reduction targets for its energy and power and utilities portfolios. We were also pleased to see Barclays's commitment to extend its targets to its 'Cement' and 'Metals' portfolios in 2022.

However, we remain concerned about the bank's exposure to fossil fuel assets, including coal and oil sands.


<b>IIGCC - Investor Expectations for the Banking Sector</b>	2021	S	Investor Statement	
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Under the direction of the IIGCC, a group of leading global investors has defined a list of investor expectations for the banking sector, calling on banking companies to set improved net-zero targets for 2050 while including interim

targets, to step up the development of green finance, and to withdraw from projects that do not meet the 2015 Paris Agreement's goals.




<b>2021 UN PRI letter to support full country by country reporting in EU</b>	2021	G	Investor Letter	
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The letter welcomes the EU-related initiative and recommends that:

- The requirements include disaggregated information on taxes paid and other economic and financial information on all countries of operation (not just on EU member states and the EU list of uncooperative jurisdictions)
- Exemptions are limited and accompanied by careful monitoring and;
- An impact assessment is conducted within a reasonable period to review the scope of the regulation and assess effectiveness.

Enhanced transparency and detailed public reporting through a full country by country reporting (CBCR) will enable investors to better assess tax risks and opportunities in their portfolio and provide visibility of high-risk transactions. Specifically, it would also allow investors to examine the economic scale of operations in different jurisdictions, validate companies' commitments against tax avoidance and identify those that are ahead of the curve in terms of corporate tax responsibility. It would also trigger dialogue with companies where tax structures and strategies do not align with economic value generated and therefore, facilitate more responsible corporate behaviour.

<b>FAIRR – Where's the Beef</b>	2021	E	Investor Statement	
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Between 2007 and 2016, 23% of total anthropogenic greenhouse gas emissions came from agriculture, forestry and other land use.


We need to address how to sustainably feed the world's population in a way that is aligned with environmental targets and climate change goals.

The world is taking steps to transition to a net-zero economy. Given its environmental footprint, the global food system and animal agriculture in particular must be a

key part of that transition. In addition, the IPCC suggests that beyond tackling animal protein production, increasing the proportion of plant-based food in global diets also has significant GHG-mitigation potential.

The COP26 process, and each country's Nationally Determined Contributions (NDCs) in particular, are key to meeting these challenges.


In this statement, investors ask all G20 nations to disclose specific targets for emissions reduction in agriculture within or alongside their NDC commitments at COP26.

<b>2021 CDP<sup>2</sup> – Science Based Target Campaign</b>	2021	E	Collaborative Dialogue	
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The CDP<sup>2</sup> Science Based Targets initiative encourages targeted companies to scientifically align themselves with the Paris Agreement. This allows companies to be accountable for their climate commitments while investors


are able to assess these climate ambitions that can be measured in a consistent and comparable manner. The campaign targets over 1600 of the most climate-sensitive companies in the global investment market.

<b>IIGCC Investor Position Statement – Voting on Transition Planning</b>	2021	E-G	Investor Statement	
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The 2021 voting season has seen the birth of a new type of resolution proposed by corporate managements -- Say on Climate. In order to ensure that investors have all the information they need for an informed vote, the IIGCC and its members have chosen to define a set of core principles. This statement can be seen as a call for


structured corporate transition plans to their net zero commitment. The statement calls on companies to disclose a net zero transition plan, identify the director responsible for the plan, and allow investors to vote annually on progress against the plan.

<b>Investor Letter to Global banks on Climate Change &amp; Biodiversity (ShareAction)</b>	2021	E	Investor Statement	
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This initiative is fully aligned with the goals of the IIGCC Finance Working Group, of which Candriam is a member. The letter calls on more than 60 banks to publish 'short-term' (5-10 year) climate targets covering all relevant financial services before their 2022 AGMs, incorporate the findings of the IEA's Net-Zero scenario into their climate strategies, exit coal by 2030 in OECD countries and no

later than 2040 for non-OECD countries, ensure that their financial statements are prepared in line with a 1.5 degree trajectory, and commit to protecting and restoring biodiversity. Many of these requests are consistent with the COP26 call to private financial institutions and the IIGCC's expectations of banks on climate change.

<b>UNICEF &amp; Partners, Letter to GRI Standards Board on Children's Rights</b>	2021	S	Investor Statement	
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Initiated by UNICEF, signed by the Investor Alliance for Human Rights and various other stakeholders and Responsible investors, this letter, addressed to the Chair of the Global Sustainability Standards Board, raises the importance of Children's Rights in the UN GRI Topic, 'Standard Project for Human Rights'. The letter highlights that more should be done as the current topics do not sufficiently cover core children's rights issues material to business. The signatories list some examples of children's rights issues they see as requiring greater reference in the standards:


- Workplace policies and conditions for working parents (e.g. family-friendly policies).
- Good internet governance for children (e.g. children's data privacy, peer-to-peer-violence, violent and/or age-inappropriate content, and crimes against children such as online grooming, and sexual abuse and exploitation).
- Inappropriate marketing to children.
- Safeguards against children being harmed as a result of interaction with the company, its staff or business premises (child safeguarding).

<b>Investor Statement in Support of Mandated Human Rights and Environmental Due Diligence in the European Union</b>	2021	E-S	Investor Statement	
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In anticipation of the European Commission's upcoming legislative proposal on sustainable corporate governance, this investor statement, initiated by the Investor Alliance for Human Rights, advocates for mandatory human rights and environmental due diligence. The statement makes specific

recommendations on scope, extension to the entire supply chain, alignment with UN and OECD principles, Engagement with various stakeholders, redress mechanisms, enforcement solutions and governance..

<b>Net Zero Proxy Advice – IIGCC Investor Letter</b>	2021	E	Investor Letter	
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On all major proxy voting providers to develop a suite of solutions for investors committed to Net Zero emissions by 2050 and to publicly commit to supporting Net Zero investment as soon as possible.

<b>Financing a Just Transition Alliance -- letter to the UK Prime Minister on the importance of a Just Transition</b>	2021	E	Investor Letter	
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In partnership with LSE / Grantham Institute and in the COP26 context, this letter for Financing a Just Transition Alliance was addressed to the UK Prime Minister on the importance of the Just Transition in the forthcoming Net Zero Strategy.

<b>2021 - Myanmar Collaborative, Chevron &amp; TotalEnergies</b>	2021	G	Collaborative Dialogue	
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Following the military junta's coup in Burma, Candriam, along with several other investors, sent a letter to Chevron and Total, both of which are partners in the military-controlled Myanmar Oil and Gas Enterprise. The letters ask the two oil companies, among other things, to communicate the measures taken to respect the rights of the Yadana project's workforce, to disclose all tax, dividend and royalty payments to the Myanmar government and more specifically to the

MOGE since February 1, 2021, to conduct a feasibility analysis to place the sums owed in taxes, dividends and royalties in an escrow account that is only accessible when an elected government is in place, as well as other requests related to the political and humanitarian situation in Burma. Note : Since we began engaging with these companies, they have both decided to cease activities in Myanmar, but dialogue is continuing.

<b>Investor Statement on Facial Recognition</b>	2021	S	Investor Statement	
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The rapid deployment of facial recognition technology has raised major concerns about the impact on privacy, data protection and civil liberties. This investor statement, signed by 53 responsible investors representing more than \$5 trillion in assets under management, calls on companies involved in this technology to increase transparency, demonstrate awareness of the impact on human rights and adopt ethical practices.

This statement, initiated by Candriam, goes hand-in-hand with the [Investor Collaborative engagement on Facial Recognition](#).

<b>Investor Engagement on Facial Recognition 2021</b>	2021	S	Collaborative Dialogue	
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The rapid deployment of facial recognition technology (FRT) has raised major concerns about the impact on privacy, data protection and civil liberties. This collaborative engagement is the first entirely driven by Candriam. It brings together 20 European and North American investors who have engaged in a dialogue with 30 companies involved in this technology, to convince them to increase transparency, demonstrate awareness of the impact on human rights and also adopt responsible practices.

This commitment follows the [Investor Statement on Facial Recognition](#) launched in June 2021.

For more information, please refer to our dedicated webpage : <https://www.candriam.com/en/professional/market-insights/topics/sri/facial-recognition-and-human-rights-what-is-the-role-of-responsible-investors/>




<b>Investor Letter - Linking Remuneration of Pharmaceuticals Executives to Vaccine Access</b>	2021	G	Collaborative Dialogue	
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As a natural follow-on to our previous commitments in this field and given the new Omicron wave which again demonstrates the risks induced by disparities in access to vaccines, we decided to co-sign the letter proposed by Achmea, supported by Access to Medicine Initiative and addressed to four companies -- AstraZeneca, Johnson & Johnson., Moderna and Pfizer.

The investor letter is asking to integrate the objectives of the WHO Roadmap for Covid-19 vaccine producers into remuneration, namely to support ACT Accelerator (global collaboration to accelerate the development, production, and equitable access to Covid-19 tests, treatments, and vaccines) in its tasks ; thus concretely it demands :

- Prioritize and fulfil COVAX and African Vaccine Acquisition Trust (AVAT) contracts as a matter of urgency;
- Provide full transparency on the overall monthly production of Covid-19vaccines and clear monthly schedules for supplies to COVAX, AVAT and low and low-middle income countries, to enable proper global and national-level planning and optimal use of scarce supplies;
- Actively engage and work with countries that have high coverage and that have contracted high volumes of vaccines to allow the prioritization of COVAX and AVAT contracts, including through delivery schedule swaps, and facilitate rapid and early dose-sharing;
- Commit to share know-how more rapidly, facilitate technology transfer and provide transparent non-exclusive voluntary licenses, to ensure that future vaccine supply is reliable, affordable, available, and deployed to every country in volumes and timing that achieves equitable access.

