

% DPAM
INDOSUEZ

2025

Engagement Activity Report

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I. CEO letter

As we reflect on the past year, our commitment to responsible investment remains unwavering. This annual engagement report looks at our sustainable investment activity, exploring the impact we have made through meaningful interactions with companies. Engagement activities are not mere transactions; they represent our impact. As asset managers, we hold a unique position - one that allows us to shape the trajectory of our investments and, by extension, society.

In total, we sent **441 letters as part of our voting activities**, reaching out to **344 companies**. These letters advocated for positive change and transparency in corporate boardrooms.

114 companies came under scrutiny in the context of our **controversial behaviour screening process**. This meticulous evaluation allowed us to identify areas of concern and to address them. Notably, we **engaged with around 19%** of these companies, demonstrating a commitment to rectifying issues and preventing future controversies - an impressive leap from the previous year.

Throughout 2025, we conducted **182 engagements** - both collaborative and individual - to defend our values and convictions. These interactions were purpose-driven, focusing on several critical areas:

- **ESG best practice:** We championed environmental, social, and governance (ESG) best practice through our voting influence.
- **Environmental and climate risks:** Our efforts centered on mitigating environmental risks and promoting climate-conscious strategies.
- **Social responsibility:** We addressed human rights infringements and social risks head-on.
- **Corporate governance and taxation:** We held companies accountable to create transparent governance and responsible tax practices.

We carried out these engagements both collaboratively and individually. Partnering with investors and civil society enabled the effect of our engagements to ripple beyond boardrooms. Together, we amplified our voices, ensuring a broader societal impact. Over the last year, we have observed some consolidation among collaborative engagement initiatives and enhanced investor expectations/guidance being issued. The industry benefits from this consolidation and alignment, as unified messages to companies set clear expectations to drive positive change.

Our engagement objectives for 2026 are outlined in our new engagement policy, accessible online. As we continue this journey, let us remember that dialogue is our catalyst for progress - a force that transforms investments into meaningful contributions.

Together, we aim to advance and shape a future where responsible business practices thrive, and our impact resonates far beyond balance sheets.



Peter De Coensel
co-CEO at DPAM



Yves Ceelen
co-CEO at DPAM



**II. 2025
Engagement
overview**

Corporate ESG Engagement and dialogue



Individual
241



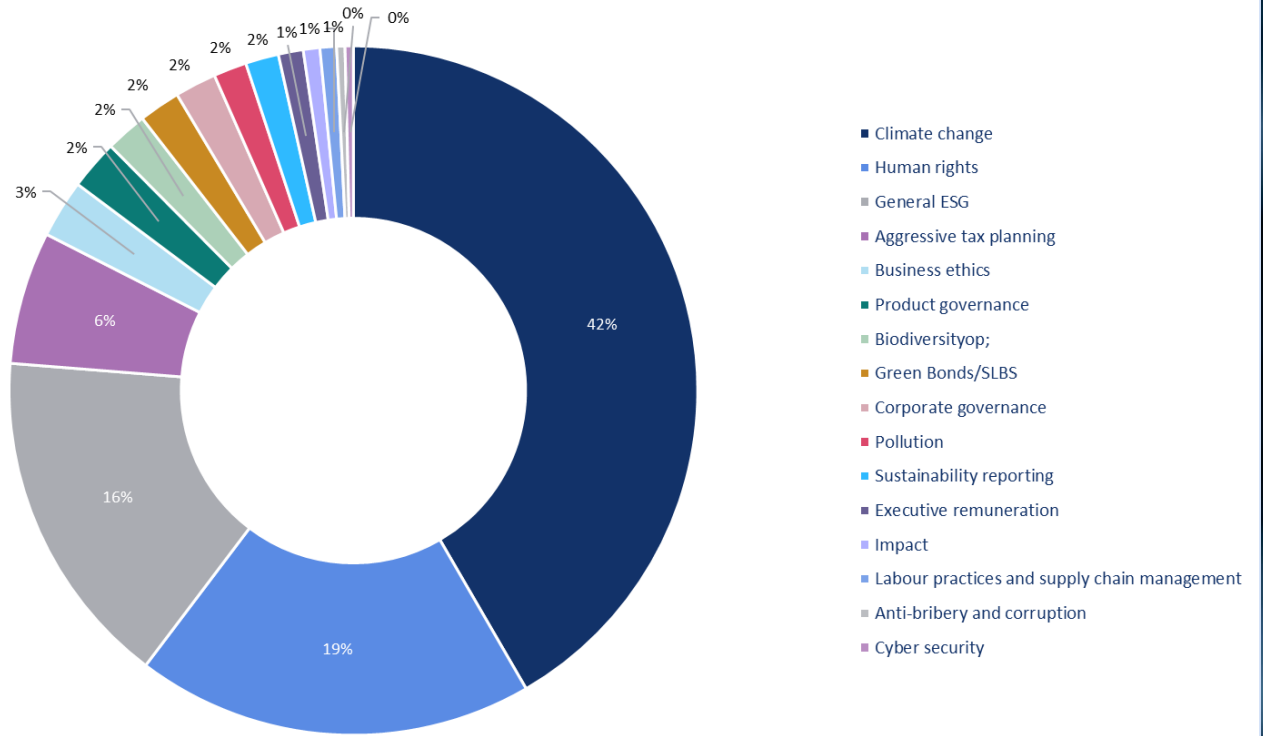
Collaborative
16

Collaborative engagement means engagement carried out through a collaborative initiative DPAM is member of, or decided to partner with. Individual engagement is engagement DPAM has launched on its own initiative. For further information on our collaborations and partnerships please see our Sustainable and Responsible Investment Policy.



Engagement - theme breakdown

(Engagement for values and convictions, engagement for controversies, engagement for research)



Engagement for
controversies
24



Engagement for
values and convictions
182



Engagement for
research
51

Engagement outcomes - all types



Positive
22%



Ongoing
72%



Negative
5%

Engagement outcomes - values and convictions & controversies



Positive
57



Ongoing
186



Negative
14

The outcome is considered:

Negative: no response, no acknowledgement, no commitments, no implementation, no improvement;

Ongoing: the company is aware but there has been no result yet; or

Positive: willingness to change and adapt, no formal escalation process implemented.

Note that a negative or ongoing engagement outcome does not imply an engagement is finished. As such, negative escalation might result in additional engagement escalation steps, while ongoing engagement implies progress while additional engagement is required.

Corporate – voting engagement



Companies
344



441
Letters



Answers
80

2025 Controversy Review

114

Companies reviewed in 2025 versus 64 in 2024, representing a substantial expansion in coverage.

Following the corporate behaviour reviews:

69%

Declared eligible for Sustainable strategies, up from 58% in 2024

19%

Resulted in formal engagement slightly down from 22% in 2024

12%

resulted in exclusions slightly down from 20% in 2024



Public letters and stakeholder engagements

DPAM actively advocates for robust and credible regulations, policies and strategies that align with the goals of the Paris Agreement and facilitate the transition to net-zero emissions.

By contributing to policy consultations and working groups, such as those organised by the [Belgian Asset Managers Association \(BEAMA\)](#) and the [European Fund and Asset Management Association \(EFAMA\)](#), we aim to support the creation of industry standards that guide both financial institutions and governments in achieving climate goals in a financially viable, reasonable manner.

Furthermore, DPAM advocates for strong climate and social policies when engaging in industry coalitions, consultations and initiatives, such as the [UN PRI](#), [Climate Action 100+](#), the [Institutional Investors Group on Climate Change \(IIGCC\)](#) and the [Investor Initiative on Hazardous Chemicals \(IIHC\)](#), promoting best practices and influencing climate and social policies and practices at an industry or global level.

In addition, voting rights empower investors to demand climate accountability and assess readiness, ensuring the long-term resilience of investment portfolios. However, this should be supported by regulatory and legal systems, which is not always the case. Therefore, we engage with industry initiatives to enhance shareholder rights linked to climate integration.

