



SARASIN

Sarasin Investment Funds Limited

Sustainability Entity Report

Reporting period:

1 January 2025 – 31 December 2025

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Introduction

This Sustainability Entity Report (“Report”) has been published by **Sarasin Investment Funds Limited** (“SIF”) in its role as Authorised Fund Manager (AFM). This Report is published in compliance with the FCA’s Sustainability Disclosure Requirements (SDR), which require firms to disclose how sustainability-related risks and opportunities are governed and managed at entity and product level. It covers the 12-month period from 1 January 2025 to 31 December 2025.

The Report is structured into four sections:

Governance

SIF’s governance around sustainability-related risks and opportunities.

Strategy

The actual and potential impacts of any material sustainability-related risks and opportunities on SIF’s business, strategy and financial planning.

Risk management

The processes used to identify, assess and manage sustainability-related risks affecting SIF.

Metrics and targets

Metrics and targets used to assess and manage material sustainability-related risks.

Appendices are also included which cover the scope in further detail, related disclosures (including cross-references), and a compliance statement confirming that the disclosures in this Report comply with SDR requirements.

Delegations and Context

SIF is the AFM of the UK-authorised fund range managed by its parent, Sarasin & Partners LLP (S&P), and holds overall regulatory responsibility for those funds. SIF has a Board but no other staff. As an AFM, SIF’s role is to provide the regulatory and governance framework for the fund range, rather than to carry out day-to-day investment management itself. It therefore delegates various activities to specialist service providers, including investment management to S&P, in order to draw on their expertise, infrastructure and scale. Whilst SIF delegates the undertaking of these activities, it always retains responsibility for them.

SIF’s sustainability disclosures focus on the oversight of these delegated arrangements, and on the application of S&P’s investment process, stewardship approach and firm-level sustainability policies.

This Report should be read alongside S&P’s annual [Stewardship Report](#), which provides further detail on S&P’s investment processes and activities, and S&P’s annual Task Force on Climate-Related Financial Disclosures ([TCFD](#)) [Entity Report](#), which forms part of this Report with respect to climate-related disclosures. Related disclosures and cross references are set out in **Appendix II**.

Material Deviations

During the period, no material deviations from the entity-level approach to governance, strategy, risk management or targets and metrics were identified at product level.

Governance

Board oversight

The Board of SIF (“the Board”), comprising four directors, two of whom are independent, is responsible for overseeing how sustainability-related risks and opportunities are managed across the funds for which it acts as AFM. Its oversight also extends to the operational risk of SIF itself and of the funds it operates, which includes sustainability-related risks.

The Board receives regular reporting from S&P on how risks and opportunities are identified, assessed and managed, including through the investment process, and how these are reflected in investment decisions, including sustainability-related considerations. The Board also receives quarterly reporting against SIF’s own risk appetite statements.

This oversight enables the Board to monitor the effectiveness of the frameworks and controls in place to manage sustainability-related risks and opportunities across the funds.

SIF has no separate premises, operational infrastructure or staff of its own. Its operational sustainability is therefore governed at the Sarasin group level rather than by SIF directly; see the Corporate Social Responsibility Report in Appendix II for more details.

Delegated resourcing and stewardship arrangements

SIF has an Environmental, Social and Governance (ESG) Policy, which adopts S&P’s Stewardship Framework and the principles set out in S&P’s Stewardship Report. The Framework is reviewed and formally adopted by the SIF Board on an annual basis, with any changes notified to the Board by the Company Secretary as they arise.

To support delivery of this policy, S&P maintains governance structures, investment and stewardship teams intended to support the delivery of the investment policies and sustainability-related objectives of the funds. Sustainability-related matters, including S&P’s

material stewardship activity and Sustainability Impact Matrix (SIM) assessments, are reported to the Board on a quarterly basis.

ESG data and research oversight

S&P uses a combination of internal research, company analysis and selected third-party ESG research and data providers to support investment analysis, stewardship activity and sustainability-related assessments.

External research providers are subject to ongoing oversight and review intended to support the quality, relevance and appropriateness of the information used within investment processes. This includes consideration of matters such as methodology, coverage, timeliness and consistency of data. Third-party sustainability-related information is used alongside internal analysis and investment judgement and is not relied upon in isolation.

Governance of climate-related risks and opportunities is addressed in the TCFD Entity Report.

Further detail is provided in the Stewardship Report, including:

- **Disclosure B**
Governance and resources
- **Disclosure C**
Policies, processes and review
- **Principle 6**
Monitoring service providers

Strategy

Sustainability in the investment process

SIF's investments are managed in accordance with S&P's investment process, stewardship approach and firm-level sustainability policies, which integrate ESG considerations and support the identification, assessment and management of material sustainability-related risks and opportunities.