<b>2021 Global Investor Statement to Governments on the Climate Crisis</b>	2021	E	Investor Statement	
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This 2021 statement calls on all governments to:

1. Strengthen their NDCs for 2030 before COP26, to align with limiting warming to 1.5-degrees Celsius and to ensure a planned transition to net-zero emissions by 2050 or sooner.
2. Commit to a domestic mid-century, net-zero emissions target and outline a pathway with ambitious interim targets including clear decarbonization roadmaps for each carbon-intensive sector.
3. Implement domestic policies to deliver these targets, incentivize private investments in zero-emissions solutions and to ensure ambitious pre-2030 action through: robust carbon pricing, the removal of fossil fuel subsidies by


- set deadlines, the phase out of thermal coal-based electricity generation by set deadlines in line with credible 1.5-degrees Celsius temperature pathways, the avoidance of new carbon-intensive infrastructure
4. Ensure Covid-19 economic recovery plans support the transition to net-zero emissions and enhance resilience.
5. Commit to implementing mandatory climate risk disclosure requirements aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, ensuring comprehensive disclosures that are consistent, comparable, and decision-useful.

# Further Details on Collaborative Initiatives

Here we offer some insights into initiatives which are no longer new, and are building momentum.



## Access to Medicine (AtM)

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://accesstomedicinefoundation.org/">https://accesstomedicinefoundation.org/</a>	2010	Active	Letter co-signer and Lead investor for one company in support of the collaborative engagement on access to medicine and SDG3, based on last Access to Medicine Index	

### Summary

The mission of the Access to Medicine Foundation is to stimulate and guide pharmaceutical companies to do more for the people of low- and middle-income countries without access to medicine. To that end, the Access to Medicine Index analyses 20 of the world’s largest research-based pharmaceutical companies with products for high-burden diseases in low- and middle-income countries.

AtM publishes an index every two years, ranking pharma on their efforts to improve access to medicine across seven areas of corporate behaviour and identifies best practices. The Foundation highlights where progress is being made, and identifies where critical action is still required.

As a Responsible investor, we support this initiative not only for its long-term positive impact on communities but also because we think the way pharmaceutical companies manage access-to-medicine risks and opportunities can have significant impacts on their financial performance.

**Targeted Sectors:** Pharmaceuticals.

**Targeted Regions:** Global.

### Achievements

The seventh Access to Medicine Index was published in 2021, providing a finely detailed picture of pharma action to improve access to life-saving medicines, vaccines and diagnostics for people in low- and middle-income countries. The Index analyses the actions of 20 of the world’s leading pharmaceutical companies to make medicines, vaccines and diagnostics more accessible. These 20 companies are assessed against 33 metrics spanning R&D, governance, pricing and supply across 106 low- and middle-income countries and for 82 diseases, conditions and pathogens. These 82 diseases, conditions and pathogens have been identified as the most critical priorities regarding access to medicine, including HIV/AIDs, malaria and tuberculosis, and emerging infectious diseases such as those caused by coronaviruses and Zika, as well as non-communicable diseases such as diabetes, epilepsy and heart disease.

#### 2021 Ranking

GSK and Novartis compete for the top spot, while Pfizer is new among the top five. The two leaders take a mature approach to managing access, and perform strongly in R&D for global health priorities.



### Three Key Findings

- Eight global pharma companies have adopted processes to systematically address access to medicine for all new products.
- Less than half of key products are covered by pharma companies' access strategies in poorer countries.
- R&D for Covid-19 has increased, yet other pandemic risks go unaddressed.

The results show progress in how companies are integrating access to medicine into governance structures, R&D processes, and monitoring efforts. Yet initiatives addressing access to specific products remain focused on a few products and countries.



Some examples of target issuer commitments in 2021:

- Moderna signed an advance purchase agreement with Gavi for its mRNA vaccine against Covid-19. The agreement is for 500 million doses of the Moderna vaccine, secured on behalf of the COVAX Facility. Initial supply under the agreement is for low-income countries, with the potential to allocate and supply to high- and middle-income participants in the future. The agreement also contains options to potentially access doses of variant-adapted vaccine in the future.
- Cipla announced it had signed a royalty-free, non-exclusive voluntary licensing agreement with Eli Lilly for the manufacture and commercialization of the drug baricitinib for Covid-19 indication.
- Pfizer-BioNTech made a significant commitment to address Covid-19 vaccine inequality by pledging to deliver 1 billion doses of their Covid-19 vaccine to poorer nations in 2021 and another 1 billion in 2022.

### Next Steps

- Publication of 2022 Access to Medicine Index ?
- Further investor support of engagement with pharmaceutical companies on access to medicine and AMR
- Candriam will continue to support the Foundation in addressing healthcare inequality, notably supporting and implementing the Foundation's new strategic plan to expand its coverage to five sectors -- 'Big Pharma', as well as generic medicine manufacturers, vaccine manufacturers, diagnostic companies, and medical gas companies.

## Access to Nutrition Index (ATNI)

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="http://www.accessstonutrition.org">www.accessstonutrition.org</a>	2013	Active	Letter co-signer, Lead investor for one company and active for others Signatory of 2020 ATNI Investor Expectation Letter	 

### Summary

The aim of the Access to Nutrition Initiative is to drive change by tracking and driving the food industry's attempts to tackle undernutrition, obesity and diet-related chronic diseases at the local and global levels.

Every action taken by ATNI is intended to encourage businesses to promote good health through improved diets and nutrition. ATNI focuses on developing tools and initiatives that track and drive the contribution made by the food and beverage sector to address the world's global nutrition challenges. The Initiative is increasingly establishing partnerships with other organizations committed to solving the world's nutrition challenges by working with food and beverage companies to improve their business practices. ATNI collaborates with investors, academics, not-for-profits and foundations to develop and deliver such projects.

ATNI works extensively with the investment community to ensure that its tools are designed to provide investors with the in-depth information they need on company performance on nutrition which may not be available from any other source. Investors can use Indices and reports in their ESG research, integration and Engagement.

**Targeted Sectors:** Food & Beverage (F&B).

**Targeted Regions:** Global.

### Achievements

In July 2021 ATNI published the fourth iteration of the Global Access to Nutrition Index (previous editions published in 2013, 2016 and 2018). Twenty-five leading Food and Beverage manufacturers are included in the 2021 Global Index.

All have been assessed on their commitments, practices, and disclosure – with regards to governance and management; the production and distribution of, healthy, affordable, accessible products; and how they influence consumer choices and behavior.

The Global Index is used by an increasing number of interested parties (policymakers, investors, international and non-governmental organizations (NGOs), and others) to hold the private sector accountable in delivering on commitments to tackle growing nutrition challenges worldwide.



The Index is used as a basis for all Engagement, enabling discussions with companies on how they position relative to their peers, as well as the ongoing path for improvement for the whole industry.

### Next Steps

- Follow-up on the engagement campaign.
- Follow up of the Engagement through the 2021-22 collaborative engagement campaign on index findings, to discuss with companies the path to improvement, depending on their profile.



## Bangladesh Investor Initiative

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://www.iccr.org/our-issues/human-rights/protecting-worker-rights-garment-workers">https://www.iccr.org/our-issues/human-rights/protecting-worker-rights-garment-workers</a>	2013	Active	<ul style="list-style-type: none"> <li>Statement and Letter co-signer to companies, OECD and authorities</li> <li>Active investor for 13 companies, encouraging them to join or support The Accord</li> </ul>	  

### Summary

Coordinated by the ICCR, this initiative was launched after the 2013 Rana Plaza factory disaster. The deaths of 1,134 workers spurred international retailers to address health and safety issues in their Bangladesh contract garment factories. More than 250 investors from 12 countries signed the statement, representing \$4.5b AUM.

In May 2013, Candriam and other global investors appealed to the Bangladeshi retailing and garment industries to implement systemic reforms to ensure worker safety and welfare, and to adopt zero-tolerance policies on global supply-chain abuses. More specifically, we urged them to join The Accord on Fire and Building Safety (hereafter The Accord), a five-year, independent, legally-binding agreement between trades unions, brands, retailers and their suppliers.

**Targeted Sectors:** Retailing, Textiles.

**Targeted Regions:** Global.

### Achievements

The Bangladesh initiative reached a turning point in 2019, through investor letters to the prime minister and applicable ministries of the Bangladesh government, in obtaining a one-year extension for the Accord. In January 2020 a Transition Agreement was signed by global brands, trade unions and the BGMEA that moved Accord functions, protocols and staff to an independent body (RSC) which became operational on June 1st, 2020, (terms under <https://bangladeshaccord.org/updates/2020/01/15/jointstatement-accord-bgmea>).

Of the 1,692 garment factories covered by The Accord/RMG Sustainability Council (RSC), 361 factories had completed initial remediation as of mid-2021 (326 in 2020, 273 in 2019). In addition to these, more than 600 factories were found to be ineligible for business with Accord brands, or closed or were relocated since the beginning of the initiative.

A remediation level of 93% was achieved at the 1,600+ factories and in 2021, more than 1.8 million (1.5 million in 2018) workers have been informed about workplace safety, including the complaints mechanism.

The pandemic clearly disrupted this dynamic.

In April 2020, the initiative highlighted collateral damages Covid-19 is causing the Bangladesh garment sector. At that time, more than 2 million garment workers had been reported being fired or furloughed in Bangladesh as a result of Covid-19-related order cancellations and the failure of buyers to pay for these cancellations. The situation in Bangladesh was replicated in other countries including Cambodia, Vietnam and India, where apparel production is a major source of export revenue.

Investors articulated four key steps global brands could take to protect workers :

- Promptly pay suppliers for existing orders without renegotiating previously agreed pricing;
- Do not punish suppliers with payment reductions for delays due to Covid-19-related supply chain shortages (e.g., delayed raw material deliveries from China);
- Where suppliers continue production, take steps to ensure that worker health and safety are prioritized , overtime is on a voluntary basis and compensated at a premium rate;
- Ensure alternative sourcing or production does *not* occur in, from, or connected to, the Xinjiang Uyghur Autonomous Region (XUAR) due to China's early recovery from Covid-19, as the XUAR continues to be tainted with human rights violations, including forced labour affecting the apparel sector.

In April 2021, we co-signed an Investor Statement calling for a new agreement to be found between global unions and brands, and including the essential elements of the Accord, which was due to expire at the end of May 2021. In August 2021, negotiations between international textile retailers and the global trade union signatories to the former Accord on Fire and Building Safety in Bangladesh resulted in an agreement that continues legally-binding commitments to workplace safety in Bangladesh and promises to expand the program to other countries.

The new agreement, called the International Accord for Health and Safety in the Textile and Garment Industry, took effect on 1 September 2021.

