

La Française is joining the Investor Initiative on Hazardous Chemicals (IIHC) to encourage issuers to be more transparent. It is also linking up with ShareAction to promote low-carbon initiatives in the chemical industry

La Française is taking further action in line with its engagement policy. Striving for more sector-based transparency and supporting economic stakeholders in their transition is an integral part of its role as a responsible investor and in-keeping with its core principles.

The chemical industry is the third highest emitter in the industrial sector, accounting for 925 MtCO<sub>2</sub> in 2021. According to the International Energy Agency<sup>1</sup>, the sector is not on track to meet the Paris Agreement. The emissions trajectory needs to be curbed with a 15% reduction in emissions by 2030, even though the industry increased its emissions by 5% in 2021 compared to 2020.

The crucial aspect of this sector is that its CO<sub>2</sub> emissions come not only from the energy used (accounting for a quarter of emissions), but above all from the raw materials used that are of fossil origin, such as oil, (accounting for half of all emissions). The remaining quarter of its CO<sub>2</sub> emissions comes from the chemical reactions specific to the materials produced.

Chemical pollution has also been identified by scientists, the European Environment Agency and the European Commission as one of the nine planetary boundaries<sup>2</sup> due to its impact on humans, ecosystems and climate change.

With all this in mind, La Française, as a responsible investor, has decided to join a number of collective initiatives in order to foster rapid transformation within this sector.

La Française AM, a financial asset management company and subsidiary of the La Française Group, has joined forces with 50 of the world's largest institutional investors representing more than \$10,000 billion in assets by joining the Investor Initiative on Hazardous Chemicals (IIHC)<sup>3</sup>. Launched last January, its **goal is to call on the chemical industry to be more transparent and to achieve a more ethical chemical production process**, especially in relation to long-lasting products known as "forever chemicals" (PFAS) because they stay in the environment and can have a detrimental effect on human health.

La Française AM is responsible for participating in this collective action through dialogue with one or more issuers in order to obtain more quantitative and measurable information on the volume of hazardous chemicals manufactured and the pollution linked to PFAS in order to limit the exposure of its financial portfolios. In addition, La Française AM will support the company in its transition by encouraging it to develop more responsible production methods.

---

<sup>1</sup> <https://www.iea.org/reports/chemicals>

<sup>2</sup> <https://www.stockholmresilience.org/research/planetary-boundaries/the-nine-planetary-boundaries.html>

<sup>3</sup> This initiative, led by [ChemSec](#), is an independent non-profit organisation, established in 2002, advocating for the replacement of toxic chemicals with safer alternatives.



Marie Lassegnore, CFA, Head of Sustainable Investment La Française AM: *"We need to go further than EU regulations do. It is our responsibility to act to limit the risks associated with the chemical industry. Our objective is twofold: to have more transparent information available to allow for a better understanding of the exposure of financial positions in portfolios and to advocate for investment in R&D in order to develop safer alternatives".*

**La Française group is also committed to low-carbon initiatives in the chemical sector** by extending its collaboration with the NGO ShareAction<sup>4</sup>. The chemical industry is a sector that has made little or no inroads into reducing its carbon emissions. This means that something needs to happen before it is too late. The sector needs to be pushed into being more proactive and addressing the issue to limit the current trajectory of global warming and to contribute to fulfilling the objectives of the Paris Agreement.

This collective action will lead La Française AM to enter into active dialogue with numerous companies in order to support them in their transition. It aims to achieve this goal by encouraging them to set targets and implement more ambitious carbon reduction strategies.

In the end summary of its sixth report, the IPCC highlighted: *"The hottest years we have experienced so far will be among the coolest within a generation"*.

The time for talking is over. We need to take action.

As a responsible stakeholder, La Française is convinced that long-term engagement contributes to improving the creation of value. Its investment teams focus on supporting issuers in their transitions through constructive dialogue to create investment solutions that combine performance and sustainability.

In 2022, the group strengthened and extended its commitments, both collective - Finance for Biodiversity Pledge, 30% Club France Investor Group, etc. - and individual, with a particular focus on the following areas: climate change, natural capital, social capital and governance.

To sum up, La Française Group has entered into active dialogue that has led to real action with 52 companies (vs. 17 in 2021) through direct action or in association with other organisations and/or investor groups.

---

<sup>4</sup> [ShareAction](#)