S&P's global thematic approach directs investment towards companies positioned to benefit from long-term structural trends. Climate change is the theme with the most direct sustainability dimension, addressed further in the TCFD Entity Report. More broadly, ESG analysis is applied to investee companies regardless of the theme they fall under, as described further below. Sustainability-related opportunities therefore arise where investee companies, across any theme, are well positioned to manage sustainability-related issues effectively, supporting long-term value creation.

S&P integrates ESG considerations into bottom-up investment analysis, with ESG risks and opportunities assessed alongside traditional financial metrics. Material ESG issues may influence investment decisions, risk assessments and portfolio weightings.

S&P uses the proprietary Sustainability Impact Matrix (SIM) to assess the ESG impacts of investee companies and their potential financial implications. This includes identifying actual or potential adverse external impacts arising from a company's activities across its value chain, and evaluating how those impacts may affect long-term value. This analysis helps identify both risks to long-term value and companies whose approach to sustainability issues underpins enduring value creation.

The SIM assesses 15 key ESG factors, drawing on quantitative and qualitative information from multiple sources. Each factor is assigned a red, amber

or green rating to reflect the severity of the adverse impact, and these are aggregated into an overall rating for each of the ESG pillars. These insights are embedded into company analysis, valuation and investment decisions.

Stewardship activities are integrated with the investment process by supporting the identification, assessment and management of sustainability-related risks.

These activities include:

- Investment informed by long-term thematic and bottom-up ESG analysis
- Active engagement and voting
- Policy and market outreach

These activities operate at both the company level and the systemic, broader market, level, depending on the nature of the sustainability-related risks identified.

Where risks relate to individual holdings, engagement is used within the investment process to address issues, improve practices and support better disclosure. Voting is exercised on all applicable holdings, and, where appropriate, it is used to reinforce engagement objectives and escalate concerns.

Where risks arise at a broader market level, S&P undertakes policy and market outreach, engaging with other investors, non-governmental organisations, policymakers, regulators and standard setters to support well-functioning markets and encourage more sustainable behaviour.

Impacts on SIF's business

Sustainability-related risks and opportunities impact SIF. These impacts can be indirect, such as through their effect on the investee companies held within SIF's funds as described above, or directly, on SIF as a business, for example through SIF's regulatory and conduct obligations as AFM, the reputation of its fund range, and its interactions with third-party service providers. These impacts are strategically relevant to SIF given its narrow, largely delegated operating model: its regulatory standing as AFM depends on accurate representation of its funds' sustainability characteristics, the commercial viability of its fund range depends on investor confidence in its sustainability approach, and its ability to deliver that approach depends on the quality of the specialist providers it relies on, reflecting SIF's minimal direct operational footprint relative to S&P. The Risk Management section sets out how each of these is assessed and managed.

SIF's strategic and financial planning relies on arrangements at Sarasin group level. The assessment of the impacts of climate-related risks and opportunities on business, strategy and financial planning set out in the TCFD Entity Report also covers SIF.

Further detail is provided in the Stewardship Report, including:

- **Disclosure A**
Organisation, investment beliefs and stewardship approach
- **Disclosure C**
Policies, processes and review
- **Principle 1**
Integrating stewardship and investment
- **Principle 2**
Promoting well-functioning markets
- **Principle 3**
Engagement
- **Principle 4**
Exercising rights and responsibilities
- **Principle 6**
Monitoring service providers



Risk Management

SIF's exposure to sustainability-related risk is managed in two main ways: through SIF's oversight of the investment process managed on its behalf by S&P, and through the management of operational risks affecting SIF and the wider Sarasin group.

Sustainability risk in the investment process

SIF manages sustainability-related risks in its funds through its oversight of the investment process, stewardship activities and governance framework applied by S&P.

Sustainability-related risks are identified through company research, ESG analysis and the SIM, and are assessed alongside traditional financial metrics for their potential financial implications. These risks are incorporated into company analysis, valuation and investment decision making, and are monitored on an ongoing basis.

Where material risks are identified, they may influence investment decisions, including position sizing, engagement priorities and voting decisions.

Engagement is used within the investment process to monitor and address identified risks and may progress through escalation steps, including enhanced dialogue, voting against directors and auditors, collaboration with other investors, making public statements and, where appropriate, exiting investments.