## Next Steps

- Situation follow up in a (post) pandemic context, Engagement with companies to encourage best practices for supporting supply chain workers.

**CDP –  
Formerly Carbon  
Disclosure Project**  
(including Climate Change, and  
Water and Forest programmes)



	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://www.cdp.net/en/investor/signatories-and-members">https://www.cdp.net/en/investor/signatories-and-members</a>	2004	Active	<ul style="list-style-type: none"> <li>Signatory to the main disclosure request to 7,000+ corporations</li> <li>Lead investor for 2 corporations (Naspar &amp; Home Depot) worldwide – Non-Disclosure Campaign</li> </ul>	

**Summary**

CDP is a not-for-profit global disclosure system through which thousands of companies, cities, states and regions measure, report, manage and share vital environmental information.

This data is currently shared with Investor signatories and members.

The insights offered by the data collected by CDP on climate change, water, and deforestation risk management enable investors to make informed decisions about mitigating the risks of environmental issues whilst capitalizing on the opportunities that a responsible approach presents.

Importantly, all these data feeds a large range of ESG data providers, used by investors to calculate the carbon or water footprint of their portfolios and thus to drive their investment strategy.

**Targeted Sectors:** All.

**Targeted Regions:** Global.

**Achievements**

In 2021, a record-breaking 13,000+ companies representing over 64% of global market capitalization disclosed through CDP – 35% more than last year, and over 141% more than when the Paris Agreement was signed in 2015.



- 1,317 companies were targeted in the framework of the Non Disclosure Campaign.
- 328 companies submitted a response after being targeted by participating financial institutions.

**Next Steps**

2022 CDP Non-Disclosure campaign.



## Climate Action 100+ (CA100+)

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="http://www.climateaction100.org/">http://www.climateaction100.org/</a>	2017	Active	<ul style="list-style-type: none"> <li>Active supporting investor for five corporates</li> <li>Support brought to climate-resolutions and co-filing actions</li> <li>Active Support brought to the side-engagement on Paris Aligned Accounting (Lead investor for one European company and for contacting French Audit partners)</li> </ul>	 

## Summary

This collaborative engagement is a five-year initiative launched by the PRI in collaboration with several other networks – Asia Investor Group on Climate Change (Asia), Ceres Investor Network on Climate Risk and Sustainability (North America), Investor Group on Climate Change (Australia/New Zealand) and the Institutional Investor Group on Climate Change (Europe).

By engaging with more than 100 of the world’s largest corporate Greenhouse Gas (GHG) emitters, the aim is to curb emissions, strengthen climate-related financial disclosures and improve governance on climate change risks.

The Climate Action 100+ founding signatories have agreed on a common agenda for discussion with companies. Investors supporting the initiative will request the boards and senior management of these companies to:

- Implement a strong governance framework that clearly articulates the Board’s accountability and oversight of climate change risks and opportunities;
- Take action to reduce GHG emissions across the value chain, consistent with the 2015 Paris Agreement’s goal of limiting the global average temperature increase to well below 2 degrees Celsius above pre-industrial levels;
- Provide enhanced corporate disclosure in line with the final recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and, when applicable, sector-specific Global Investor Coalition Investor Expectations on Climate Change. The objective is to enable investors to assess the robustness of companies’ business plans against a range of climate scenarios, including the well-below 2-degrees Celsius scenario, and improve investment decision-making.

**Targeted Sectors:** All. Target companies are chosen based on their level of Scope 1/2/3 GHG emissions.

**Targeted Regions:** Global.

## Achievements

The 167 'focus companies' engaged through the initiative are collectively responsible for over 80% of global industrial GHG emissions and represent a combined market capitalisation in excess of \$8 trillion. As stated in its last progress report released in January 2022, significant progress has been seen across a range of industries, many of which are among the most challenging to decarbonise. Examples of substantial net zero commitments from focus companies include :

- Enel, the world's largest utility company, became the first utility to commit to an exit from natural gas generation by 2040,
- Engie, the French multinational utility company, committed to net zero emissions by 2045, following the negotiated withdrawal of a shareholder resolution,
- Rio Tinto, the world's second-largest metals and mining corporation, has more than tripled its medium-term 2030 target, setting a new target to reduce absolute Scope 1 and 2 emissions by 50% by 2030.

With 70 new investors joining in 2021, the initiative now has more than 700 signatories responsible for \$68 trillion of assets under management. As a result, the initiative has achieved more rapid and more ambitious climate commitments from a significant number of focus companies. Analysis from September 2021, building on the initiative's Net-Zero Company Benchmark, found that 111 focus companies have set net zero targets for 2050 or before, compared to just five in 2018 just after the launch of the initiative. To demonstrate the scale of impact, it is estimated that these net zero targets – which Climate Action 100+ investors have played a significant role in securing – will reduce Greenhouse Gas (GHG) emissions by 9.8 billion metric tons annually by 2050, roughly equivalent to China's annual emissions.

The results from the first company assessments found that 52% of companies had set 2050 net zero targets in some form, 87% had Board-level oversight of climate change and 72% had committed to align their disclosures with TCFD recommendations.

However, overall no company performed at a high level across all indicators. There were clear gaps around short- and medium-term targets, Scope 3 emissions, and aligning capex with a 1.5°C global warming scenario. These results played a crucial role in shaping investor engagement priorities in 2021 and shone a clear light on the urgent gaps where corporate climate action needs to accelerate.

Six out of 14 shareholder proposals filed by Climate Action 100+ investor signatories and flagged by the initiative won majority votes in 2021. These included a 98% vote at General Electric and a 99% vote at Bunge, both of which were supported by management; a 65% vote at United Airlines and 62% at Phillips 66.

## Next Steps

Engagement follow up, as well as potential actions at 2022 AGMs, including co-filling, official support for climate-related resolutions, or director sanction votes when climate strategies obviously lag those of peers in industries identified as particularly at risk. We will continue to push for faster and more ambitious climate commitments from focus companies.


Lobbying reform, Net zero goals or targets, Paris aligned accounting and TCFD implementation are identified as engagement priorities.



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## Corporate Accountability for Digital Rights

**Supported since**   **Status**   **Candriam Contribution involvement**   **ESG**

<a href="https://investorsforhumanrights.org/actions/campaigns/information-and-communication-technology-ict">https://investorsforhumanrights.org/actions/campaigns/information-and-communication-technology-ict</a>	2018	Active	<ul style="list-style-type: none"> <li>. Letters co-signer.</li> <li>. Co-Lead investor on one corporate</li> </ul>	
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### Summary

The investor statement of the Corporate Accountability for Digital Rights is an initiative of the Investor Alliance for Human Rights. It calls on internet, mobile, and telecommunications (ICT) companies to respect human rights and refers to the Ranking Digital Rights (RDR) Corporate Accountability Index as a tool to help them improve their governance systems.

The RDR evaluates 22 of the world's most powerful ICT companies on their disclosed commitments and policies affecting freedom of expression and privacy, such as massive data breaches and manipulation of social media platforms. Investors ask them to align their policies and practices with the RDR by conducting human rights due diligence, reporting on human rights and collaborating with investors.

By signing this statement, investors commit to raising awareness among the investor community as well as to promoting respect for digital rights in their dialogues with companies, for instance by pushing them to make public commitments to respect users' freedom of expression and right to privacy, and by disclosing their policies on the matter. Investors also commit to using and developing the RDR Index in their analysis.

**Targeted Sectors:** ICT companies.

**Targeted Regions:** Global.Achievements



## Achievements

In July 2021, the Investor Alliance for Human Rights coordinated an Investor Statement on Corporate Accountability for Digital Rights which was signed by 76 investors, representing over \$5.85 trillion in assets under management and advisement. This Investor Statement was sent to 26 information communication and technology (ICT) companies calling on the companies to make public commitments to human rights and embed human rights due diligence across all their business activities. Using the 2020 Ranking Digital Rights Corporate Accountability Index (RDR Index), the Investor Statement set out investor expectations of ICT companies in line with the evaluation and recommendations of the RDR Index. The Investor Statement was recently reopened for investor sign-on, and as of March 10, 2022, there are now 84 signatories representing US\$8.95 trillion in AUM.




On the basis of the investor expectations set out in the Investor Statement, 33 investors took on the lead to engage with 22 of these ICT companies beginning in July 2021. This engagement initiative is expected to run for a minimum of 24 months.

After eight months of engagement, 77% of the companies have responded to the letter (17 out of 22). Of the five companies that did not respond to the letter, one is based in the United States, while the remaining four are based in China, India, and Russia. Investors have conducted ongoing dialogues with 12 companies with a focus on their policies related to human rights and due diligence processes. Of those 12 companies, eight are telecommunications companies and the remaining four are digital platforms.

## Next Steps

RDR plans to release updated data on the 14 digital platform companies in April 2022 and on the 12 telecommunications companies in November 2022. This updated data will allow for further analysis of company progress and impact of the investor Engagement efforts.

## Plastic Solutions Investor Alliance

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://www.asyousow.org/our-work/waste/ocean-plastics">https://www.asyousow.org/our-work/waste/ocean-plastics</a> <a href="https://www.asyousow.org/initial-corporate-engagements">https://www.asyousow.org/initial-corporate-engagements</a>	2018	Active	<ul style="list-style-type: none"> <li>Letter co-signer</li> <li>Lead investor on two corporates</li> </ul>	  

### Summary

This initiative, launched in 2018 by As You Sow, calls for a reduced usage of plastics, improved collection and recycling channels, and the development of sustainable alternatives to plastic packaging.

Plastic remains essential to our society and, in some cases, irreplaceable. However the unprecedented growth in the production and use of plastics, especially for single-use packaging, has led to excesses. **Plastic production now accounts for 20% of oil consumption.** Plastic pollution is now a threat not only to biodiversity, with hundreds of species endangered, but also to our health. For businesses, and especially consumer brands, it is fast becoming a reputational and regulatory risk that should compel them to rethink product packaging, with impacts at supply, production and consumer-relationship levels.

**Targeted Sectors:** Consumer segment - food and beverages / food retail.

**Targeted Regions:** Global.

### Achievements

Continued engagement with 16 food and beverages companies, including some retailers.