Through these efforts, we work towards creating an environment where strong, consistent sustainability policies and actions are aligned among stakeholders in order to drive long-term investment and climate resilience. Relevant 2025 actions at this level include participation in the following consultations, public letters and/or working groups & initiatives:

Consultations

- [The Net Zero Asset Managers initiative \(NZAMi\)](#) – Commitment revision
- [Carbon Disclosure Project \(CDP\)](#) – Net zero data
- Partnership for Carbon Accounting Financials - consultation on GHG accounting for use-of-proceeds instruments

Public letters

- Cambridge Institute for Sustainability Leadership - letter COP30
- Investor and business joint statement on the EU 'omnibus' proposal.
- Investor statement calling for responsible and rights-respecting corporate policies and practices in Conflict-Affected and High Risk Areas (CAHRA)

Working groups/publications

- PRI – Sustainable Finance Disclosure Regulation (SFDR)
- PRI - Transition Finance
- CDP – Corporate climate data use
- IIGCC - Methane paper
- IIGCC - Investor expectations on integrated accounting
- IIGCC – Climate governance assessment framework
- IIGCC – Stewardship guidance

Policy exchange/stakeholder dialogue

- European Commission – Shareholder Rights
- European Commission and co-legislators - Sustainability reporting and due diligence legislation (CSRD / CSDDD)
- European Commission and co-legislators - Safeguarding the ambitious objectives of the EU Deforestation Regulation (EUDR) and its implementation timeline



Engagement with data providers

DPAM conducts ongoing, systematic engagement with its data providers to assess the robustness and reliability of their services, alongside targeted engagements on specific themes.

In 2025, DPAM engaged, throughout the year, with each of its data providers:

MSCI, ISS, Sustainalytics, Trucost, CDP, LGX and Glass Lewis, covering topics including data quality, methodological stability, and client service.

DPAM's engagements with data providers also extended to the underlying content, with DPAM raising questions or concerns where data appeared incomplete or insufficiently reflective of recent developments on all environmental, social and governance pillars.



Engagement to reduce the negative impact of our investment



Controversial behaviour - periodic review: fixed schedule annual sector reviews of controversies.



Controversial behaviour - ad hoc, event driven review: immediate review of any company implicated in allegations of misconduct.



Corporate focus

Engagement to defend our values and convictions



Climate risk & net zero

Climate and environmental factors and associated risks can impact companies in various ways, either directly through operations or indirectly through supply chains or end markets. Furthermore, companies can be impacted differently under distinct scenarios and timeframes, something inherently linked to climate risks. Therefore, sufficient climate ambition via credible reduction targets and an aligned, resilient and viable business strategy, under different scenarios, is key.

DPAM, with the support of all investment professionals, has defined science-based emissions target setting and corporate climate transition plan disclosures as the focus topics to represent our environmental/climate convictions as these disclosures allow us to **assess the credibility ('climate alignment')** and **feasibility ('transition alignment')** of companies' reduction or transition pathways, which is key to assess broader investment risks and the strategic positioning of our investees. Furthermore, these priorities allow us to assess the alignment of our engagement priorities with our broader commitments.



Biodiversity

DPAM acknowledges the material risks and opportunities presented by biodiversity loss, therefore DPAM has committed to adopting the Taskforce on Nature-related Financial Disclosures recommendations and became a signatory of the Finance for Biodiversity Pledge. By signing the Pledge, DPAM committed to engage with companies to reduce their negative impacts on biodiversity. Focus areas for these engagements are the disclosure of nature-related impacts and dependencies, the establishment of board oversight of biodiversity-related matters, setting science-based and time-bound targets and developing nature transition plans.



Social and human rights infringement

Digital rights

Data is a vital economic asset that drives innovation, efficiency, and improved products and services. As a core element of the Fourth Industrial Revolution, data governance must be embedded in corporate strategy and risk management. Companies face growing regulatory expectations around responsible data use, with expanding digital regulation and rapid AI development increasing both importance and complexity. Digital rights such as privacy, freedom of expression, and equitable internet access, are now a material business issue, affecting reputation, compliance, and innovation. However, assessing corporate performance remains difficult due to limited standardisation and disclosure, while emerging technologies like AI and facial recognition add ethical and operational risks. Evaluations therefore focus on how well companies integrate digital rights into governance, policies, data protection, and responsible AI practices.

Due diligence on social risks in supply chains

Geopolitical instability and economic disruption have highlighted the need for resilient, sustainable supply chains and stronger oversight of the social impacts of products and services. Companies remain responsible for managing human rights and ESG risks across increasingly complex, multi-tiered supply chains through robust, risk based due diligence covering the full value chain, including downstream impacts. Supply chain responsibility is reinforced by expanding global regulation, with new and existing laws increasing corporate accountability for human rights and environmental impacts.

Conflict-affected and high-risk areas

Rising global conflicts and human rights violations increase risks to vulnerable communities and create legal, operational, and reputational challenges for companies operating in affected areas. As these regions are prone to systemic abuses, companies are expected to apply heightened scrutiny and align their policies and practices with international human rights and humanitarian standards, such as the UN Guiding Principles and OECD Guidelines.

Workers' representation

Ensuring worker representation improves employee satisfaction, productivity, and social risk management, while reducing the likelihood of labour disputes that can harm reputation and investor confidence. As unions and collective bargaining gain renewed global prominence, effective worker representation is increasingly important, even as rising union-busting and retaliation against worker representatives present growing challenges.



Corporate governance and corporate taxation

Board oversight on ESG risks and opportunities and the integration of ESG into risk management processes is key. DPAM seeks board composition that provides effective ESG oversight, responding to the regulatory shift towards stakeholder governance. We actively integrate ESG oversight into our engagement and values commitments in both the environmental and social domains. In particular, we require board involvement in Transition Plans and governance oversight for key social risk themes.

Tax equity and avoidance are also key governance aspects, and DPAM encourages transparency and fairness, promoting responsible tax practices through ongoing assessment and engagement.



Promoting ESG best practices through voting

DPAM advocates for **board independence**, urging companies to balance their composition. We consistently vote against combining the roles of **CEO and Chairman**, reject **anti-takeover defenses**, and support the principle of **one share, one vote, one dividend**. DPAM emphasises **transparent and sustainable remuneration policies** aligned with long-term interests and advocates for **Say on Climate**.



Aligning voting decisions with ESG commitments

Depending on the outcomes of our engagement efforts, we will make an informed decision and vote accordingly during the company's General Assembly.

This process represents a key step in upholding our commitment to ESG principles. By aligning our voting decisions with the ESG issues we advocate for, we aim to drive meaningful progress, reinforce accountability, and ensure our actions reflect the values we promote.



Government focus

Engagement to defend our values and convictions



Engagement with countries

2025 marked the fourth year in which DPAM actively engaged with countries, mainly via treasury departments and through collaborative initiatives. Our approach involves sharing insights derived from DPAM's proprietary sustainability model, highlighting strengths and weaknesses and challenging countries to address these issues. It emphasises that our country allocation is influenced by our country model.



III. 2025 Key
engagement updates:
Engagement to reduce
the negative impact of
our investment



ESG controversies

Our sectoral review follows a strict process, described in our [Controversial Activities Policy](#).

The SRI Steering Group conducted reviews of 114 companies in 2025, a notable increase from 64 the previous year. This rise reflects adjustments made in response to methodological changes by ESG data providers, prompting a recalibration of our criteria for identifying significant ESG controversies warranting further review. As a result, the proportion of exclusions and formal engagements has declined slightly year-on-year, primarily because the majority of newly reviewed companies were associated with controversies which were less material. Consequently, the percentage of issuers deemed eligible following corporate behaviour assessments has increased for the corresponding reason.

- **69%** have been declared **eligible** following the ESG controversies reviews vs 58% last year
- **18%** resulted in a **formal engagement**, vs **22% last year** (see escalation process in our [Engagement Policy](#))
- **12%** resulted in **exclusion** vs **20% last year**

2025 Controversy review

GICS Sector	Number of companies reviewed	Companies eligible	Companies for engagement	Companies ineligible
Health care	18	12	1	5
Industrials	13	11	1	1
Communication services	4	3	1	0
Industrial conglomerates	1	1	0	0
Energy	5	1	3	1
Materials	9	3	1	5
Utilities	3	3	0	0
Consumer discretionary	19	12	7	0
Consumer staples	10	4	4	2
Information technology	2	1	1	0
Financials	10	8	2	0
TOTAL	114	79	21	14
	%	100%	69%	12%

GICS Sector	Number of companies reviewed	Companies eligible	Companies for engagement	Companies ineligible
Health care	18	67%	6%	28%
Industrials	13	85%	8%	8%
Communication services	4	75%	25%	0%
Industrial conglomerates	1	100%	0%	0%
Energy	5	20%	60%	20%
Materials	9	33%	11%	56%
Utilities	3	100%	0%	0%
Consumer discretionary	19	63%	37%	0%
Consumer staples	10	40%	40%	20%
Information technology	2	50%	50%	0%
Financials	10	80%	20%	0%
TOTAL	114	79	21	14
	%	100%	69%	12%

IV. 2025 Key engagement updates: Engagement to defend our values and convictions

Our values and convictions are derived from major global goals including the Paris Agreement and its resulting global commitment to carbon neutrality and the 17 Sustainable Development Goals, which have become a standard framework to assess and report on ESG impact.



