

Engagement Report 2020

Since its beginnings, TOBAM has decided that sustainable development would be explicitly core to its values. Its clients have a long-term approach to investing and its sustainable way addresses these concerns.

Upholding Environmental, Social and Governance principles (ESG) is not only part of our investment process; but also, an integral part of our day to day business. TOBAM aims to act in a socially responsible manner via its business, its social relations and its long term vision of sustainable growth. By upholding these principles everyday we make sure that TOBAM does not veer from its “sustainable” journey.

We consider engagement towards third parties, the industry and the investee companies as another crucial step towards the promotion and development of responsible investment.

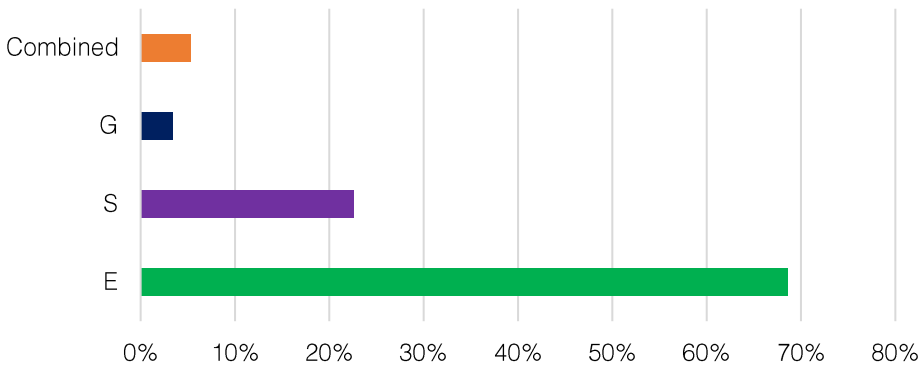
“ *We believe that our engagement approach will contribute to **further developing best practices and will encourage the adoption of sound ESG policies** by a wider range of companies worldwide.* ”

How do we engage?

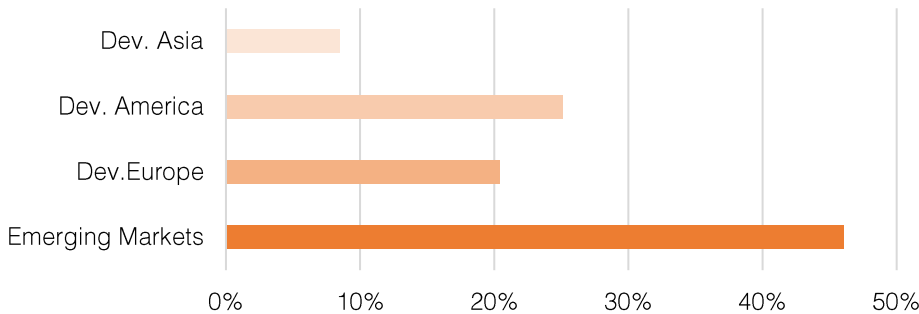
Recognizing the value of different forms of engagement, TOBAM carries out direct as well as collaborative engagements with other partners or investors. TOBAM acts individually or collectively based on information gathered by its partner ISS, or issued by other stakeholders such as investors or human rights NGO's.

All engagement initiatives are discussed and decided during the Sustainability Committee.