In 2021, the PSIA was focused on providing input for the creation of [As You Sow's 2021 Corporate Plastic Pollution Scorecard](#). Investor members helped to determine the metrics that were used to score companies on actions to prevent plastic packaging pollution. In September 2021, the "Corporate Plastic Pollution Scorecard 2021" was released analyzing the actions, and inactions, of 50 of the largest U.S. consumer-facing companies to reduce plastic pollution. Support for recycling is the area with less leadership and thus become a central point of attention for upcoming Engagement.

With these rankings now in hand, the PSIA will focus in 2022 on re-engaging our top five companies, PepsiCo, Coca-Cola, Unilever, Nestle, and Procter & Gamble on their areas of weakness, as demonstrated in the Scorecard and accompanying data visualization tool.

In 2021 As You Sow filed shareholder proposals with this season on plastic pollution: Amazon.com, Keurig Dr Pepper Inc., KraftHeinz Co., Kroger Co., McDonalds Corp., Mondelez International Inc., PepsiCo, Restaurant Brands International, Target Corp., and Walmart Inc. Amazon in particular was "critically important" because of its dominance in the e-commerce market. In June 2021, 35.5% of Amazon shareholders called on the company to report on its plastic footprint.

### Next Steps

Continuous support of Engagement.

Sustainable Protein	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://www.fairr.org/sustainable-proteins/">https://www.fairr.org/sustainable-proteins/</a>	2017	Active	<ul style="list-style-type: none"> <li>. Letter co-signer</li> <li>. Co-lead investor on two corporates</li> </ul>	

## Summary

The livestock sector accounts for more than 14% of global Greenhouse Gas (GHG) emissions. The demand for animal-based products needs to decline radically if the world is to stand a chance of achieving the temperature-change targets set by the Paris Climate Conference in 2015. In this respect, large-scale food retailers and multinational food companies are central to the modern food system and well-positioned to encourage a shift towards more sustainable diets.

The call for sustainable protein supply chains is not a demand to eliminate out animal products entirely, but rather a call for diversification of the protein range on offer and a call to move away from the dominant position of meat and dairy in our menus. We need de-risk supply chains and leverage innovation for growth.

Coordinated by FAIRR, this Collaborative Engagement is focused on encouraging corporates to publicly report on how a company integrates protein diversification into risk reduction, business growth planning, product development and investment decisions.

**Targeted Sectors:** Food & Beverages, Food & Staples Retailing.

**Targeted Regions:** Global.

## Achievements

Release in September 2021 of FAIRR’s new report, ‘Appetite for Disruption: The Last Serving’, quantifies the sustainable protein boom. Thanks to major investments in technology and growing investments and interest from food companies, 2021 is considered as “the year of cultivated meat”.

Protein diversification is now a key component of commercial and climate-mitigation strategies.

Today, all 25 companies in FAIRR’s engagement recognise the importance of protein diversification as a material issue for their business. This is in sharp contrast to 2016, when no company was talking about protein, let alone discussing the commercial and climate opportunities associated with alternative proteins.

During 2020 there was a substantial increase in sales of plant-based products on a global scale. In the US, plant-based foods sales grew 27%. Plant-based milk represents the largest category, accounting for 15% of all retail milk sales in the US. Also in the US, plant-based meat saw a 45% growth in sales. In Europe sales of plant-base foods have increased 28%. The market that has witnessed the most growth is Germany, followed by the UK. In Germany plant-based milk represents the largest category of sales (48%), while in the UK the top spot goes to plant-based meat alternatives (67% of total sales).

In the meantime, traditional brands are being disrupted by plant-based competitors, and the battle over labelling has continued. There has been limited regulatory success in defining plant-based labelling.

More than 80% of the 25 global retailers and manufacturers the investor group Engaged not only recognize the environmental impacts of animal agriculture supply chains, but are now able to provide meaningful responses regarding protein diversification, and related supply chain assessments or scenario analysis.



Over the last two years, 88% of the companies met with FAIRR and/or investors. 19 out of 25 companies sent meaningful responses.

## **Next Steps**

Continuous support for the 2022 Engagement campaign, now that the Phase 5 of the Engagement has been completed.



## Workforce Disclosure Initiative (WDI)

Supported since	Status	Candriam Contribution involvement	ESG
2017	Active	<ul style="list-style-type: none"> <li>Letter co-signer</li> <li>Co-lead investor for 36 corporates</li> </ul>	 

### Summary

This initiative, coordinated by ShareAction, brings institutional investors together to secure comparable workforce reporting from listed companies on an annual basis. The data requested covers employees both across global operations, and workers in their supply chains.

The WDI involves an annual investor-led survey of multinational companies. As of the end of 2019, over 135 institutional investors, from 15 countries, supported the WDI.

Its ultimate goal is to improve the quality of jobs in multinational companies, and within the supply chains of those companies.

Run by ShareAction and part-funded by the UK Government's Foreign, Commonwealth and Development Office (FCDO), this initiative now coordinates 68 financial institutions representing over \$10 trillion in Asset Under Management.

**Targeted Sectors:** All.

**Targeted Regions:** Global.

### Achievements

During 2021, 173 global companies took part in the Initiative, demonstrating their commitment to transparency – a 23% increase over 2020.

The most commonly-encountered problem mentioned by companies which answered the survey was the difficulty in collecting appropriate and accurate data on the wide range of themes covered by the WDI survey. Among companies who did not provide additional workforce data, the main barriers cited on the survey were the lack of resources to take part, and/or the belief they already publish sufficient information.

In 2021, 40% of the companies for which we were co-lead responded to the survey.

The initiative now organises topic calls for participating investors, aiming to share views on specific labour-related concerns or KPIs. Candriam took part in the January 2021 call on Diversity & Inclusion, following the publication of our paper on Ethinc Diversity.<sup>3</sup>

### Next Steps

Continuous support of WDI engagement campaign.



<sup>3</sup> Paper available under [https://www.candriam.com/48fec3/siteassets/medias/publications/brochure/research-papers/ethnic-diversity/2021\\_01\\_diversity\\_en\\_web.pdf](https://www.candriam.com/48fec3/siteassets/medias/publications/brochure/research-papers/ethnic-diversity/2021_01_diversity_en_web.pdf)



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## Investors Policy Dialogue on Deforestation (IPDD)

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://www.tropicalforestalliance.org/en/collective-action-agenda/finance/investors-policy-dialogue-on-deforestation-ipdd-initiative/">https://www.tropicalforestalliance.org/en/collective-action-agenda/finance/investors-policy-dialogue-on-deforestation-ipdd-initiative/</a>	2021	Active	<ul style="list-style-type: none"> <li>Engagement Letters Signatory</li> <li>Active member of the Brazilian and the Indonesian workstreams</li> </ul>	 

### Summary

The Investors Policy Dialogue on Deforestation (IPDD) is a collaborative investor initiative, established in July 2020 in collaboration with The Forest Alliance to engage with public agencies and industry associations in selected countries.

Investors are concerned about the financial impact that deforestation and the violation of the rights of indigenous peoples and local communities may have on their clients and investee companies, by potentially increasing reputational, operational and regulatory risks. Investors are concerned that companies exposed to potential deforestation in their direct operations and supply chains in these countries will face increasing difficulty accessing international markets. The sovereign bonds of these countries are also likely to be deemed high risk if deforestation continues.

The goal of the IPDD Initiative is to coordinate a public policy dialogue on halting deforestation. The IPDD seeks to ensure long-term financial sustainability of investments in the countries in which they are invested by promoting sustainable land use and forest management and respect for human rights, with an initial focus on tropical forests and natural vegetation. The IPDD works with key stakeholders to encourage adoption and implementation of regulatory frameworks that ensure protection of such natural assets and human rights.

The initiative has begun with a focus on deforestation in Brazil and has already initiated dialogue with the Vice President of Brazil, the Brazilian Central Bank, the Ministry of Agriculture as well as other local stakeholders. A second working group focusing on, Indonesia was also set up in late 2020. A new working working group is set to begin Engaging with consumer countries in 2022.

### Achievements

During the year, the Brazil and the Indonesian working group held numerous meetings with ministers, governors, ambassadors, central bankers, regulators, agencies representatives, and multiple stakeholders to advance the agenda of the IPDD. Numerous educational calls were organised to improve investor understanding of deforestation issues.

### Next Steps

- Continue Engagement with Brazilian and Indonesian government members, public figures and stakeholders.
- In October 2022 general elections will be held in Brazil for President, Vice-President and the National Congress. The IPDD Brazil working group will focus on Engaging with parties and candidates.
- Continue to engage with other stakeholders.
- Continue educational programs.


**Targeted Sectors:** Sovereigns.

**Targeted Regions:** Global.



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## Investor Engagement Group - Xinjiang Uyghur Autonomous Region (XUAR)

	Supported since	Status	Candriam Contribution involvement	ESG
<a href="https://investorsforhumanrights.org/issues/investor-action-human-rights-crisis-uyghur-region">https://investorsforhumanrights.org/issues/investor-action-human-rights-crisis-uyghur-region</a>	2020	Active	<ul style="list-style-type: none"> <li>Investor Statement Signatory</li> <li>Active member of the Working Group</li> <li>(Co-)Lead Investor on the Engagement for 3 Targeted Issuers</li> </ul>	

### Summary

The investor engagement group on Xinjiang Uyghur Autonomous Region (XUAR) is a collaborative Engagement targeting companies involved in the human rights crisis in the Uyghur Region.

An estimated 1.8 million Uyghur, Turkic, and Muslim-majority peoples have been subject to extrajudicial detention in internment camps, prisons, and factories. This human rights crisis in XUAR extends to a wide-spread, government sponsored system of forced labor of people in and from the Uyghur Region who have been made to work in factories across China as part of global supply chains; and mass surveillance of people in and from the Uyghur Region.

This engagement is underpinned by the responsibility of businesses to respect human rights in their business operations, as set out in the UN Guiding Principles on Business and Human Rights. Global companies across multiple sectors have operations, investments, partnerships, and other business relationships in the Uyghur Region, as well as in other parts of China and across the world that are connected to the violations in the Uyghur Region. The group seeks to Engage with over 61 large international corporations which have been identified as potentially employing forced labour of Uyghurs somewhere within their supply chain. Investors are asking companies to fully map of their supply chains to identify direct and indirect business relationships that are connected to the Uyghur Region, to demonstrate steps to disengage from suppliers connected with forced labor, and to publicly disclose efforts and progress on how companies are working with affected rightsholders in determining remedies.