Environment and climate risks: climate change

Considering the Paris Agreement, the global commitment to carbon neutrality, on the one hand, and the increased severity and impact of physical climate events on the other, we have reinforced our conviction to increasingly focus on climate related risks and opportunities in our investment decision making process. Following our decision to support the [Task Force on Climate Related Financial Disclosures](#) (TCFD) recommendations and our active membership of Climate Action 100+, CDP, NZAM and the IIGCC, DPAM aims to be ambitious and promote best practice on the topic.

The Glasgow Financial Alliance for Net Zero (GFANZ) was launched in 2021 and combines actions within the financial industry, such as the NZAM initiative and the Net Zero Asset Owner Alliance. These initiatives, in particular the former, will impact and guide DPAM's climate and investment strategy both at individual portfolio and entity level, as we consider it our fiduciary and societal duty to do so.

In 2025, as part of our commitment:

- We initiated 16 engagements on SBT setting, while follow-ups with the companies contacted in 2024 are still ongoing.
- We engaged with numerous issuers on **use-of-proceeds (credit) issuance** or **sustainability-linked bond issuance (either frameworks or issuance)**.
- We participated in several consultations, co-signed public letters, and participated in working groups, two of which resulted in investor guidance documents.
- After casting votes, we (re-)engaged with 27 companies to address concerns about their lack of progress or transparency in climate reporting.
- For management Say on Climate proposals, we voted against 11 Say on Climate proposals
- We engaged with over 13 companies as part of our in-depth review of their transition strategy.





Corporate focus

In 2024, we launched our own Science-Based Targets (SBT) campaign, focusing on companies without a validated SBT or a formal commitment to the Science Based Targets initiative (SBTi). The campaign covered the top five contributors to carbon intensity per fund, DPAM's highest financed emissions and the companies where DPAM holds the largest ownership stakes.

As part of this campaign, we sent an initial 109 engagement letters to companies in 2024, marking the first year of our engagement on this topic. In 2025, we sent an additional 16 letters, while follow-ups with the companies contacted in 2024 are still ongoing.

In total, we have sent 125 engagement letters globally, urging companies either to commit to the SBTi (or an equivalent framework) or to provide a clear rationale for not setting an externally validated science-based target (SBT). Compared to last year, the overall number of engagements and letters sent was lower. This is largely due to the fact that in the previous campaign cycle we reached out extensively to companies in the oil and gas sector. As the Science Based Targets initiative (SBTi) has not yet finalised a sector-specific decarbonisation methodology for this sector, many of these companies indicated that they were awaiting further guidance before committing to or submitting a target. As a result, this year's engagement strategy was more targeted, focusing on sectors where established SBTi pathways are already available and where commitments can be more readily assessed. By the end of 2025, **a high proportion of companies responded** positively by either: committing to the SBTi, confirming they are in the process of setting a target or awaiting SBTi approval, or engaging with the SBTi to develop sectoral decarbonisation approaches. Companies that did not respond or provided negative feedback will be added to the active voting list and this information will be integrated into our TCFD-aligned assessments.

Following the 'Corporate Climate Transition Plan' status reports of several initiatives (please refer to our Engagement Policy for more details), DPAM also decided to join the **IIGCC's Net Zero Engagement initiative (NZEi)**. The initiative was set up to engage with corporates on their climate transition commitment, plans and strategy. As such, DPAM is joining other investors to reach out to multiple corporates to discuss their disclosures.

More details on the aims, status and progress of these initiatives can be found hereafter as well as in our Climate Policy and on our climate webpage.

To conclude, DPAM also **engages on use-of-proceeds (credit) issuance or sustainability-linked bond issuance** whenever we have concerns or identify potential misalignment with our framework and as a result might be exposed to potential reputational or financial impacts. In this regard, we reached out to five companies, while these engagements tended to strengthen our initial beliefs, they also resulted in our decision not to invest in two bonds due to concerns about, or misalignment with, our requirements in terms of climate strategy.

In our engagement with a French bank that issued an EUGB without a lookback period, we highlighted that the European Union's framework for green bonds is widely regarded as a gold standard because it enhances issuer credibility, increases investor transparency, and provides a clear, harmonised template for disclosure and impact reporting. The EUGB standard enables investors to compare instruments on a consistent basis, reducing information asymmetries and strengthening market confidence. It also promotes harmonisation of Second Party Opinions (SPOs) and reporting requirements, which improves the overall integrity of the green bond market. In the case of the French bank, our dialogue focused on encouraging greater transparency regarding the absence of a lookback period and how future issuances could align more closely with EUGB best practices. This example illustrates how our engagement not only supports better disclosure but also drives alignment with emerging market standards that benefit both issuers and investors.

Another example of our engagement with ESG-labelled bond issuers concerned a large European multi-technical services provider active in energy and communications infrastructure. Our objective was to deepen our understanding of the company's decarbonisation levers and assess the credibility of the sustainability performance targets embedded in its Sustainability-Linked Bond (SLB). The initial review highlighted that the coupon step-up was linked to intermediary targets rather than the more ambitious long-term objectives, which required a significant acceleration of mitigation efforts and have not yet been formally validated by recognised science-based frameworks. Moreover, progress against shorter-term milestones for both operational and value-chain emissions is currently behind plan. While the issuer provided useful additional disclosure on its assumptions and transition strategy, including anticipated regulatory drivers and investments in new tools and methodologies, uncertainties remain regarding the scale and timing of the decarbonisation step-change required in later years. Our engagement therefore focused on understanding the concrete financial and operational levers that will underpin the long-term targets and assessing whether alternative bond structures could more effectively align financial incentives with the issuer's transition pathway.



Stakeholder outreach

DPAM actively advocates for robust and credible climate regulations, policies and strategies that align with the goals of the Paris Agreement and facilitate the transition to net-zero emissions.

By contributing to policy consultations and working groups, such as those organised by BEAMA and EFAMA, we aim to support the creation of industry standards that guide both financial institutions and governments in achieving climate goals in a financially viable, reasonable manner.

Furthermore, DPAM advocates for strong climate and social policies when engaging in industry coalitions, consultations and initiatives, such as the PRI, CA100+, IIGCC and IIHC, which promote best practice and influence climate and social policies and practices at industry or global level.

In addition, voting rights empower investors to demand climate accountability and assess readiness, ensuring the long-term resilience of investment portfolios. However, this should be supported by regulation and legal systems, which is not always the case. Hence, we engage with industry initiatives to enhance shareholder rights linked to climate integration.

Through these efforts, we work towards creating an environment where strong, consistent climate policies and actions are aligned among stakeholders and can drive long-term investment and climate resilience. 2025 actions at this level include participation in the following consultations, public letters and/or working groups & initiatives:

Consultations

- NZAM – Commitment revision
We participated in the NZAM consultation, both via workshop as well as written feedback.
- CDP - Net Zero data
- PCAF - consultation on GHG accounting for use-of-proceeds instruments
Given our exposure to use-of-proceeds instruments, as well as portfolio KPIs linked to GHG emissions, DPAM joined the consultation to define accounting standards for these instruments.

Public letters

- CISL - letter COP30
- Investor and business joint statement on the EU 'omnibus' proposal.

Working groups/publications

- PRI - SFDR (focus on transition concept)
- PRI - Transition Finance
- CDP - corporate climate data use
- IIGCC - Methane paper
- IIGCC - Investor expectations on integrated accounting
As part of a working group DPAM joined, an investor expectation document on integrated accounting was developed. The publication covers reporting standards, expectations for corporates, auditors and audit committees.
- IIGCC – Climate governance assessment framework

As part of another working group, DPAM contributed to the development of an assessment framework for climate governance, in addition to a questionnaire allowing other investors to integrate the framework in engagement activities.

- IIGCC – Proxy voting engagement and knowledge sharing
- IIGCC – Stewardship guidance & shareholder rights

Policy exchange/stakeholder dialogue

- European Commission – Shareholder Rights
- European Commission and co-legislators - sustainability reporting and due diligence legislation (CSRD / CSDDD)
- European Commission and co-legislators - safeguarding the ambitious objectives of the EUDR and its implementation timeline

A closer look at one of the initiatives: setting the scene for integrating climate in financial statements

Climate-related financial impacts, whether from the transition to a low-carbon economy or increasing physical climate risks, is material information for investment decision making. As such, for the past couple of years, DPAM has been vocal on the matter and considers this key information for companies to disclose as part of their transition plan (as stipulated in our requirements for voting on Say on Climate proposals; and in our framework for assessing the TCFD alignment of investees). However, such disclosures are often absent or only partially considered in financial statements.