Some sustainability-related risks arise at the broader market or systemic level and cannot be addressed through individual investment decisions alone. These include risks such as climate change, biodiversity loss and market-wide governance issues. In these cases, S&P undertakes stewardship activities beyond individual holdings, including engagement with policymakers, regulators and standard setters to support well-functioning markets.

These processes are embedded within the broader investment risk management framework. Risk and Compliance functions provide independent oversight, while SIF oversees delegated activities through its governance and reporting arrangements.

SIF's operational risks

SIF operates as an AFM and has little operational activity of its own; day-to-day activities are delegated to S&P and managed at Sarasin group level, with oversight retained by the SIF Board.

In relation to risk, this oversight is exercised through SIF's own Risk Appetite Statements, approved annually by the Board, covering the range of risks it considers material, including sustainability-related considerations. SIF's material risks are monitored through a quarterly risk dashboard reported to the Board. As a subsidiary of S&P, SIF's risk appetite and risk management framework also fall within the oversight of S&P's Audit and Risk Committee, which is responsible for overseeing the risk appetite of SIF and other group entities.



The table below describes examples of operational risks, why they may have sustainability-related implications, and how they are assessed and managed:

Risk	Why this may have sustainability-related implications	How it is assessed and managed
Regulatory and conduct obligations	As Authorised Fund Manager, SIF is responsible for ensuring that the sustainability characteristics of its funds are accurately described, including under the FCA’s anti-greenwashing rule and the naming and marketing rules.	Identified and assessed through Sarasin group’s Regulatory Change Committee, with ongoing compliance monitored and reported to SIF.
Reputation	The reputation of SIF and its fund range depends on the effectiveness of the investment and stewardship processes applied on its behalf; a perceived failure to manage sustainability-related risks could reduce demand across the range.	Identified and managed through the adoption of S&P’s Stewardship Framework and the Board’s oversight of the investment and stewardship processes.
Third-party service providers	Given SIF’s minimal operational footprint, sustainability-related considerations are particularly relevant to the specialist service providers to which it delegates activities.	Assessed and monitored for consistency with SIF’s ESG Policy on an annual basis.

The TCFD Entity Report covers climate-related operational risk.

Further detail is provided in the Stewardship Report, including:

- **Disclosure A**
Organisation, investment beliefs and stewardship approach
- **Disclosure C**
Policies, processes and review
- **Principle 1**
Integrating stewardship and investment

- **Principle 2**
Promoting well-functioning markets
- **Principle 3**
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- **Principle 6**
Monitoring service providers

Metrics and Targets

This section discloses the sustainability-related metrics considered material to SIF and reflective of the nature and scale of its business. These metrics relate to the stewardship activities undertaken by S&P on behalf of SIF and to the investments held within SIF funds.

SIF oversees the monitoring of sustainability-related risks within those investments through its delegated investment management arrangements with S&P, which apply investment analysis and stewardship activity to identify, assess and manage them.

This includes:

- ESG analysis, including outputs from the SIM
- Monitoring of stewardship activity, including engagement and voting
- Climate-related metrics and analysis, as set out in the TCFD Entity Report

SIF does not currently operate standalone quantitative sustainability targets at the entity level for the purposes of this Report. The engagement data reflects outcomes that depend on external parties and may take time to materialise, so the emphasis is on the effectiveness of the processes through which sustainability-related risks are managed, and on the delivery of outcomes over time rather than on fixed numerical targets.

Where S&P’s SIM analysis highlights areas of concern, these issues are flagged for engagement once a company is held in the fund. Stewardship activity includes engagement with companies, the exercise of voting rights, and policy and market outreach. Engagement is tracked through goal-linked activities (GLAs), which represent a single interaction with a company on a specific goal.

Engagement outcomes are the results of S&P’s engagements, such as a company making a new commitment, updating a policy, or improving disclosure. Tracking these outcomes helps understanding of where stewardship is having a real-world impact:

Action - Engagements without a meaningful outcome, yet.

Milestone - A moderate step forwards towards a goal, such as management acknowledging concerns and outlining a plan to address them or taking initial action.

Impact - significant progress, demonstrating a meaningful step towards achieving the goal, such as a public announcement or strategic shift.

The table below shows stewardship activity undertaken by S&P on behalf of SIF during the reporting period.

Metric	Year ended 31 December 2025
Engagements	370
Companies	65
Goals	27
Goal-linked activities (GLAs)	731
Action	683 (93%)
Milestone	28 (4%)
Impact	20 (3%)

Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.
The figures include stewardship activity attributable to UK-authorised funds within scope of the FCA’s SDR for which SIF acts as Authorised Fund Manager. They are a subset of the firm-wide activity reported elsewhere by S&P, for example in the annual Stewardship Report, which covers all assets under management. Any differences between the two reflect scope rather than methodology.