### Achievements

Over 60 investors have now joined the collaborative Engagement. In 2021, 61 companies received letters outlining investor expectations, 41 responded, leading to Engagements. During 2021 the group extended the list of target issuers to those mentioned in two reports from Hallam Sheffield University: one on the cotton supply chain, one on the solar industry. Numerous countries enacted legislation to prevent Uyghur forced labour, the most notable being the Uyghur Forced Labor Prevention Act in the US. Australia, Japan and France have also enacted legislation.

### Next Steps

- Continued dialogues with targeted issuers.
- A resolution has been filed with Apple on the subject of Forced Labour Prevention (Resolution #7).


**Targeted Sectors:** Apparel - Tech - Solar.

**Targeted Regions:** Global.

With the support of



## Marine Microplastic Pollution Engagement

	Supported since	Status	Candriam Contribution involvement	ESG
	2021	Active	<ul style="list-style-type: none"> <li>. Investor Statement Signatory</li> <li>. Active member of the Working Group</li> <li>. Lead Investor on the Engagement for 2 Targeted Issuers</li> </ul>	

### Summary

The Marine Microplastic Pollution Engagement aims to push the manufacturers of domestic and commercial washing machines to fit all their products with filters to prevent plastic microfibrils from entering the world's marine ecosystems. Filter technology is currently available, but is not systematically used across the industry. Scientific evidence of the significant harm to marine biodiversity and ecosystems is emerging, as well as widespread public awareness and support for action in tackling plastic pollution in the marine environment. Synthetic fibres - a type of microplastic - make up 14% of global plastics production and generate synthetic microfibrils through fragmentation and degradation. Microfibrils constitute a significant fraction of microplastics accumulating in freshwater, marine, coastal, terrestrial, and Arctic ecosystems, where they pose risks to aquatic organisms and terrestrial biodiversity.

Microfibre filters on washing machines have been shown to be the most effective solution to reducing the flow of microfibrils into the ocean. There are currently few companies offering washing machines with a built in internal filter (Koc Holdings' Arcelik brand advertised the availability of such a machine in 2020). Internal filters are commercially available and research found an internal filter was the most effective, removing 78% of microfibrils.

**Targeted Sectors:** Industrials.

**Targeted Regions:** Global.

### Achievements


During 2021, the investor engagement engaged 14 major manufacturers of domestic and commercial washing machines. The objective was to understand these manufacturers standpoint on adoption of microplastic filters and to get them to commit to having factory fitted plastic microfibre filters fitted as standard in all new machines by the end of 2023. 9 companies responded (5 didn't answer our demand for a dialogue) and we analysed that only 3 manufacturers had put in place strong plans for the adoption of filters.

### Next Steps

- Continued dialogues with targeted issuers.
- The secondary objective of the Engagement program is to influence policy makers to implement legislation prohibiting the sale of new machines unless filter mechanisms are built in. Such legislation has been passed in France, while UK stakeholders have already been approached.



## Collaborative dialogue on Teleperformance

	Supported since	Status	Candriam Contribution involvement	ESG
	2020	Co lead	Co-leading Engagement with four other investors.	

### Summary

Teleperformance is a leader in customer experience management, employing over 330,000 employees in 80 countries across the globe. In 2019 the company was accused of failing to establish sufficient protection measures for its employees in countries at risk for workers' rights such as Colombia, Mexico, India and the Philippines.

A new controversy erupted during the Covid-19 epidemic over working conditions in call centers, including those in France. Claiming that inadequate response to the crisis had put thousands of workers at risk, the UNI Global Union, along with four French trade union federations, lodged a complaint with the French OECD Contact Point in April 2020.

While in our view the first Teleperformance vigilance plan was too light, things have definitely improved. Yet employees are the core asset of Teleperformance and investors must ensure the group 'walks the talk'. We are confident in the company's ability to rise to this new challenge, but **as a Responsible investor, our role is both to support the company and to clarify our expectations.**

After having for some months decided to dialogue only directly with the company, in June 2020 Candriam joined forces with six other Continental investors. We continue to press Teleperformance to improve governance and reporting, and to adopt best practices for labour rights<sup>4</sup>.

**Targeted Sectors:** Industrials.

**Targeted Regions:** Global.

### Achievements

We met the company representatives twice this year regarding this specific engagement. The first meeting was dedicated to a presentation from involved investors to prioritize which points to address and describe best practices observed in comparable companies. The second meeting discussed evolution of company performance and feedback on the integration of our expectations. It was also a debrief on conclusion of the OECD NCP released in summer 2021.

### Next Steps

We commend the company's progress as well as better structure of the governance around ESG topics. The formalization of the Human Rights Due Diligence, and of the associated risk mapping is not as complete as we expect and we await some assurance regarding the state of the social dialogue within the company, more specifically in countries with a high percentage of the workforce but with weak union culture. These two points form the two strong pillars of our future Engagement with the company.

<sup>4</sup> More info under

[https://www.candriam.com/4a0710/siteassets/medias/publications/sustainable-investment/teleperformance/2020\\_07\\_teleperformance\\_engagement\\_en\\_web.pdf](https://www.candriam.com/4a0710/siteassets/medias/publications/sustainable-investment/teleperformance/2020_07_teleperformance_engagement_en_web.pdf)





Part 2

# Voting Annual Review

# Voting year at a glance

*Candriam believes that exercising our voting rights is a core element of our Conviction and our Responsibility as an asset manager. Voting is thus fully embedded in our sustainable strategy. Candriam Stewardship plays an important role in communicating our core values to the company in which we invest on behalf of our clients. While Engagement is the key tool to advocate for sound corporate governance practices, actively Voting at the general meetings of investee companies helps signal to the companies that they fall short of our expectations. In 2021, we continued our journey to foster shareholder value through stewardship and to safeguard the interests of all Candriam clients, in line with our investment philosophy. When casting our votes, we respect our fiduciary duty to our clients and we assess whether companies comply with the internally recognized corporate governance standards.*

*Our 16th annual report details our voting activities in 2021', which is a core competent of our global Active Ownership approach. We also outline some priorities for the upcoming season.*

## The Long Haul Pandemic: 2021

**The new virtual meeting system continued to be the new 'default' general meeting format in 2021.** Criticisms have included the inability to ask questions during the meetings, and some weaknesses in the tools to guarantee shareholder rights during meetings. Although some improvements have been noted, they have been driven by local market regulations, for example, the safeguards for virtual meetings now available in Spain. We systematically supported all virtual meeting-related proposals in Spain given the solid guarantees and controls provided by the regulators there.

**Over the last two years the pandemic has exacerbated challenges linked to both Social and Environmental topics.** Candriam has been continuously responsive to addressing those issues through engagement and voting. Our votes have reflected the companies' financial performance, as well as overall business performance including their efforts in pandemic management, employee protection, suitable executive compensation packages and the rights of minority shareholders.

As the impacts of the pandemic continue, modifications to executive remuneration to minimize the negative effects of Covid-19 also continue. Companies have learned since the first year of the pandemic, and disclosure levels surrounding remuneration modifications have increased in 2021 compared to 2020. Still, in 2021, we believe the disclosures and rationales provided have not always fully reflected the

business challenges and achievements in the executive remuneration, raising concerns on the alignment of pay and performance. While issuers drastically increased the level of disclosure around their remuneration practices in Europe following the implementation of the second Shareholder Rights Directive (SRD II), companies there continued to have difficulties to explain the impact of the pandemic-related challenges on their executive remuneration packages. We continue applying our existing approach; that is, we do not support the modification of multi-year performance-based compensation plans if the sole reason is to grant long-term compensation during an unfavourable year. Except for Europe, we have not seen significant changes in the disclosure practices in 2021. Concerns over the modification of pandemic remuneration practices without justified rationale remained the main trigger for our adverse votes this year.

One of our observations made is that corporate disclosure of the targets and level of achievements required by their variable remuneration plans remains 'limited'. For the upcoming season, we expect some relative improvement in disclosure, and anticipate that the alignment of pay-for-performance will be clearer and more comprehensive, as shareholders continue their focus.

Another area of shareholder demand is non-financial metrics. In response, we have already seen the number of companies including non-financial metrics in executive remuneration rise in 2021. Company performance is not limited to financial measures, and these cannot be the only criteria to attract investment. Our approach to this new pattern is pragmatic, and aligns with our analysis of purely financial metrics. That is, we seek transparent, meaningful, material and measurable targets that enable us to make an informed voting decision.

Perhaps accelerated by the pandemic, in 2021, we have seen a new trend of shareholder resolutions emphasizing the clarification of corporate purpose and asking companies to integrate their purpose into their business framework. This

season, we applied a case-by-case approach, analysing the social outreach of the company targeted by the resolution, the activity, and the current corporate purpose. Our analysis focused mainly on the question of whether the company's management was ready to take such a step, considering its current sustainability awareness. Exchanges with the co-filer who brought the majority of these resolutions to the agenda in 2021, led us to strengthen our approach for the upcoming season<sup>2</sup> with a more proactive approach to our votes, indeed public benefit corporation status *allow managers & entrepreneurs to expand fiduciary duties towards all stakeholders and address their needs*.

Again in 2021, the number of shareholder resolutions submitted in North America remains significantly higher than in the rest of the world and the topics of racial equity, political lobbying, the public benefit corporation, employee representation and diversity and inclusion all grew in frequency. As the pandemic sparks discussions concerning human capital management, we have seen a number of resolutions demanding more and deeper disclosure from companies on employee turnover rates, gender and/or racial pay gaps, health and safety measures, etc. Low wages, inequality, sick leave policy and the representation of employees at the Board level were a point of debate at general meetings held during 2021, as employees vocalized their interests during the pandemic. The pandemic has also triggered the inclusion of social metrics in executive remuneration packages. Candriam, and all responsible investors, expected companies in at-risk sectors to reflect these business realities in determination of management compensation.

Lastly and importantly, 2021 definitively moved Climate to the top of the voting agenda. The headline example was the dissident proxy card at Exxon, which we supported. Say-on-climate votes increased significantly, sponsored by both shareholders and managements, making AGMs the legitimate forum for the discussion of corporate transition strategies.