Throughout 2024 and 2025, DPAM continued expanding its expertise on the integration of climate in financial statements. Valuing the importance of collaboration and knowledge sharing, and as part of our engagement via IIGCC, DPAM joined a working group on the matter. Following several meetings with other members and external experts, an Investor Expectations document was published in December 2025.

As stipulated by IIGCC, 'The paper sets clear expectations in relation to three key stakeholder groups:

- **Companies** to demonstrate consideration of climate impacts in financial statements, ensure connectivity with narrative climate reporting, disclose key climate-related assumptions, provide scenario sensitivity analyses, and consideration of potential dividend impacts.
- **Auditors** to verify inclusion of climate risks in audits, assess consistency between narrative climate disclosures and financial assumptions, highlight climate factors in audit matters where material, and critically review sensitivity analyses.
- **Audit Committees** to oversee climate risk integration in financial reporting, ensure management's assessments of climate-related materiality, challenge assumptions rigorously, and evaluate implications for dividends and viability.'

However, in order to drive meaningful change, integration of these expectations in investor research and engagement by investors, including DPAM, is one of the key next steps.



Aligning voting decisions with ESG commitments

In 2025, we constructed an Active Voting List of 365 companies, of which 27% of companies fell within DPAM's voting scope.

Priority companies

Monitoring list

- Portfolio level:
 - Top 3 highest emitters, based on absolute scope 1,2,3 GHG emissions, since GHG emissions are the driver behind real-world climate impact.
 - Top 3 highest financed emissions, based on absolute scope 1,2,3 GHG emissions, to integrate portfolio-level accountability.
- Climate dashboard (entity level):
 - Top 30 financed emissions.
 - Top 20 NAV and ownership.
- Collaborative engagements.

Engagement list

- No SBTi.
- Carbon performance off track.
- Unsatisfactory assessment outcome (climate alignment or transition alignment).
- Collaborative engagements.

Active voting list

- DPAM tracking:
 - (1) no follow-up formal engagement; (2) flagged by PM/analyst/RICC; (3) no constructive collaborative engagement
- SBTi collaborative engagement; no follow up/commitment
- CDP disclosure campaign: no follow up/commitment
- Previous AGM: no follow up of shareholder proposal

Voting agendas of these companies were analysed on a case-by-case basis, while we also considered the previous engagement outcomes we had with these companies.

Hence, after casting votes, **we (re-)engaged with 27 companies to address concerns about their lack of progress or transparency in climate reporting.** Key issues included:

- the absence of a thorough decarbonisation strategy (or relevant disclosures),
- no commitment to net-zero greenhouse gas emissions by 2050,
- a lack of science-based targets, inadequate short-, medium-, and long-term greenhouse gas reduction goals,
- insufficient disclosure of climate risks and capital expenditures, and
- poor integration of climate-related goals into executive compensation.

Engagement also took place when governance oversight of climate issues was weak, particularly when boards failed to address previous shareholder votes or climate-related strategies. Where necessary, voting actions included opposing the CEO, the chairman of the board, the remuneration report, the financial statements, the climate report, or other key resolutions before engaging with the company.

For management Say on Climate proposals, we voted against 11 Say on Climate proposals,

The main reasons for opposition included:

- a lack of clarity on the potential implications of the vote;
- the rollback of sustainability goals just before the AGM;
- the absence of validated Science-Based Targets;
- no commitment to net-zero emissions;
- the absence of ambitious and quantified Scope 3 targets relevant to the sector and proportionate to total emissions;
- insufficiently quantified or explained climate target;
- limited transparency regarding how new board appointments enhanced climate expertise;
- a lack of disclosure on capital expenditures related to climate strategy;
- financial statements that failed to adequately reflect material climate-related impacts or the implications of a Paris-aligned scenario;
- an overly qualitative and broad scenario analysis;
- audit reports lacking clear evidence that climate risks were robustly assessed;
- weak performance against the CA100+ Net Zero Benchmark.



A focus on the transition strategy

In 2025, we engaged with 13 companies as part of the transition strategy.

All our investees - regardless of industry - might be exposed to the impacts of climate change, whether through physical risks arising from changing environmental conditions or transition risks associated with the shift toward a low-carbon economy. Strategies with a focus on transition allocate a certain percentage to high-carbon-emitting sectors. A structured engagement strategy is applied, using a tiered approach:

1. Engagement for research & for values and convictions – Companies with transition plans & targets
 - If a company has established a transition plan, we assess its credibility through a pre-defined framework of best practices (climate alignment). When a transition plan is established, and an SBTi target is set, our engagement focuses on assessing the feasibility and financial rationale of its transition strategy (transition alignment).
 - The goal is to ensure that the transition plan is both credible and financially viable (especially under different adverse scenarios), considering factors such as transition costs and long-term economic impact.
2. Engagement for values and conviction – companies without SBTi targets or strong climate commitments
 - For companies without validated SBTi targets or equivalents, and falling in the scope of our assessments (see 'corporate focus'), formal engagement is initiated.
 - The objective is to encourage the company to set clear climate targets or, if they have not, to understand the barriers preventing them from doing so.
3. Engagement for values and conviction – oil and gas sector
 - Regardless of whether oil and gas companies have set climate targets, they remain subject to formal engagement when included in our transition strategies.
 - Given the sector's significant carbon footprint, engagement efforts are intensified to ensure meaningful and accountable transition commitments.

This engagement strategy ensures a structured and impactful approach to driving climate-related progress within the transition strategy.

Some of our activities during 2025:

- **A multi-year engagement on climate and transition alignment**
Since 2019, DPAM has co-led engagement with a cement producer on its alignment with the CA100+ Net Zero benchmark, achieving milestones such as validated science-based targets, improved climate lobbying transparency, enhanced disclosures on decarbonisation strategy and offsetting, and initiating dialogue on integrated climate accounting, with ongoing meetings continuing into 2026. More details can be found below under 'Engagement with company A'.
- **Asking for commitment and targets to initiate change**
In 2025, as part of our science-based targets campaign, DPAM engaged a major global pharmaceutical company - one of the top five emitters in a fund - on setting emissions reduction targets, particularly for scope 3 value chain emissions, and, after the company initially declined to commit, began ongoing dialogue and will continue engagement through 2026. More information can be found below under 'Engagement with company B'.
- **Climate research fuelling meaningful climate engagement**
Exposure to a company active in mining and metals, with significant exposure to the energy transition, led DPAM to assess the company's transition positioning in greater depth. Following this assessment, several questions were drafted, which triggered the need for a meeting with the company.

During the meeting, multiple topics were discussed, including scenario analysis, progress on decarbonisation levers, and capital expenditure plans. Although the discussion provided useful insights, a subsequent debrief between portfolio managers and Responsible Investment (RI) analysts concluded that follow-up was required to further clarify the investment case and to express expectations regarding robust climate disclosures aligned with best practice.

As a result, we reached out to the company with a detailed set of follow-up questions, aimed at both deepening our understanding and clearly communicating our expectations in terms of climate integration and disclosure.

Note: In contrast to previous years, during the 2025 AGM season, DPAM did not (co-)file shareholder proposals linked to climate change.



Environment and climate risks: biodiversity

The Kunming-Montreal Global Biodiversity Framework (GBF), adopted at COP15 in 2022, presents an ambitious plan for a world in harmony with nature by 2050. The Framework includes 23 targets for 2030 and emphasises the urgent need for immediate action. The GBF reinforced our conviction to increasingly focus on biodiversity risks and opportunities in our investment decision making process. DPAM therefore decided to become an early adopter of the [TNFD](#), following our support for the [TCFD](#) recommendations. As financial institutions have their principal impact on biodiversity through their investments, DPAM also signed the [Finance for Biodiversity Pledge](#). To engage with companies and promote best practice on this topic, DPAM is a member of several collaborative initiatives.

DPAM has taken an active role in [Nature Action 100](#). This global investor engagement initiative focuses on driving greater corporate ambition and action to reverse nature and biodiversity loss. The initiative targets 100 companies from key sectors that significantly impact nature and play a key role in reversing biodiversity loss by 2030. By engaging with these companies, investors aim to increase awareness and drive corporate ambition to make public commitments and set time-bound scientific targets, for example. In 2025, DPAM participated in 5 collaborative engagements focusing on biodiversity. As frameworks and supporting materials are still under development (SBTN, Nature Transition Plans, ...) engagements are focusing on board oversight of biodiversity-related matters and the assessment of nature-related impacts and dependencies.

