

# IQAM Invest

Q3 2023

The purpose of the **reo**<sup>®</sup> (responsible engagement overlay) service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The **reo**<sup>®</sup> approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

## Engagement this quarter

Engagement	Companies Engaged	Milestones achieved	Countries covered
41	27	3	17

## Companies engaged by region



## Engagement by theme \*



## Milestones achieved by theme

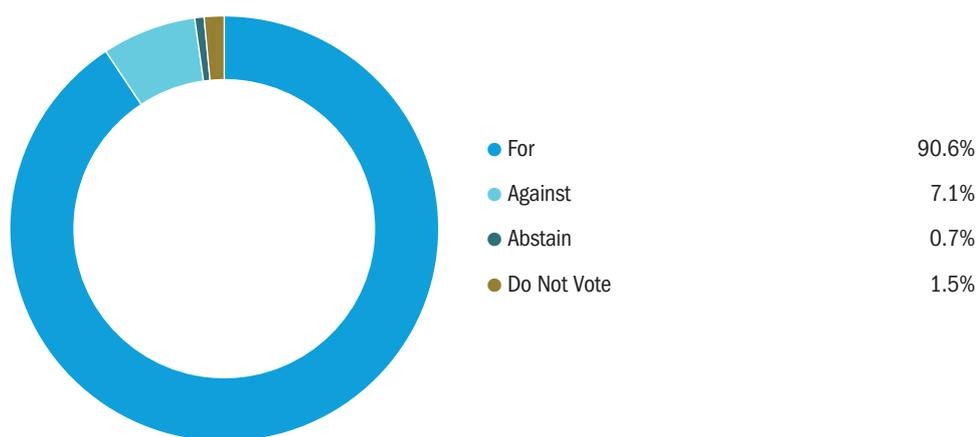


\* Companies may have been engaged on more than one issue.

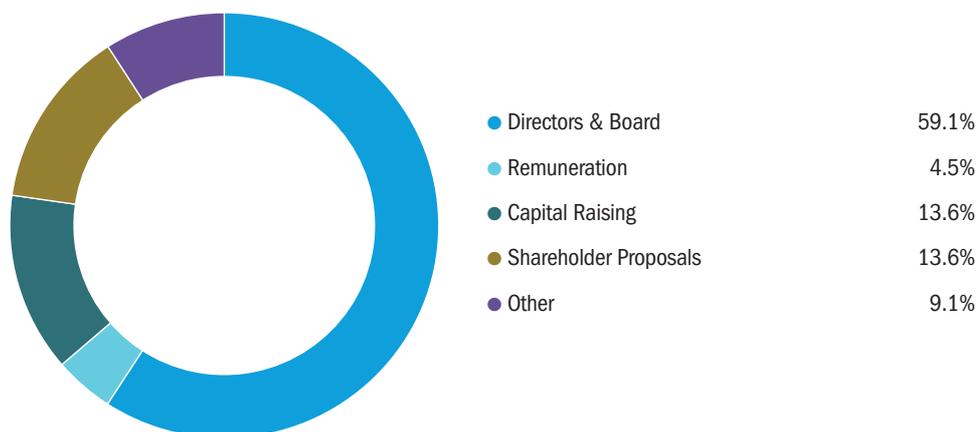
## Share voting results \*\*

Company meetings voted	32
Items voted	267

### Items voted



### Votes against and abstentions by category



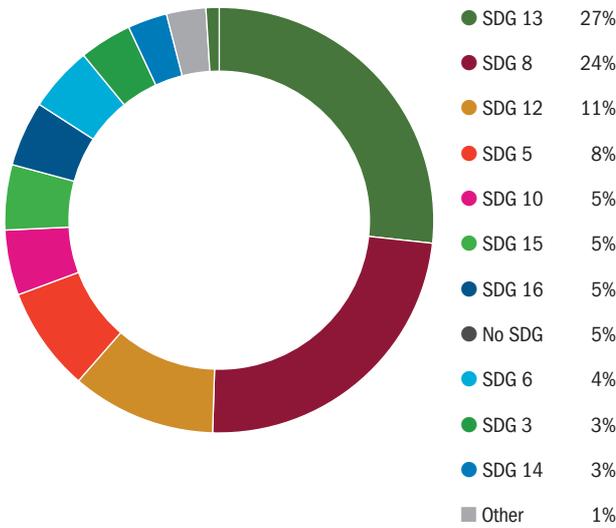
\*\* This report has been compiled using data supplied by a third-party electronic voting platform provider. The statistics exclude ballots with zero shares and re-registration meetings. Meetings/ ballots/proposals are not considered voted if: ballots have been rejected by voting intermediaries (e.g. where necessary documentation (such as Powers of Attorney, beneficial owner confirmation, etc.) was not in place); instructed as "Do not vote" (e.g. in share-blocking markets); or left uninstructed.

### Engagements and Sustainable Development Goals (SDGs)

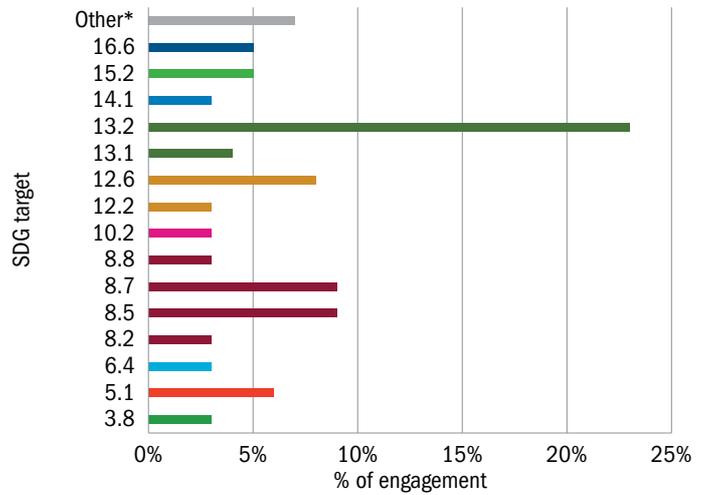
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed underlying SDG targets to frame company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement. Engagements are systematically captured at a target level, to enable greater accuracy and achieve higher impact.