## Focus on Climate

Say-on-Climate has enriched the range of subjects submitted by managements during 2021. Indeed, a significant number of annual meetings have requested shareholder approval for climate transition plans. This makes 2021 a key year in the fight against climate change, and an important milestone in the path to align corporate activities with the Paris Agreement emissions reduction objective. We welcome 'Say-on-Climate' resolutions. But details count. 2021 showed us that responsible shareholders must carefully examine the indicators chosen for reporting, to determine whether chosen measurements are relevant.

### Say-on-Climate Resolutions -- The Detail is Critical

Times change. Climate resolutions have long been the preserve of shareholder resolutions, not management resolutions. The year 2020 marked only the first management-sponsored 'Say-on-Climate' (SoC) resolution. That is, after setting ambitious emission reduction targets, a company commits to submit its climate action plan to an annual vote. This arose after pressure on Aena, the Spanish airport operator, from The Children's Investment Fund. Aena management responded with its own resolution. The following year, the number of management-sponsored Say-on Climate resolutions is growing exponentially.

In 2021, Candriam voted on 79 climate resolutions



### Climate Resolutions – Summary of Candriam Votes

	Resolutions submitted by Managements		Resolutions submitted by Shareholders	
<b>Votes For</b>	14	74%	41	68%
<b>Votes Against</b>	5	26%	19	32%
<b>Total</b>	19		60	

Notes: Management resolutions include only "Say-on-Climate". Shareholder resolutions include both "Say-on-Climate" and other climate resolutions.

## When to Vote Against a Climate Resolution?

The Say-on-Climate trend arises naturally from increased pressure by investors and other stakeholders who have targeted dozens of big carbon emitters over the past five years. Emitters have been asked to develop climate action plans, to align lobbying activities with the Paris Agreement, and/or to adopt annual advisory votes allowing shareholders to judge whether the company's climate action plan is sufficiently ambitious. Introducing Say-on-Climate to the agenda has been an objective for numerous investors, including Candriam, through the Climate Action 100+ investors initiative, and through dedicated investor working groups within the Institutional Investors Group on Climate Change (IIGCC). The first step of this campaign was to engage with targeted companies sufficiently in advance of their 2021 annual meetings, to convince them to submit these management resolutions. Not all agreed, but a majority of the Boards at least made positive recommendations. Some proxy statements now provide investors with structured data concerning climate strategy and performance, and this trend is only increasing. Companies dedicated a greater share of their General Meetings to explain these to shareholders, putting climate on an equal footing with other important strategic issues.

**Voting on these climate proposals requires in-depth analysis of management commitments. It also requires analysing whether the resources and targets are consistent with the stated goals.** Results must be monitored, and changing circumstances must be considered.

At Candriam, we want our approach to be as consistent and unbiased as possible. We believe that as a Responsible Investor, systematic support of a Climate Action is not an option. The stated goals must be consistent with the underlying strategies put in place by the companies. **Well-meaning but unachievable intentions could even delay constructive action.** Therefore, and in full alignment with the July 2021 IIGCC Investor statement<sup>3</sup> Candriam supported, we built a detailed framework to apply to every Say-on-Climate resolution, assessing the stringency and the alignment of company transition strategy with a 2050 net zero emissions pathway. We set criteria based on both each company and its sector. Our criteria for a Yes vote are stricter for sectors which are key to the energy transition.

- Effective 2050 net zero commitment -- 2050 at the latest, but sooner for power producers, for instance.
- Alignment of targets with International Energy Agency scenario -- a minimum Sustainable Development Scenario, but stricter scenarios preferred, Science-based Targets also preferred. Scope 3 emissions should be included in the plan when relevant; the plan should be credible and in line with relevant sector decarbonisation pathways.
- Capital spending (capex) plans and accounting practices should align with the commitments.
- Lobbying practices to be considered.
- Linkage between transition targets and executive remuneration.
- *Just Transition* aspects should be included in the company strategy.
- Frequency of the Say-on-Climate vote -- the vote on strategy should be followed by periodic votes on implementation and results.

Our framework is not static. For the new voting season ahead, we plan for instance to add new considerations into this framework, such as the fair allocation of the added value.

## Climate Resolutions – Voting Details for Management Say on Climate Resolutions

Company Name	Country	AGM Date	CANDRIAM Vote [main reasons for voting against]	Final Outcome
VINCI SA	France	08-Apr-21	Against [Scope 3 reduction target, 2050 net zero objective]	98.1% For
Ferrovial SA	Spain	08-Apr-21	For	97% For
Nestle SA	Switzerland	15-Apr-21	For	95% For
Moody's Corporation	USA	20-Apr-21	For	93.3% For
Canadian National Railway Company	Canada	27-Apr-21	For	92.1% For
Aena S.M.E. SA	Spain	27-Apr-21	For	95.7% For
S&P Global Inc.	USA	05-May-21	For	99.5% For
Unilever Plc	United Kingdom	05-May-21	For	99.6% For
Aviva Plc	United Kingdom	06-May-21	For	99.95% For
ATOS SE	France	12-May-21	For	97.1% For
Royal Dutch Shell Plc	United Kingdom	18-May-21	Against [Alignment with Paris Goal, CAPEX plan]	88.7% For
Total SE	France	28-May-21	Against [Alignment with Paris Goal, CAPEX plan]	91.9% For
HSBC Holdings Plc	United Kingdom	28-May-21	For	99.7% For
Iberdrola SA	Spain	17-Jun-21	For	97.3% For
Severn Trent Plc	United Kingdom	08-Jul-21	For	99.4% For
SSE Plc	United Kingdom	22-Jul-21	For	100% For
National Grid Plc	United Kingdom	26-Jul-21	For	99% For
BHP Group Plc	United Kingdom	14-Oct-21	Against [Scope 3 reduction target, SBTi]	84.9% For
BHP Group Limited	Australia	11-Nov-21	Against [Scope 3 reduction target, SBTi]	84.9% For.



## Looking Ahead

We had mixed feelings following the 2021 voting season. Some of the voting outcomes, and especially the *level* of support, made us question the process. Were the shareholders and proxy advisors ready to make an informed vote? Seeing the high level of support for some Say-on-Climate which our analysis showed to have poor ambition, we have a sense of the answer.

**And the downside?** Might there be a risk that some companies will use this high level of vote For their proposals, to avoid any further climate-related ask from stakeholders in the coming years? Will this pre-emptive setting of targets allow companies to argue that shareholder already gave their agreement on the climate strategy? From the 2022 pre AGM season discussions we have already had with companies, it seems already a reality.

We are all learning from the 2021 Say-on-Climate campaign. On their side, **proxy advisors are strengthening their analysis**, while investors like Candriam are reinforcing their framework of analysis.

As companies had set more conservative management performance targets for 2021, and 2022 may provide some rooms for strong performance for some sectors, we expect that executive payouts will increase compared to the levels in 2020. Again, and also given current times of economic and political uncertainties, our approach to these votes will be cautious.

As the emphasis on Board diversity from regulators and others steadily increases, we expect that the disclosure surrounding gender and racial diversity will improve. Diversity remains a key topic of Board composition discussion and companies are expected to increase the representation of minority groups at the Board level. On the other hand, racial equity audits will continue to be requested, as failing to assess the risks of racial inequity may cause numerous negative consequences such as reputational risk, regulatory fines, and high attrition rates.

Similar to 2021, we expect the upcoming season will witness a number of resolutions on the tech sector risks and algorithmic systems. Companies in the at-risk sectors such as Alphabet and Meta will continue to receive questions on their use of algorithmic systems and the auditing mechanism for the discriminatory impact. With new zones of conflicts and tensions, we also expect an increase in shareholder resolutions asking for more scrutiny on human rights when operating in some countries.

**On climate, pressure from investors should not stop, and Candriam will make sure it shall not.**

Through our numerous collaborative initiatives, we expect 2022 will see climate even more at the centre of company general meetings. Several climate-related resolutions are expected, even **for companies that already saw management resolutions passed with large majorities in 2021.**

If, as in 2021, transition plans and lobbying activities are at the centre of the discussions, a new theme is likely to come to the fore in 2022 – Paris-aligned accounting. As a Responsible Investor, we believe it is legitimate to ask for **Paris-aligned accounting** so that companies take into account decarbonisation or the physical impacts from climate change as they draw up their financial statements. However, a recent Carbon Tracker report<sup>4</sup> highlighted the failure of 107 publicly-listed carbon-intensive firms (and their auditors) to consider material climate-related risks in their financial reporting.

Based on our three years of Engagement efforts in Paris-aligned accounting, combined with increased pressure from regulators, and concrete demonstrations by some companies and their auditors that this accounting is already feasible in a short period of time, Candriam is convinced accounting firms should ensure material climate risks associated with the transition to a 2050 net zero carbon pathway are fully incorporated into financial statements. We are even more convinced in this requirement for sectors key to energy transition, or which are among the s worst GHG (Greenhouse Gas) emitters.

We adapted our Voting Policy and associated guidelines in 2022 to be aligned with our Engagement and to reflect the growing investor expectations and regulatory requirements in this field.<sup>5</sup> Candriam will pay particular attention to the disclosure by the auditors on how they have taken climate risks into account in their review and whether the key reporting assumptions are aligned with Paris COP 21 Agreement of 2015. A vote Against the auditor reappointment (or auditor remuneration if first item not available), as well as against the annual report may be cast if the reporting falls short of our minimum expectations.