Finally, DPAM is taking a role in the [Investor Initiative on Hazardous Chemicals](#), from Chemsec, which aims to reduce the adverse impacts of hazardous chemicals. Through engagement, investors will ask the largest publicly traded chemical companies to increase transparency in their disclosure of the production volumes of hazardous chemicals and to set time-bound phase-out plans for persistent chemicals.





Social and human rights infringement

In 2025, DPAM:

- Sent 51 social engagement letters on human rights, labour practices and supply chain management and cyber security.
- Conducted nine engagements on due diligence relating to social risks in supply chains. **Where possible, precise questions were asked during AGMs.**
- Co-issued an investor guidance document to properly engage investee companies operating in Conflict Affected and High Risk Areas (CAHRA) regarding risks and to identify best practices related to CAHRA risk mitigation.
- Following discussions with civil society actors, we carried out a heightened human rights due diligence (hHHDD) of investee companies with ties to the West Bank and Gaza, reaching out to 24 companies which allegedly had revenues or assets in these occupied territories to properly assess the application of a hHHDD.



Digital rights - promoting human rights best practices in digitalisation

DPAM joined a collaborative initiative on Facial Recognition Technology (FRT) in 2021. By 2022, the initiative completed its first phase, gathering best practices on this rapidly evolving technology. As a biometric tool, FRT identifies or verifies individuals using facial images or videos without requiring physical interaction, making it accessible, seamless, and cost-effective. [The World Benchmarking Alliance's Collective Impact Coalition on Ethical AI](#) has since taken over the initiative, addressing transparency gaps in ethical AI disclosures.

The Coalition focuses on raising awareness, leading best practices, and improving corporate commitments to ethical AI. For the past two years, DPAM actively engaged with several companies in various industries to assess their ethical AI principles, governance, and human rights impact across the AI value chain. In addition to this, DPAM co-filed a shareholder proposal on child safety at Apple in early 2024 but withdrew it after Apple committed to several actions. Apple agreed to a call with the Chair of the Nominating and Corporate Governance Committee to discuss the proposal and DPAM's concerns. They also provided a written summary of risk assessments conducted under the U.K.'s Online Child Safety Act and Australia's e-safety regulations, detailing products and services posing the highest risk to children, the potential harm, and Apple's mitigation strategies.

Due to the fast-paced development of AI systems and applications, it is often hard for investors to properly map risks and opportunities. Realising AI's benefits and managing its risks requires collaboration among all stakeholders. For this reason, DPAM took part in an initiative launched by the [Oxford Martin AI Governance Initiative](#). This organisation is drafting a gap analysis and information sharing sessions on how investors can push companies to improve AI governance practices. It also sets out a list of actions to be taken in order to strengthen investor capacity on ethical AI governance standards.



Due diligence on social risks in supply chains

Scrutiny regarding **supply chains** is increasing, and human rights are increasingly regulated to empower all stakeholders. Regulation principally targets companies and financial institutions.

DPAM is a member of the ADVANCE initiative, led by the Principles for Responsible Investment (PRI). This collaborative initiative aims to protect and enhance risk-adjusted returns by promoting progress on human rights through investor stewardship. Preventing and mitigating negative impacts on people can lead to better financial risk management and help investors meet the evolving demands of beneficiaries, clients and regulators.

The initiative was launched with an initial focus on mining and metals companies, as well as independent power and renewable energy producers. For the latter, DPAM serves as a lead engager for a renewables company headquartered in Spain. DPAM has conducted multiple engagement calls with the company regarding their ambitions, policies, and processes for establishing a robust due diligence system. These calls resulted in improved policies and approaches with regards to the salient human rights issues that it faces in its supply chain. Over the course of several calls in 2025, supported by specialised NGOs, DPAM helped the company strengthen its processes in key areas such as responsible sourcing. This coalition of investors works to define long-term engagement objectives and foster genuine partnerships with the engaged companies, ensuring that recommendations are effectively implemented in the short to medium term.

During the reporting period, we prioritised engagement with companies in the textile sector, a segment identified as high-risk through our social due diligence screening. Our focus areas included forced labour, child labour, living wages, and supply chain due diligence - issues that are particularly acute within global textile supply chains. Through constructive dialogue, we sought to encourage greater transparency, robust risk management, and the implementation of industry-leading standards. Among the targeted companies are a US, a French and a Spanish company. These engagements aimed to foster long-term improvements in labour practices and to mitigate social risks that could impact both company performance and broader stakeholder outcomes.

Our social due diligence analysis also highlighted the infrastructure sector as an area requiring focused engagement, particularly on the topic of worker safety. Recognising the critical importance of health and safety standards in large-scale infrastructure projects, we initiated dialogue with two major French companies. Our engagement objectives centered on ensuring the adoption and enforcement of rigorous safety protocols, as well as the continuous improvement of working conditions for all employees and contractors.

Finally, we have engaged with many investee companies about human rights controversies in their supply chains **and asked pointed questions on supply chain due diligence during a company's AGM.**



Conflict-affected and high-risk areas (CAHRA) forced labour

As the number, duration and severity of global conflicts and related human rights violations increases, our concerns are growing about the effects of these conflicts on vulnerable people and communities. Companies working in these areas, might face legal, operational, and reputational challenges. We therefore expect companies operating in these areas to respect applicable obligations under international human rights and humanitarian law and to fully align their policies and processes with normative international frameworks. DPAM encourages ethical practices and emphasises the need for companies to go beyond certifications and proactively engage to ensure human rights are respected in their operations. Our expectations regarding companies operating in CAHRA can be found in our Engagement Policy.

The concept of CAHRA is rapidly gaining relevance, with an increase in armed conflicts globally. Companies with activities in Russia and the occupied Ukrainian territory, were blamed for assisting in Russia's war efforts. Corporations active in the occupied Palestinian territory (oPt), were accused of normalising Israel's annexation of certain Palestinian areas. IT companies were linked to human rights abuses in Congo, for using conflict minerals. The examples are plentiful. In order to define proper expectations as an investor, DPAM joined a group of investors to identify best practices in this regard. The aim of the pilot project is to support a group of investors in undertaking heightened human rights due diligence (hHRDD) for their investments in CAHRAs. The pilot project involves engaging a limited set of portfolio companies in the technology and renewable energy sectors with exposure to risks in CAHRAs. At the beginning of 2025, we issued an investor guidance document to properly engage investee companies in CAHRA regarding risks and to identify best practices related to CAHRA risk mitigation.

We have applied this best practice guide in the context of the oPt. After some discussions with civil society actors, we decided to carry out a hHRDD of investee companies with ties to the West Bank and Gaza. We reached out to 24 companies which allegedly had revenues or assets in the occupied territories to properly assess the application of a hHRDD. These engagements helped us in assessing companies' application of hHRDD, receive updated information on their exposure to the oPt, and the remediation that they provided to affected stakeholders. Some of these engagements are still ongoing.



Workers' representation

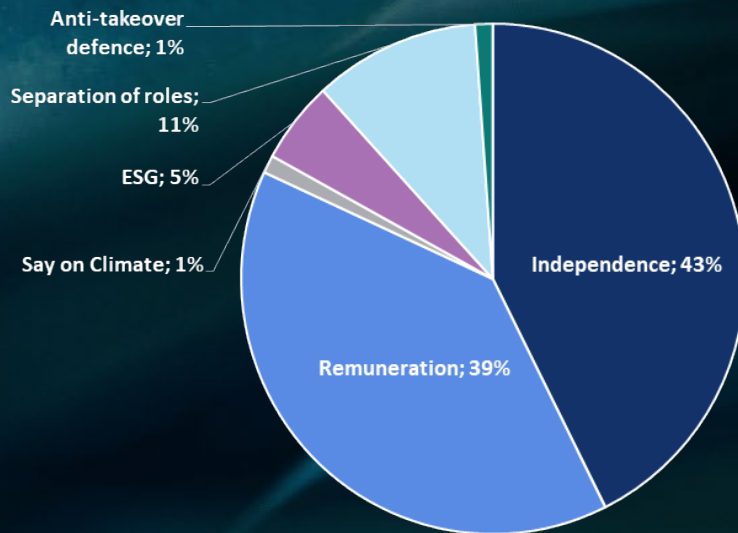
Companies that ensure their employees' voices are heard through proper representation, often see improved job satisfaction and productivity. Moreover, incorporating worker representation into sustainability assessments allows companies to better manage social risks, such as labour disputes, which can significantly impact their reputation and investor appeal.



