



Policy outreach and company engagement

Q3 2026

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Introduction

Our engagement work with companies and in the broader market aims to address governance failures, strategic challenges and other market imperfections, with a view to protecting and enhancing shareholder value. We are pleased to share with you some of our engagements from the last quarter. If you wish to delve into more detail, you will find links to further analysis and presentations below.



Policy and company engagement

System change: Pass-through voting

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Systemic stewardship: sarasin and the Local Authorities' Pension Fund Forum (LAPFF) respond to lisa sachs in the Financial Times

In July, [Lisa Sachs](#) wrote to the Financial Times to argue that banks and their regulators be let off the hook for anticipating and acting to mitigate climate hazards and transition risks. The letter received wide coverage and prompted Sarasin to join with LAPFF's Chair to respond. Our letter was [published](#) by the FT in late July. A longer response is available on our [website](#).

It is our strong view that banks have a critical role in shifting global financing, not just towards low-carbon energy, but also away from high-carbon activities that are driving long-term risks to capital. Too often banks have failed to recognise and price in large systemic risks building on their balance sheets. Climate change and the energy transition present just such a risk, which banks have a responsibility to mitigate. Their failure will hit bank investors; it will also undermine their resilience into the future.

Sarasin is not alone in this view. Concerns over severe economic and financial losses associated with global warming are underlined by the Bank of England, [Financial Stability Board](#), [European Central Bank](#), [International Monetary Fund](#) and leading academics, such as the [EDHEC Climate Institute](#).

Our conviction in the importance of banks in driving system-wide decarbonisation will continue to underpin a substantial area of engagement for Sarasin, spanning both direct dialogues with individual banks such as HSBC (see last quarter's report), ING and BNP Paribas, our votes on bank directors, and outreach to key prudential regulators.

Systemic stewardship: Nordic Center for Sustainable Finance

We are pleased to report that the European Union [announced](#) in September that it would maintain its support for a moratorium on new drilling for oil and gas in the Arctic, and its commitment not to purchase fossil fuels that come from any new reserves. The announcement is an important milestone as the 2021 EU Arctic Policy is being revised, and follows an intensive advocacy campaign from the Norwegian Government and oil and gas companies Equinor, Vår Energi, and Aker BP. Their argument for reversing the moratorium was that new reserve development is vital for European energy security in the face of rising geopolitical tensions.

In July, Sarasin joined more than 200 other institutions in supporting a public [letter](#), coordinated by the Nordic Center for Sustainable Finance, outlining the substantial risks of such a step and clear inconsistency with the goals of the Paris Climate Agreement. The letter set out why additional drilling would fail to deliver near term energy security (as the minimum period before oil would come on stream is 10 years) but more fundamentally this could only contribute further to global warming and thereby undermining long-term security. The letter called on the European Commission to prioritise renewable energy instead.

The EU's final Arctic Policy is due to be published in October.

Systemic stewardship: climate litigation ripple effect

What would happen if governments and companies were legally obliged to avoid contributing to climate change, and held accountable for climate harm? Forcing them to internalise the climate externality would align decision-making with climate stability. Delivering a clear and enforceable accountability regime is a goal well worth fighting for.

In July 2025, the International Court of Justice issued an Advisory Opinion "[Obligations of states in respect of climate change](#)" setting out the legal basis under international law for nation states' legal duties to act to counter climate change. Critically, the judges found that government must adopt policies to ensure private entities operating in their jurisdiction are compliant with these obligations.

The ripple effects from this Opinion are already visible in a range of cases being brought against both governments and also companies. While Sarasin is not a party to any litigation, we take seriously those cases where our investee companies are subject to claims, currently including [Shell](#) and [ING](#). This quarter we held calls with the claimant in both these cases, the Dutch environmental group Milieudefensie, to ensure we understand the risks and to inform our own engagements with the companies' boards.

Alongside cases that claim harm to human rights from a company's activities, we are seeing increasing use of consumer protection regulations to challenge companies' climate claims. While greenwashing rules are being beefed up in many jurisdictions, even under existing requirements to prevent misrepresentation companies may be found liable.

It is our view that where companies fail to be accurate about their climate actions and impacts, it not only undermines public awareness of the dangers, but also threatens investor capital. We believe misrepresentation of climate credentials could thus fall foul of existing financial market requirements.

We have already started taking action here, notably through our [letter](#) to Norway's Financial Supervisory Authority (FSA) last September asking them to review whether Equinor's climate claims are reliable. This quarter we received a reply: "We appreciate your input and have duly noted the points raised. However, in accordance with our standard practice, we are unable to comment on whether or how any follow-up actions may be considered or undertaken."

This response tells us little, but a review of Equinor's latest Annual Report shows that they continue to claim they are supporting the Paris Climate Agreement, while increasing their planned extraction and production plans. Their lobbying for the opening up of new reserves (for instance in the Arctic - see above) is another point of divergence with supporting climate action.