More generally, and as a part of our yearly update process, we further strengthened our stewardship in our voting policy for 2022. Visible changes in market trends, regulatory amendments, or need to further materialize ESG (Environmental, Social, and Governance) risks in voting as well as lessons learned from the past voting season have steered us to further enhance our voting policy. For further details we invite you to consult the latest version on our website.<sup>6</sup>

**Notes and Sources**

**1** Candriam formalized our voting policies in 2003 and has published annual transparency reports since 2006.

**2** Please refer to our 2022 Voting policy under [https://www.candriam.com/48f4f0/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy\\_voting\\_policy\\_en\\_web.pdf](https://www.candriam.com/48f4f0/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy_voting_policy_en_web.pdf)

**3** <https://www.iiqcc.org/download/investor-position-statement-vote-on-transition-planning/?wpdmdl=4798&refresh=6103b7c61998f1627633606>

**4** Flying blind: The glaring absence of climate risks in financial reporting, Carbon Tracker, September 2021 ; <https://carbontracker.org/reports/flying-blind-the-glaring-absence-of-climate-risks-in-financial-reporting/>

**5** Please refer to our 2022 Voting policy under [https://www.candriam.com/48f4f0/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy\\_voting\\_policy\\_en\\_web.pdf](https://www.candriam.com/48f4f0/siteassets/medias/publications/brochure/corporate-brochures-and-reports/proxy-voting/proxy_voting_policy_en_web.pdf)

**6** Ibid.

# The Year in Figures

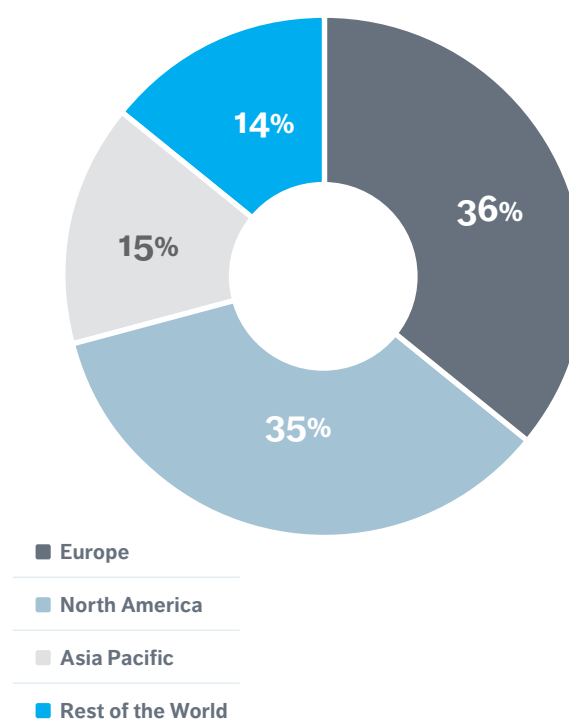
In 2021, we participated in 2,060 ordinary and extraordinary meetings in total and voted 26,605 resolutions for our open-end equity funds, dedicated funds and mandates under our Candriam [Voting Policy](#).

Candriam approved 74% of the resolutions proposed by managements. The rights and equal treatment of shareholders, the accuracy of financial information, and the accountability and independence of the Board are the three cornerstones of Candriam's Voting Policy.

Candriam's proxy voting policy applies to the open-ended funds which are managed by an entity of the group Candriam?. This policy also applies to dedicated funds and mandates if the underlying client has given his agreement to the application of such policy.

Here below a global overview of our full voting scope.

## Geographical split of meetings



Voting Funds	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) (**)
No. Voting portfolios at end 2021	32	26	16
No. Voted Meetings at end 2021	2003	736	343
% voting portfolios (in number) vs total eligible of the category, at end 2021	76%	Not Relevant (**)	Not Relevant (**)
% voting portfolios (in AUM) vs total eligible of the category, at end 2021	92% (*)	Not Relevant (**)	Not Relevant (**)

(\*) Difference 2021 versus 2020, when considering the % AUM of Candriam's Equity open ended funds covered by voting, results from changes in funds' eligibility to voting, change in funds classification (from open ended funds to Dedicated funds), closure/absorption of some funds, changes in AUM of the voting funds.

Additional information -- Out of the 11 Candriam open ended equity funds not part of the voting funds at end 2021, 8 have been included in the voting scope since January. 2022. Which means that, at end Feb2022, 93% of our open-ended Equity Funds were included in our voting scope, accounting for 98% of total AUM from Candriam Open ended Equity funds.

(\*\*) Mandates or Dedicated funds can only be included in the voting perimeter if the client grants us a voting delegation. It is client's decision not Candriam's.

### Notes and Sources

7 Ibid.

For the equity open-ended funds segment of our voting scope, we voted in 97.4% of the meetings where we were eligible to vote in 2021.

Non-voted meetings resulted from :

1. Delay in receiving power of attorney;
2. Change in (sub)custodian occurring during the voting period;
3. Positions acquired after cut-off date, or after share registration meeting and before actual meeting;
4. Positions sold before meeting date.

On average in 2021, for every position we voted under Candriam Voting policy, we exercised our vote on more than 90% of the associated voting rights.

For more information on our voting process, please refer to our voting policy.

Detail of our votes for Candriam open-ended funds, including explanations of 'Against' votes, are publicly available at <https://www.candriam.com/en/professional/market-insights/sri-publications>.

For dedicated funds voting under Candriam policy, information is available in their annual reports.

For mandates, information is provided to the client in the form of a dedicated report.

No conflict of interest situations were encountered during the year.

Candriam uses the service provider ISS to exercise voting rights, as detailed in Candriam's voting rights policy.

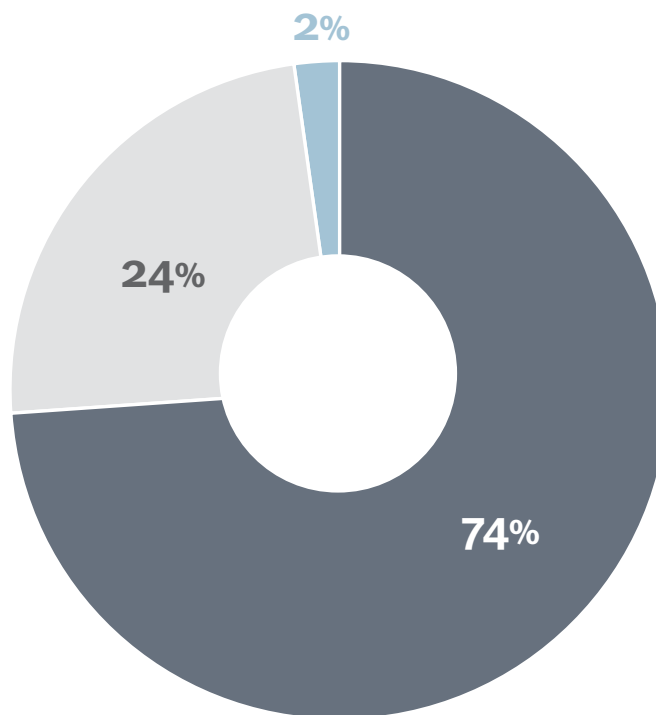
Any confirmed breach of our voting principles is communicated in funds' annual reports when relevant. This year (2021), non-voted Meetings were the sole reported breaches.

# Management Resolutions

## Overall Approval Rate

(Management resolutions only)

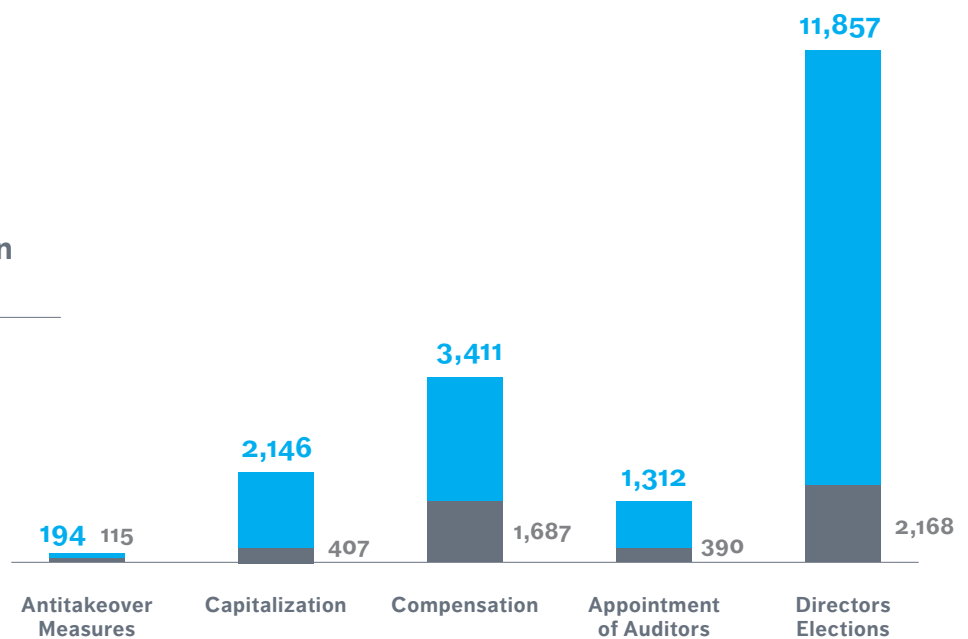
- Vote "For"
- Vote "Against"
- Abstentions



## Main Areas of Concern

(Management resolutions only)

- Total
- Against votes



Note: In 2021, we saw an increase versus 2020 in our votes *Against* auditor appointments. This was due to a tightening in our voting policy regarding the tenure of auditors for non-European regions. We vote *Against* the appointment of an auditor if the tenure exceeds 10 years in Europe, and 20 years in all regions of the world.

# Statistics: Our Votes by Topic

## Management Resolutions

For company-specific and resolution-specific detail, please see [our website](#).