Promoting ESG best practices through voting

In 2025 DPAM systematically engaged with all companies for which we voted 'Abstain' or 'Against' on the six topics shown in the graph, below. Therefore DPAM sent 411 letters to 344 companies. We received 80 answers of which 69% were willing to have an in-depth engagement on the topic.

Breakdown of engaged dialogues with companies by topic



Source: Glass Lewis, DPAM – 31.12.2025

Please refer to the [Voting Activity Report](#) for the results of DPAM's actions as a responsible shareholder.

Stewardship remained a high priority in 2025 for DPAM, whether it was collaborative, individual engagement or less formal dialogue with companies. In 2025, DPAM has systematically engaged with all companies for which we voted 'Abstain' or 'Against' on the 6 topics listed above.



In 2025, DPAM sent **441 letters** (versus 312 in 2024)



To **344 companies** (versus 227 in 2024)



We received **80 answers** of which 69 % were willing to have an in-depth engagement on the topic.



Corporate governance and corporate taxation

We engage with issuers to encourage appropriate board composition and expertise, to take into account ESG risks and opportunities and to involve middle management in ESG priorities.

Corporate governance includes themes such as political lobbying, business ethics, tax fairness/avoidance and bribery and corruption, for example. DPAM is particularly sensitive to ethical business, a core value for the company.

In **2025, 38 engagements** related to corporate governance including on: remuneration policy, leadership issues, board oversight, business ethics, product governance, aggressive tax planning etc.

DPAM conducted 16 engagements on aggressive tax planning with the following goals: first, to empower companies by enhancing their comprehension and communication of information regarding their tax practice in the public domain; second, to incentivise companies to elevate their standards in matters of tax transparency and fairness; finally, we aimed to provide ongoing support and guidance to companies as they advanced in addressing these critical issues.



Engaged dialogue with countries

Engagement with sovereign bond issuers is based on **dialogue for mutual learning** and the aim of this dialogue is to provide a mutual exchange of information and best practice. The dialogue is structured according to a multi-step process that progresses from awareness raising to focusing on the Paris Agreement's strategy and commitments.

Over the last three years, we were able to better structure and formalise the engagement efforts we started in 2022. This is a learning curve for all the parties involved due to the diverse actors encountered, their variation in terms of ESG profiles and the challenges they face. A one size fits all approach is not possible.

To increase efficiency and our reach, as well as to adopt an improved structure for engagements, we have analysed and joined some collaborative initiatives which aim to help us improve our process and increase the number of countries we can enter into a dialogue with, namely:



The Emerging Markets Investors Alliance (EMIA)

In 2023, DPAM joined the initiative Emerging Markets Investor's Alliance, a not-for-profit organisation that enables institutional emerging market investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies in which they invest. DPAM is member of 3 different programs within the EMIA,

Human Capital & Gender Equity

The Human Capital & Gender Equity (HCGE) Program brings together investors to identify KPIs that could be used to track social progress. It also focuses on identifying policy best practices that could enable EM governments to make advances in health, education and gender equity. Through these efforts, the HCGE working group aims to promote the integration of education and gender equity goals into national policies and budgets, driving long-term improvements in social outcomes.

Based on this work, engagement letters were sent, from May 2025 onwards, to 27 emerging-market countries and signed by investor members of the HCGE working group. **Ten** countries responded positively: **Benin, Bolivia, Côte d'Ivoire, Chile, Ghana, Guatemala, Rwanda, South Africa, Senegal, and Uruguay.**

During the year, the HCGE working group investor members held meetings with seven sovereigns - **Benin, Côte d'Ivoire, Rwanda, and Ghana** in Sub-Saharan Africa; **Chile and Guatemala** in Latin America; and **Romania** in Europe. These engagements covered EMIA's 21 social KPIs and sovereign bond issuance plans.

Sovereign Decarbonization

The Sovereign Decarbonization Program advances investors engagement with emerging market governments to strengthen and achieve their Nationally Determined Commitments (NDCs) under the Paris Accord. The Program focuses on topics including phasing out coal, carbon taxes, and climate finance. The Program also encourages governments to adopt best practices when issuing green and other labelled bonds.

In 2025, engagements addressed climate policies and methane reduction in Pertamina, Indonesia and the climate strategy and carbon sequestration potential of mangroves in Brazil.

Labelled Bonds

The Enhanced Labelled Bonds Program is an initiative to raise the quality, transparency and credibility of sustainability-linked and labelled bonds issued in emerging markets. It goes beyond existing voluntary market guidelines (like the ICMA Green Bond Principles and Sustainability-Linked Bond Principles) by setting stricter, more prescriptive standards that improve trust and impact in the ESG bond market. By engaging with countries the program aims to combat greenwashing, support market development, and encourage impact-oriented investment by enforcing stronger contractual commitments, consistent standards, clear reporting, and independent oversight.

In 2025, we engaged with six countries (Slovenia, South Africa, Mexico, Chile, Kenya, Romania) on a range of sustainable finance topics, including providing feedback on their sustainability-linked bond (SLB) framework and SDG bond frameworks, guiding potential SLB issuances and discussing potential social objectives and KPI's.



The UN PRI's Collaborative Sovereign Engagement on Climate Change

Following a pilot sovereign engagement initiative with Austria, the UN PRI expanded its efforts in 2025 by launching a formal Collaborative Sovereign Engagement on Climate Change programme focused on Canada and Japan. DPAM participates in this initiative and is actively involved in the Canadian engagement track, engaging with sovereign entities, public officials, and policymakers.

Through this collaborative platform, global investors engage sovereign issuers on climate-related risks and opportunities, recognising climate change as both a material financial risk and a generational investment opportunity. The initiative aims to mitigate risks associated with rising global temperatures while supporting the transition to a net-zero global economy.

By facilitating dialogue between governments and investors, the initiative enables sovereigns to clarify their strategy for managing climate and sustainability risks, while allowing investors to express support for credible and ambitious policy action. Such exchanges foster a shared understanding of risks and opportunities and can contribute to more informed public expenditure decisions, regulatory frameworks, and policy design. Ultimately, this dialogue supports the mobilisation of private capital and helps accelerate the transition to a resilient, net-zero economy.

In addition, the collaborative format allows investors to articulate both converging and differing market perspectives on climate-related issues, providing sovereigns with a comprehensive view of capital market expectations.

- Letters were sent to: Japan, Canada, Greece, Latvia, Australia, France
- Individual engagement meetings with Canada, Latvia, Australia, France, Mexico

In 2025, DPAM did not undertake individual sovereign engagements with Emerging Markets countries that only focus on sustainability. Instead, we prioritised collaborative initiatives to maximise impact and efficiency. This coordinated approach allows us to leverage collective investor expertise and present unified feedback to the different countries, strengthening the quality and consistency of engagement. This follows feedback received by sovereign issuers, particularly in emerging markets, that have expressed appreciation for these coordinated calls, as it reduces the resource burden associated with managing multiple bilateral investor meetings. Collaborative engagements enable them to receive consolidated input from a broad group of investors in a single setting, making the dialogue more efficient, streamlined, and constructive for all parties involved.

V. Material engagement cases

It is important to acknowledge the complexity of linking specific outcomes to a particular engagement or investor. When our recommendations are put into action, the impact is evident. In other cases, we might have an influence but it is subtler and harder to identify.