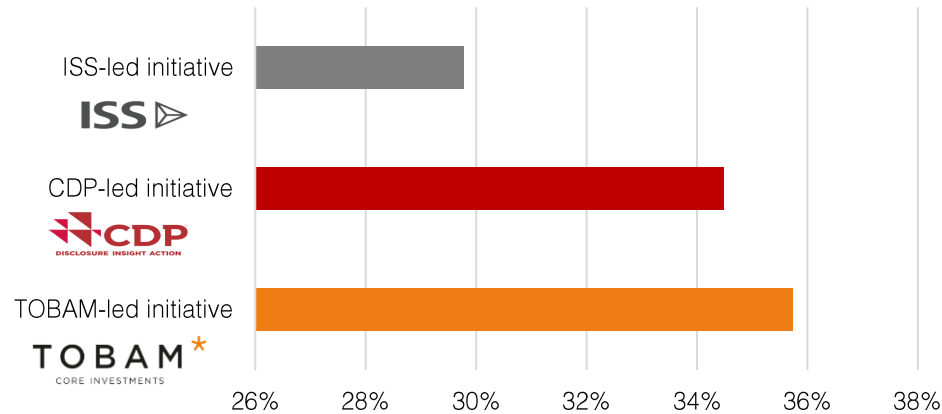
By type of focus



By type of region



By lead of engagement



2020 Credit Carbon Emissions

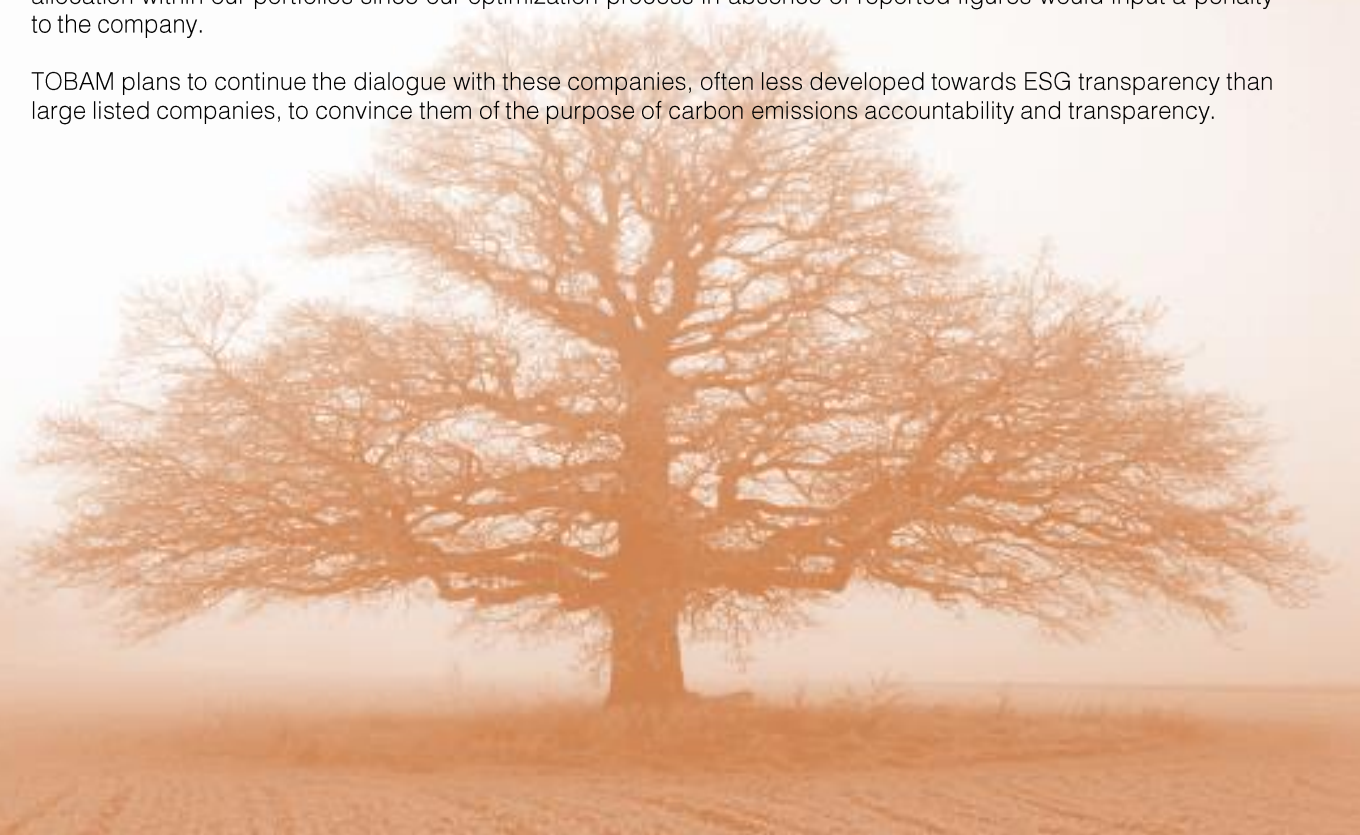
Credit Issuers Disclosure Campaign

TOBAM implements a systematic carbon footprint reduction of at least 20% versus the reference benchmark's carbon footprint across TOBAM's equity and fixed income portfolios and mandates. Implemented since June 2019 in all TOBAM's credit portfolios, the research team dedicates a considerable amount of time to collect issuer's carbon emissions.

In the spirit of the large carbon emissions disclosure campaign conducted by CDP, TOBAM has decided in 2020 to initiate an engagement campaign with its bond holdings identified as not reporting their carbon emissions via CDP or on Bloomberg.

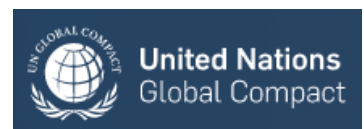
We have reached out to 38 companies in 2020, inviting them to report their carbon emissions via the Carbon Disclosure Project, notably arguing that given our investment process not reporting could negatively affect their allocation within our portfolios since our optimization process in absence of reported figures would input a penalty to the company.

TOBAM plans to continue the dialogue with these companies, often less developed towards ESG transparency than large listed companies, to convince them of the purpose of carbon emissions accountability and transparency.



We proudly work with and support

TOBAM work in collaboration with the following organizations to engage with companies on various topics.



Examples of Recent Engagement



German Cement Company TOBAM-led Engagement



TOBAM has initiated a dialogue with a German cement company in 2020 following claims from French local authorities of a controversial quarry plan, that did not get approval from local authorities and agreement from local inhabitants. The documented controversy claims that inhabitants were fearing risks of ground water pollution and local authorities were claiming not having been contacted by the cement company despite an engagement from the company on their sustainability report to always contact local authorities and reach an approved solution before setting up any quarry.

The controversial quarry project was finally abandoned in November 2020.

Chinese IT Company TOBAM-led Engagement



TOBAM, in partnership and supported by some large institutional clients, started an engagement action in 2019 with a Chinese IT company, allegedly involved in some severe human rights breaches. Allegations were documented by media articles, US universities, Human Rights NGOs.

We addressed letters to various levels of top management as part of TOBAM's escalation process but unfortunately none of our attempt to open a dialogue with the company were answered or addressed.

It has been decided to exclude the company from TOBAM's eligible investment universe. The lack of consideration for the shareholders and their concerns is unprecedented and demonstrates a lack of adhesion to the rules of being a publicly listed company and recurring to international shareholders capital while adhering to the international standards of best practices (norm-based & international standards, ESG considerations as well as considerations of shareholders concerns.)



For more information

TOBAM is an asset management company offering innovative investment capabilities whose aim is to maximize diversification. TOBAM's Maximum Diversification® approach, supported by original, patented research and a mathematical definition of diversification, provides clients with diversified core exposure, in both the equity and fixed income markets. The company manages \$10.2 bn and its team includes 48 investment professionals. Figures as of December 2020.

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