### Election of Directors

	No.	%
Related resolutions	11857	100%
Votes For	9559	80.6%
Votes Against	2168	18.3%
Abstentions	130	11.1%

### Appointment of Auditors

	No.	%
Related resolutions	1312	100%
Votes For	915	69.7%
Votes Against	390	29.7%
Abstentions	7	0.6%

### Compensation of Management and Directors

	No.	%
Related resolutions	3411	100%
Votes For	1682	49.3%
Votes Against	1687	49.5%
Abstentions	42	1.2%

### Capitalization

	No.	%
Related resolutions	2146	100%
Votes For	1739	81.0%
Votes Against	407	19.0%
Abstentions	0	0.0%

### Anti-takeover Measures

	No.	%
Related resolutions	194	100%
Votes For	79	40.7%
Votes Against	115	59.3%
Abstentions	0	0.0%

## Shareholder Resolutions

Proportion of resolutions by topic:	No.	%
Grand total	583	100%
Governance	398	68%
Social	99	17%
Environment	86	15%

### Governance Resolutions

	No.	%
Governance resolutions	398	100%
Votes For	297	75%
Votes Against	92	23%
Abstentions	9	2%

### Environmental Resolutions

	Climate-related		Not Climate-related		Total	
	No.	%	No.	%	No.	%
Total Environmental resolutions	60	100%	26	100%	86	100%
Votes For	41	68%	15	58%	56	65%
Votes Against	19	32%	11	42%	30	35%
Abstentions	0	0%	0	0%	0	0%

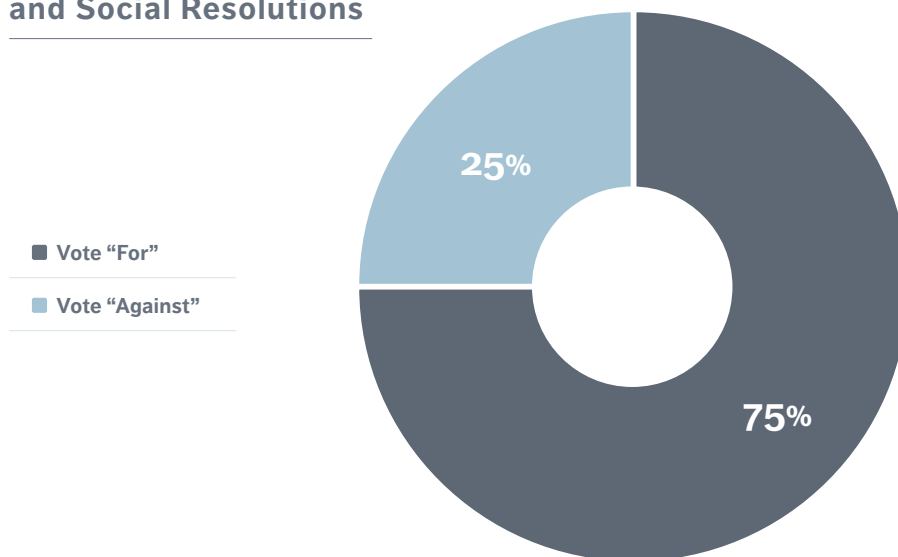
### Social Resolutions

	Diversity-Related		Human Rights-related		Others		Total	
	No.	%	No.	%	No.	%	No.	%
Total Social resolutions	30	100%	11	100%	58	100%	99	100%
Votes For	29	97%	8	73%	43	78%	82	83%
Votes Against	1	3%	3	27%	13	22%	17	17%
Abstentions	0	0%	0	0%	0	0%	0	0%

## Combined: Votes on Environmental plus Social Resolutions

	Environmental	Social	Total	
	No.	No.	No.	%
<b>Total E &amp; S resolutions</b>	86	99	185	100%
<b>Votes For</b>	56	82	138	74.6%
<b>Votes Against</b>	30	17	47	25.4%
<b>Abstentions</b>	0	0	0	0%

## Votes on Environmental and Social Resolutions



## In 2021, Candriam co-filed two resolutions

AGM	Topic	Outcomes
<b>BFF Bank SpA</b>	Nomination Slate Filed by Institutional Investors	Supported by 21.8% of the voting shareholders
<b>European Utility company *</b>	Climate resolution	Withdrawn after new commitments from the issuer

\*anonymized as the resolution has never been made public.

Candriam also co-signed Climate-related statements or questions at Air Liquide, LyondellBasell and TotalEnergies.



# Votes on Sensitive Resolutions

The Stewardship Team uses certain triggers to identify a meeting as sensitive during the voting season. Meetings that are classified as sensitive or including a sensitive resolution(s) are carefully analysed by the Team to ensure that Candriam exercises voting rights with the maximum possible influence.

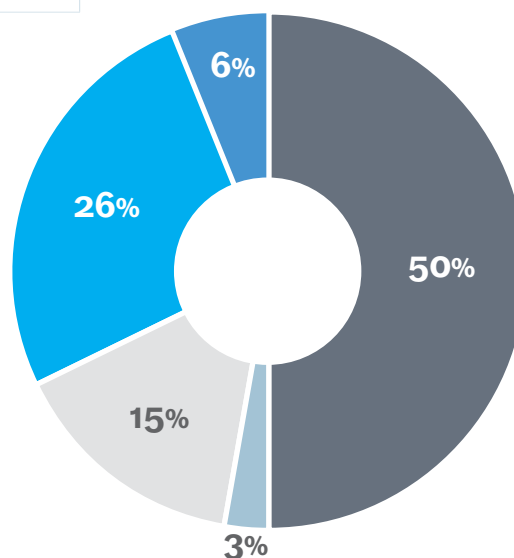
The statistics below reflect the above-mentioned 'most sensitive' votes. On average, for these meetings and focusing on voting portfolios involved, we exercised more than 95% of our voting rights (average of the voted shares vs votable shares ratio calculated for the 72 target meetings).

During the year under review, we identified 72 meetings (from 64 different companies) as 'most sensitive' for to a variety of reasons such as presence of a sensitive resolution, M&A (mergers and acquisitions), climate risk or engagement history with the company. The sensitivity of these 72 special and annual meetings was assessed on a case-by-case basis.

## Trigger for Classification as 'Most Sensitive' Meetings

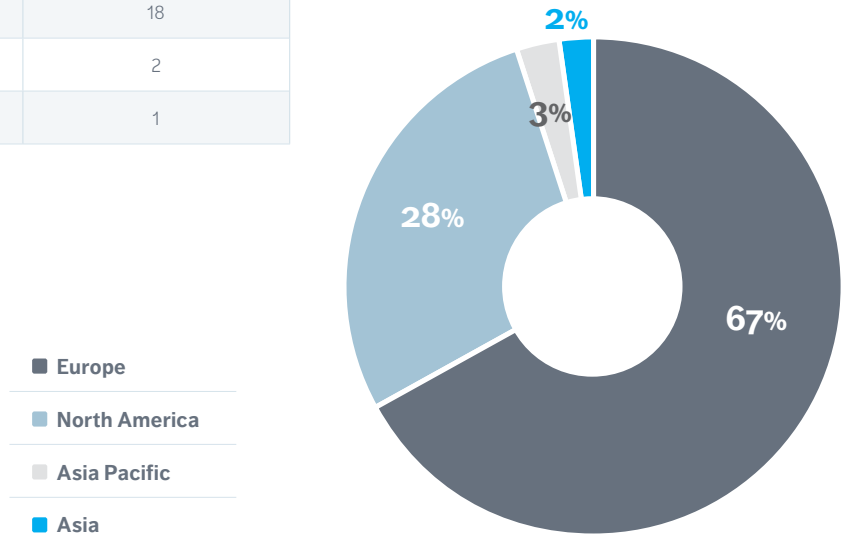
Trigger Reason	Count of Meeting
Engagement Watchlist (including escalation)	36
M&A	2
Significant AUM and presence of year prior strong dissent vote	11
Specific Shareholder Resolution Co-filing and/or Support	19
Others	4

- Engagement Watchlist (including escalation)
- M&A
- Significant AUM and presence of Y-1 strong dissent vote
- Specific Shareholder Resolution Cofiling and/or Support
- Others

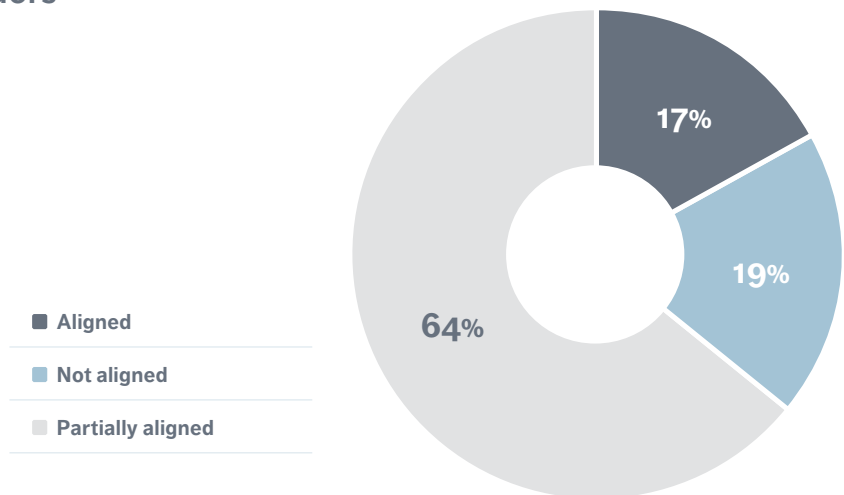


## Geographic Breakdown of Shareholder Meetings

Region	Number of companies
Europe	43
Americas	18
Asia Pacific	2
Asia	1



## Alignment of Candriam Position (on sensitive items) vs Rest of Voting Shareholders



**Legend :**

Aligned = Candriam's vote for all sensitive voting items of the considered meeting were aligned with the final voting outcome

Not Aligned = None of Candriam's vote for all sensitive voting items of the considered meeting was aligned with the final voting outcome

Partially aligned = Focusing on all sensitive voting items of the considered meeting, at least one Candriam vote aligned with the final vote outcome.

# Promoting Sustainable Development

## Industry Associations & Responsible Investment Working Groups

	Name of Association	Joined in
<b>SRI Working Groups within:</b>	<a href="#">BEAMA</a> - Belgian Asset Managers Association	2004
	<a href="#">AFG</a> - Association Française de la Gestion financière	2003
	<a href="#">EFAMA</a> - European Fund And Asset Management Association	2010
<b>Several Social Investment Forums, such as:</b>	<a href="#">Eurosif</a> - European Sustainable Investment Forum	2003
	<a href="#">VBDO</a> - Dutch Sustainable Investment Forum	2007
	Forum Nachhaltige Geldanlagen (Germany, Switzerland & Austria )	2010
	<a href="#">Swiss Sustainable Finance</a> (Switzerland)	2014
	<a href="#">Forum pour la Finance Responsable</a> (French SIF FIR)	2014
	<a href="#">Forum per la Finanza Sostenibile</a> (Italy)	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
	Investor Alliance for Human Rights (ICCR Initiative) <a href="https://investorsforhumanrights.org/">https://investorsforhumanrights.org/</a>	2021

## 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 2021 CSR report.

For more information on our guiding Principles on ESG Promotion and influence, you can refer to [our website](#).



**€158 B**

AUM as of  
31 December 2021



**600**

Experienced and  
committed  
professionals



**25 years**

Leading the way in  
sustainable investing