Activities are prioritised based on the materiality of sustainability-related risks and the potential to drive meaningful outcomes. It spans both company-level engagement and broader market or policy initiatives, and is focused on six priority themes identified through S&P's investment and stewardship processes as the most material to long-term value:

- **Paris alignment** - Alignment with achieving climate stability in line with the Paris Climate Agreement
- **Social value chain** - Companies act responsibly with respect to human rights and the welfare of key stakeholders
- **Good governance** - Effective Board oversight, controls and disclosure
- **Robust and independent accounting and audit** - Accounting and audit consistent with long-term capital protection and enhancement.
- **Responsible tech** - Companies use technology and artificial intelligence in society's long-term interests
- **Nature and circularity** - Sustainable business practices that protect biodiversity and natural capital

Voting is used to reinforce core engagement objectives and where appropriate, to escalate concerns.

Metrics are subject to data availability, methodological limitations and ongoing development.

Climate-related targets and metrics are addressed through the TCFD Entity Report; group-level operational metrics, including carbon emissions and diversity and inclusion data, are disclosed at Sarasin group level; see the Corporate Social Responsibility Report in **Appendix II** for more details.

Further detail is provided in the Stewardship Report, including:

- **Disclosure A**
Organisation, investment beliefs and stewardship approach
- **Disclosure C**
Policies, processes and review
- **Principle 1**
Integrating stewardship and investment
- **Principle 2**
Promoting well-functioning markets
- **Principle 3**
Engagement

Appendix I

Scope

This Report covers SIF, as the entity within scope of the FCA's Sustainability Disclosure Requirements (SDR).

SIF acts as Authorised Fund Manager for a range of funds and delegates investment management to S&P. This report reflects processes applied across portfolios managed on behalf of SIF, rather than activity attributable solely to the legal entity.

As at the date of this Report, SIF does not apply an SDR sustainability label to any of its funds.

Sustainability-related risks and opportunities are, however, considered within the investment and stewardship approach applied across all in-scope funds, as described in this Report.

More detailed, fund-specific sustainability disclosures are available in:

- Product-level SDR reports
- Product-level TCFD reports, where applicable

These should be read alongside this Report for further detail.



Appendix II

Related disclosures and cross-references

This Report is designed to be read alongside other documents which provide further detail on the processes described, including:

- [Stewardship Report](#): in particular:
 - **Disclosure A**
Organisation, investment beliefs and stewardship approach
 - **Disclosure B**
Governance and resources
 - **Disclosure C**
Policies, processes and review
 - **Principle 1**
Integrating stewardship and investment
 - **Principle 2**
Promoting well-functioning markets
 - **Principle 3**
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 - **Principle 4**
Exercising rights and responsibilities
 - **Principle 6**
Monitoring service providers
- [Engagement and policy outreach](#): for ongoing activity and case studies
- [Task Force on Climate-Related Financial Disclosures \(TCFD\) Entity Report](#): climate-related disclosures supporting this report
- [Corporate Social Responsibility Report](#): covering firm-level operational sustainability governance, including diversity and inclusion, community engagement and operational carbon emissions data. The report is a marketing communication and does not form part of this regulatory disclosure
- **Firm-level stewardship policies and frameworks**: available via the [Stewardship](#) section of S&P's website, including:
 - Stewardship Framework
 - Ownership Discipline
 - Principles of Engaged Ownership
 - Corporate Governance and Voting Guidelines
 - Net Zero Voting Policy
 - Voting Policy
 - Human and Labour Rights Policy
- [Product-level disclosures](#): for fund-specific sustainability information

Appendix III

Compliance Statement

Our commitment to transparent reporting aligns with our dedication to addressing sustainability-related risks and opportunities within both our operations and investment strategy.

We have taken reasonable steps to ensure that the disclosures presented in our Sustainability Entity Report for Sarasin Investment Funds Limited comply with the requirements outlined in the FCA's ESG Sourcebook.

We recognise that our disclosures are progressive in nature, and endeavour to enhance sustainability-related reporting capabilities going forward.

Signed on behalf of the SIF Board



Gary Steinberg

Chairman
Sarasin Investment Funds Limited



Important information

This report is intended for retail investors and/or private clients. You should not act or rely on this report without seeking advice from a professional adviser.

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For more information on the Sustainability Disclosure Requirements and investment labels regime, please see: <https://www.fca.org.uk/consumers/sustainable-investment-labels-greenwashing>.

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