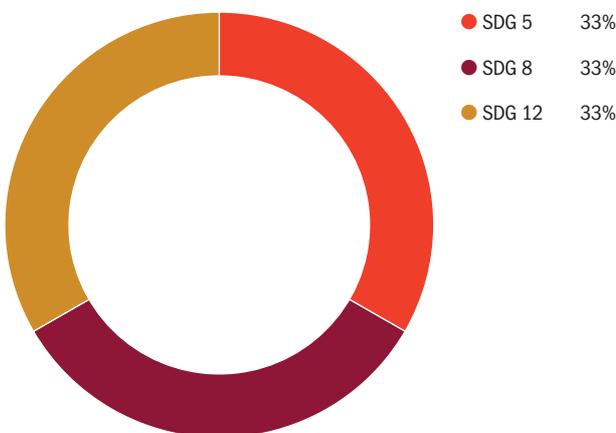
#### Engagement: SDG level



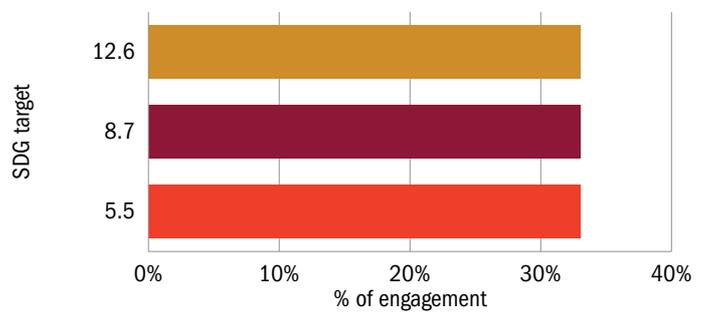
#### Engagement: SDG target level



#### Milestone: SDG level



#### Milestone: SDG target level



\*Other represents SDG targets less than 2% of the relevant SDG Goal.

## Engagement case studies

**Company:** Fresenius SE & Co KGaA

**Country:** Germany

**Sector:** Health Care

**Priority Company:** ✓

**ESG Risk Rating:**  

**Response to engagement:** Good

**Theme:** Human Rights, Labour Standards, Public Health, Corporate Governance

**Issue:** Fresenius SE group restructuring - enhanced ESG oversight to be expected

**SDG:**

 3.8	 8.5	 16.6
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### Background

Fresenius SE is a German healthcare group that has historically operated four specialised business segments. In an effort to improve oversight and control, the company is currently being restructured which will include the deconsolidation of its business segments focused on service provision and dialysis. Our engagement focus has been on ensuring the restructuring process results in a more sustainable business model that embeds enhanced oversight on the material ESG issues into corporate strategy.

### Action

We met with the company's sustainability leads to discuss the company's restructuring process and the impact this will have on key ESG topics such as product quality and animal welfare. The Fresenius sustainability department has struggled for a long time to be effective with limited resources and a fragmented business structure, with little group level target setting and oversight. There has been a relative lack of centralised management information, including the absence of a single human resources database. This has resulted in implications for business strategy setting and oversight. From our discussions with the company, we believe that progress should be forthcoming as the business structure is being simplified. The group is on a clear path to quantified ESG-related KPIs for material issues of medical quality/patient satisfaction and employee engagement being embedded in performance incentive plans. Fresenius also explained that they are now aligning corporate strategy around a newly articulated central mission of "advancing patient care".

### Verdict

The operational challenge of organisational change will still dominate resourcing for the coming months, but for the first time there is broad agreement of goals and direction across the Management and Supervisory Boards. We look forward to more granular data and targets being published in due course and will revisit progress in the coming months.

**ESG Risk Rating:** Rating of a company's ESG risk exposure and risk management compared to industry peers. Source: MSCI ESG Research Inc.

Top quartile: GREEN    Second quartile: YELLOW    Third quartile: ORANGE    Bottom quartile: RED

## Appendix



SDG	Target	Target Summary
SDG3	3.8	Access to medicines and health-care
SDG5	5.1	End all forms of discrimination against women and girls
SDG5	5.5	Ensure full equality of opportunity for women, including at leadership levels
SDG6	6.3	Improve water quality by reducing pollution
SDG6	6.4	Increase water-use efficiency to address water scarcity
SDG8	8.2	Achieve greater productivity through innovation.
SDG8	8.3	Promote development-oriented policies
SDG8	8.5	Achieve full and productive employment for all
SDG8	8.7	Eradicate forced labour, modern slavery & human trafficking
SDG8	8.8	Protect and promote safe working environments for all workers
SDG9	9.1	Develop resilient and sustainable infrastructure
SDG10	10.2	Empower and promote inclusivity for all
SDG10	10.7	Facilitate safe migration through managed policies
SDG10	10.a	Implement the WTO's special rights provisions
SDG12	12.2	Sustainably manage and make efficient use of natural resources
SDG12	12.5	Reduce waste through prevention, reduction, recycling and reuse
SDG12	12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting
SDG13	13.1	Strengthen adaptive capacity to climate-related events
SDG13	13.2	Integrate climate change plans into policies and strategies
SDG14	14.1	Prevent and reduce marine pollution of all kinds
SDG15	15.2	Promote the implementation of sustainable management of forests
SDG16	16.6	Develop effective, accountable and transparent institutions

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