Engagement with Côte d'Ivoire

Engagement year	2025
Company / Country	Côte d'Ivoire
Engagement purpose	Social KPIs in bond issuance and other innovative sustainability-linked financing instruments; social programs to address health, education and gender equity gaps.
Engagement details	<p>In May 2025, a letter signed by 11 investors, including DPAM, was sent to the Public Debt Office of Côte d'Ivoire, which responded positively and expressed openness to further dialogue. Subsequent engagement with Ministry of Finance representatives on the Human Capital & Gender Equity (HCGE) social KPI initiative took place in September 2025, in parallel with Côte d'Ivoire's participation in EMIA's London sustainability conference. During these exchanges, Ivorian officials showed strong interest in examining the social KPIs in greater detail. In a dedicated meeting with EMIA and an HCGE investor member, they also raised the potential use of social KPIs within partial credit guarantee structures.</p> <p>Although Côte d'Ivoire's Sustainable Finance Framework, launched in July 2025, currently prioritises KPIs linked to renewable energy investment and biodiversity protection rather than social metrics, momentum for continued engagement was maintained. To support more in-depth and structured discussions, a dedicated Côte d'Ivoire working group was established and convened in December, providing a platform to further explore the integration of social KPIs in future financing initiatives.</p>
Engagement outcome	<p>On 15 September, a senior official from Côte d'Ivoire's Public Debt Management Office addressed an EMIA investor conference in London, outlining the country's sustainability agenda and financing priorities. Following this engagement, initial discussions were launched between EMIA and the Ivorian authorities on potential sustainability-linked financing structures, including options that could incorporate social KPIs alongside existing environmental objectives.</p>
Next steps	<p>Côte d'Ivoire has been identified as an EMIA HCGE focus country for 2026, reflecting the constructive and ongoing relationship established with Ministry of Finance officials. Building on this foundation, further discussions are envisaged on financing instruments that could better address the country's social priorities, including health, poverty reduction, gender equity, education, and just transition challenges. A key objective for 2026 is to engage with the authorities on the development of health-related metrics that could underpin a potential debt-for-health swap.</p>

Engagement with the Flemish Government

Engagement year	2025
Company / Country	Flemish Community (Ministeries van de Vlaamse Gemeenschap)
Engagement purpose	Following the assessment of their sustainability bond framework, the decision was taken to engage with the Flemish Community through an engagement letter sent in December 2024. Key objectives included encouraging an update of the existing framework, strengthening ESG risk assessment practices, and improving the quality, transparency, and standardisation of allocation and impact reporting.
Engagement details	<p>The dialogue with the Flemish Community focused on several key areas:</p> <ul style="list-style-type: none"> • Alignment with international standards: At the time of engagement, the sustainability bond framework was based on outdated ICMA Principles. The issuer was encouraged to update the framework to reflect the latest versions of the Green Bond Principles and Social Bond Principles, as well as to integrate developments such as the EU Taxonomy and EU Green Bond Standard. Following the engagement, the framework was updated and now shows improved alignment with current ICMA Principles. • Use of proceeds and eligibility criteria: The updated framework introduces a clear distinction between green and social eligible expenditures, addressing previous limitations. In addition, eligibility criteria are now aligned, where possible, with EU Taxonomy technical screening criteria, strengthening the scientific robustness and credibility of financed projects. • Additionality and refinancing practices: The issuer introduced a one-year lookback period for refinancing projects, which is in line with best market practices (i.e. below the 24-month threshold). This enhances transparency and supports the assessment of additionality. • Reporting and transparency: The engagement emphasised the importance of standardised and detailed allocation and impact reporting. While improvements are expected with the updated framework, further enhancements are encouraged, particularly the provision of impact reporting at the individual bond (ISIN) level to allow investors to assess the impact of specific investments.
Engagement outcome	Positive
Next steps	Follow-up on future bond issuances under the updated framework and monitor improvements in impact reporting and governance transparency.

Engagement with Company A

Engagement year	2025
Company / Country	Germany
Engagement Type	Engagement for values & convictions
Engagement Theme	Climate change – Transition plan
Engagement purpose	Discuss climate risks, and best practices, to enhance disclosures and align with best practices in terms of climate alignment and transition alignment.
Engagement details	<p>A multi-year engagement on climate and transition alignment</p> <p>Since 2019, DPAM has been engaging as a co-lead with a cement producer on its performance versus the CA100+ Net Zero benchmark. Over the years, understanding the complexities and best practices/expectations around climate and transition alignment has evolved significantly. Several developments have been achieved since the start of the engagement, such as the setting of a validated science-based target, a revised/fine-tuned association review report (climate lobbying) and public commitments and disclosures on climate solutions.</p> <p>Furthermore, understanding the complexities of operating in an ecosystem, we coordinated a meeting between the company and an external NGO involved in assessing corporate lobbying, to increase the company's understanding and expectations of best practices and a framework on corporate lobbying, while at the same time increasing the NGO's understanding of the complexities corporates often face.</p> <p>In 2025, the engagement continued, with both research on and meetings with the company on its decarbonisation levers and strategy, public positioning and climate integrated accounting. Progress made over the years includes additional disclosures on the decarbonisation strategy (levels with quantification, and the role of offsetting), reflected in the Net Zero benchmark and an initiated dialogue on integrated climate accounting. New meetings with the company have been scheduled for 2026.</p>
Engagement outcome	Ongoing - Improved scoring on CA100+ Net Zero Benchmark due to better disclosures on decarbonisation levers and offsetting.
Next steps	We will continue to focus on the integration of best practices in climate integration and disclosures.

Engagement with Company B

Engagement year	2025
Company / Country	United States
Engagement Type	Engagement for values & convictions
Engagement Theme	Climate change – science-based target setting
Engagement purpose	To identify the possibility of setting science-based emissions reduction targets or equivalent
Engagement details	<p>Asking for commitments and targets to initiate change</p> <p>As part of our campaign on science-based target setting, we initiated an engagement with a global pharmaceutical company that researches, develops, and manufactures medicines - especially for diabetes, cancer, immunology, and neurological diseases. The company was identified as one of the top 5 emitters in one of our funds, and although the company may not face highly material direct climate risks to its core business today, it remains a significant GHG emitter, particularly through its value chain (scope 3 emissions from suppliers, manufacturing inputs, logistics, and product lifecycle).</p> <p>Hence, DPAM sent a formal letter to the company, asking for its stance on (science-based) emissions reduction targets. The company replied stating that it does not intend to calculate, disclose and commit on scope 3 emissions as these allegedly fall outside its scope of control. Therefore, we cited examples of peers and competitors setting scope 3 emissions reductions targets, in which engagement with suppliers on emissions reduction targets is considered as a viable and material approach to cover their scope 3 emissions. In response, the company stated it will discuss the matter further internally. DPAM decided to continue the engagement and try to schedule a meeting with the company in 2026.</p>
Engagement outcome	Ongoing - Increased insight into the reasons why the company did not commit
Next steps	Continued dialogue on setting an SBT.

Engagement with Company C

Engagement year	2025
Company / Country	Occupied Palestinian Territories (oPt)
Engagement Type	Engagement for values & convictions
Engagement Theme	CAHRA
Engagement purpose	Push companies with activities or assets in the oPt to conduct a heightened Human Rights Due Diligence (hHHDD).

Engagement details

We applied the best practice guide on CAHRA in the context of the oPt. After some discussions with civil society actors, we carried out a hHHDD of investee companies with ties to the West Bank (incl. East Jerusalem) and Gaza. We reached out to 24 companies with alleged revenues or assets in these occupied territories to properly assess the application of a hHHDD. For these engagements we focused on companies that we considered to be paradigm cases, i.e., companies that were financing the occupation, provided armaments for the occupation, provided goods or services to build out the occupation economy and IT companies providing services to the military apparatus in the oPt.

The companies we reached out to all claim to be aligned with the UN Guiding Principles on Business and Human Rights. Principle 7 explicitly recognises that business activities in conflict-affected areas pose heightened risks of severe human rights abuses (war crimes, forced displacement, sexual violence, etc.). Companies there may become directly linked to or complicit in violations even unintentionally. Because of this, companies must apply hHRDD. This includes, among other elements, a context analysis, stakeholder engagements, scenario planning and enhanced monitoring.

Engagement outcome

The outcome of this engagement differed across companies, but was, in general, covered by one of the following responses. The necessity to carry out a hHHDD remains valid under any of the following options:

- No response
- Company provides information that contradicts having activities/ assets in the oPt
- Company discloses that it decides to leave the oPt
- Company explains how it carries out a hHHDD while being active in the oPt
- Company is active in oPt without any hHHDD

Next steps

These engagements will be reviewed and subsequent escalation steps defined during a follow-up SRISG session in June 2026.

Engagement with Company D

Engagement year	2025
Company / Country	France
Engagement Type	Engagement for values & convictions
Engagement Theme	Climate change – transition planning (green bond framework)
Engagement purpose	Enhancement of green bond framework, aligning with industry best practices and regulatory standards (EU Green Bonds).
Engagement details	<p>In our engagement with a French bank that issued an EUGB without a lookback period, we highlighted that the European Union’s framework for green bonds is widely regarded as a gold standard because it enhances issuer credibility, increases investor transparency, and provides a clear, harmonised template for disclosure and impact reporting. The EUGB standard enables investors to compare instruments on a consistent basis, reducing information asymmetries and strengthening market confidence. It also promotes harmonisation of Second Party Opinions and reporting requirements, which improves the overall integrity of the green bond market. In the case of the French bank, our dialogue focused on encouraging greater transparency regarding the absence of a lookback period and how future issuances could align more closely with EUGB best practices. This example illustrates how our engagement not only supports better disclosure but also drives alignment with emerging market standards that benefit both issuers and investors.</p>
Engagement outcome	Positive – company will take lookback into consideration in the next iteration of their framework.
Next steps	Assess if the company’s updated framework includes a lookback period.

Engagement with Company E

Engagement year	2025
Company / Country	Company E
Engagement Type	Engagement for controversies
Engagement Theme	Human rights, community impact, and product governance
Engagement purpose	<p>Following the review of the ‘Construction materials’ sector for ESG controversies, the decision to engage with Company E was taken due to concerns regarding its cement operations in Western Sahara, a limestone mine and cement factory project in Indonesia, and activities in disputed territories (Israel/Palestine). The engagement aimed to clarify the company’s approach to human rights, local community relations and risk management in these sensitive regions.</p>
Engagement details	<p>The dialogue with Company E focused on three main areas:</p> <ul style="list-style-type: none"> ▪ In Western Sahara, questions addressed the process for obtaining free, prior, and informed consent from local stakeholders, the representation of local communities in governance, and the scope of community development initiatives. Company E confirmed that local stakeholders retain significant shareholdings and board representation, and provided a list of community support projects, including education, infrastructure, and environmental initiatives. The company also outlined its commitment to annual community engagement and a robust human rights due diligence framework aligned with international standards. ▪ Regarding the Indonesian project, the company shared its approach to stakeholder engagement, environmental impact assessment, and adjustments made to project design to mitigate risks to water resources and local livelihoods. It was clarified that the project remains in the planning phase, with ongoing public consultations and transparent communication channels. ▪ For the disputed territories, Company E confirmed the permanent closure of its operations, demonstrating a clear response to concerns about potential human rights violations. <p>Throughout the engagement, Company E provided comprehensive and transparent responses, demonstrating a proactive attitude and a willingness to address the identified risks. The company’s policies, governance structures, and recent actions were found to be robust and credible.</p>
Engagement outcome	Positive
Next steps	Engagement is completed

Engagement with Company F

Engagement year	2025
Company / Country	Company F
Engagement Type	Engagement for controversies
Engagement Theme	Business ethics, compliance, and governance
Engagement purpose	<p>Following the review of the 'Financials' sector for ESG controversies, the decision to engage with Company F was taken due to historical involvement in controversies related to business ethics, including tax optimisation, anti-money laundering (AML), and market manipulation issues. The engagement aimed to clarify the company's current standards and practices in these areas, particularly in light of a recent major acquisition.</p>
Engagement details	<p>The dialogue with Company F focused on four main areas:</p> <ul style="list-style-type: none"> ▪ Tax compliance: The company provided details on its policy framework and training programmes designed to prevent tax evasion. It highlighted clear commitments not to support tax avoidance or evasion, mandatory annual staff training, and the implementation of robust internal guidelines. The company also referenced its cooperation with authorities in legacy cases and its adaptation to international standards for tax transparency. ▪ Market conduct: Company F outlined the policies and tools in place to ensure proper recording and monitoring of all business communications and transactions. It described the integration of record-keeping standards across the group, the use of approved communication channels, and comprehensive remediation programmes following regulatory findings. The company demonstrated a commitment to maintaining high standards of market conduct and transparency. ▪ AML: The company emphasised its intention to bring all operations up to the highest AML standards, aligning policies and risk frameworks across the group. While disclosures on specific tools and resources were limited, the company confirmed ongoing staff training and a strong focus on conduct and culture. ▪ Whistleblowing: Company F clarified that its whistleblowing policy allows for anonymous reporting, direct access to independent board members, and protection against retaliation. The policy is supported by multiple reporting channels and regular oversight at board level. <p>Throughout the engagement, Company F provided comprehensive responses and demonstrated a willingness to address legacy issues, resolve outstanding matters, and strengthen its governance framework. The company's efforts to align practices across the group, combined with positive developments in resolving past controversies, were noted as constructive.</p>
Engagement outcome	Positive
Next steps	Engagement is completed



VI. Key themes
and priorities for
coming years



Navigating global sustainability trends

2024, the first year of **Corporate Sustainability Reporting Directive (CSRD)** reporting, brought regulatory challenges, including the European Commission's Omnibus Simplification package involving the CSRD, the **Corporate Sustainability Due Diligence Directive (CSDDD)**, and the Taxonomy, alongside Germany's call for a two-year delay and a reduction in reporting scope. These challenges have complicated compliance for investors under the **Sustainable Finance Disclosure Regulation (SFDR)**, especially regarding material indicators. SFDR regulations have faced criticism for complexity, lack of clarity, inconsistency and difficulties in product comparison, which led to ongoing revisions in 2025 and 2026.

By late **2025**, the European Commission published a major proposal to **revise the SFDR** (often referred to as SFDR 2.0), with the aim of **removing certain entity-level disclosures, simplifying product-level disclosures, introducing a clearer product categorisation system (Sustainable / Transition / ESG Basics)**, and deleting the existing definition of 'sustainable investment' under the SFDR, which, if adopted, would replace the current Article 8/9 structure and significantly alter investor reporting obligations moving towards 2028 implementation timelines.

The Omnibus Simplification Package continued to evolve in **2025 and into 2026**. After provisional agreement across EU institutions, in **February 2026** the Council gave final sign-off on simplifications to the CSRD and CSDDD that **narrowed the scope of reporting** and due diligence obligations - for example, increasing employee and turnover thresholds for in-scope companies and providing transition exemptions for early reporters - intended to reduce complexity and boost EU competitiveness.

Despite this simplification push, implementation timelines and interpretation remain unclear across member states, with some reporting frameworks and delegated acts still under scrutiny or pending final adoption.

Over-regulation in Europe has contributed to an **ESG backlash**, influencing perspectives globally. In a period marked by political shifts and major elections, short-term issues like inflation and border protection often took precedence over environmental and social concerns. Criticism of ESG investments was also linked to underweights in the energy and defence sectors, which however continued to attract capital. Meanwhile, geopolitical tensions have resulted in renewed debates over the exclusion of defence investments from sustainable portfolios as political pressure persists to ease capital access due to rearmament trends, but investment in defence still remains limited or controversial in some EU countries.

Despite regulatory constraints and ongoing shifts, confidence in sustainable investment remains strong among many asset managers, including DPAM, where we maintain our Actively Sustainable approach. There is concern, however, about regulations limiting active portfolio management through rigid metrics. **Transition financing** remains a key challenge: stricter rules for SFDR Article 8 and 9 funds and the shift towards the proposed SFDR 2.0 framework requires adaptation in product design, disclosures and investment strategies. Established initiatives like GFANZ, IIGCC and the Transition Plan Taskforce faced greater scrutiny, leading some investors to reassess or withdraw support - particularly among US institutions under political pressure - yet overall participation in transition efforts remains high.

Enhanced environmental, biodiversity and natural capital data have improved corporate assessment of dependencies and transition planning, but integrating high-quality ESG data into financial valuations remains a work in progress. Although clean energy investments have outpaced fossil fuel spending in recent years, the scale of investment remains insufficient to achieve global warming targets consistent with the Paris Agreement.

Social issues continued to be dominated by human rights concerns, including the implications of the CSDDD's evolving scope and scrutiny over labour practices in global supply chains. Broader social risks tied to the energy transition and the automation of the digital economy are expected to remain key themes for **2026**.

Europe continues to push for **mandatory sustainability disclosures**, while other jurisdictions - particularly the US - have taken a more cautious stance on climate-related regulation. Developments in early 2026 reflect international fragmentation in sustainable finance standards, with some jurisdictions strengthening reporting and transparency requirements (for example, new consultations on biodiversity and ESG rating supervision), even as others resist extensive climate-focused mandates.

The macroeconomic environment sends mixed signals about the future performance of sustainable funds. Europe appears to be pivoting toward competitiveness, regulatory simplification and green growth, while emerging markets maintain a focus on sustainability integration. In this uncertain landscape, the **materiality of ESG issues and a commitment to sustainable performance** will be crucial, especially considering the consequences of the Omnibus Simplification package, the proposed SFDR 2.0 framework and broader regulatory texts related to CSRD, CSDDD, the Taxonomy and SRD. Therefore, at DPAM we will continue to integrate these evolving regulatory elements into our broader engagement approach.

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