As with any financial market disclosures, investors rely on accurate information in making investment and stewardship decisions. We believe that far too often this is not being properly enforced.

Systemic stewardship: investor manifesto on responsible tech

We published an Investor Manifesto: [AI must be controlled by humans for the benefit of humanity](#), where we support Dario Amodei's recent statement and set out five practical expectations for AI companies, covering common safety standards, independent scrutiny, incident reporting and support for regulation.

We believe that investing in AI is not only about identifying the next winner. Investors also need to ensure that the technology remains under human control and benefits society.

This is a call for investors to act together, rather than wait for governments to catch up. It is open to other investors, including our clients, to sign.

Systemic stewardship: annual director elections coalition's call with the OECD

Members of the Investor Collaboration for Annual Director Elections, founded by Sarasin, met the OECD's Sustainable Finance and Corporate Governance Team, a working body of its Corporate Governance Department.

We made a few arguments for annual director elections:

- Staggered and other non-annual board elections undermine shareholder democracy, and annual elections are a tool needed independently of shareholder resolutions
- Non-annual elections also weaken director accountability
- Annual votes need not affect board stability, since target tenures can coexist with annual confirmation

We asked the OECD to amend the annotations to Principles II.A and II.C.5 of the G20/OECD Principles of Corporate Governance, which cover basic shareholder rights and general shareholder meetings. However, both the Principles and the annotations are revised infrequently, and another revision is unlikely within four to five years. New issues are instead addressed through policy briefs, reports and the OECD Corporate Governance Factbook, which monitors national implementation. We therefore discussed a policy brief, a report or fuller Factbook coverage, which could come within six to twelve months at best.

We also had a call with the German Corporate Governance Code Commission alongside the International Corporate Governance Network (ICGN). We responded to the Commission's consultation on amendments to the Code both individually and through ICGN. We proposed a new recommendation that supervisory board members of listed companies face annual shareholder confirmation of their mandate, regardless of the statutory length of their term.

Company engagement: BHP

In July 2026, following our initial investment in BHP Group earlier in the year, we wrote to Chair Ross McEwan and Lead Independent Director Gary Goldberg to introduce Sarasin & Partners as long-term

shareholders and to request a meeting. We set out our positive view of BHP's role in supplying the copper and other metals needed for the energy transition and digital transformation, and highlighted several areas where we believe stronger action would reduce risk and help sustain shareholder support.

On labour relations, we asked how the company is strengthening workforce engagement following repeated, costly strike action at the Escondida mine. On human rights, in light of the UK High Court ruling on BHP's liability for the 2015 Fundão dam collapse (which BHP is appealing), we asked how the company ensures appropriate remedy for affected communities. We also sought greater clarity on how BHP pursues Free, Prior and Informed Consent with Indigenous Peoples, and what it does when consent is not given.

On governance, we encouraged annual election of all directors (including the CEO) and sought enhanced disclosures over short-term incentives in remuneration policies. We also asked the Board how it has considered the capacity of two committee chairs to provide effective oversight, given governance and risk failings at other companies where they serve as directors.

On climate, we recognised BHP's early commitment to the Paris Agreement goals but asked the Board how it will better align BHP's climate commitments with its capital allocation, research and development, financial reporting and advocacy. We look forward to discussing these matters with the Board in coming weeks.

Company engagement: Costco

We lead an Interfaith Center on Corporate Responsibility (ICCR) coalition with Boston Common Asset Management, Christian Brothers Investment Services (CBIS), Trillium Asset Management, Parnassus Investments and Oxfam. In August we had a call with Costco to follow up on last year's dialogue on human rights in its seafood supply chain.

The Milestone this quarter is Costco's participation in a new Seafood Task Force (STF) initiative on assurance and remediation in tuna. It is funded at \$1.2 million in the first year of a five-year programme covering ten ports, involves nine tuna buyers, and includes independent vessel assessments covering crew Wi-Fi access. This builds on Costco's robust monthly mapping of its Kirkland Signature canned tuna, which includes vessel lists, recruitment agency tracking, sanctions screening and spot-check traceability. The lessons should extend to other species caught in remote fisheries, as the STF moves into shrimp in India, Indonesia and Vietnam.

The gaps are equally clear. Oversight of branded suppliers remains ad hoc, with mapping and audits available only on request. Costco also prefers to report progress after the fact rather than make time-bound public commitments. On Wi-Fi, it cites captains' concerns about distraction and the cost of installation. It also notes that where connectivity already exists, it is often reserved for captains. That is precisely why we are asking for documented crew access, not just installation.

Our follow-up letter asked:

- What percentage of seafood sourcing volume is traceable and covered by effective oversight
- How coverage will extend beyond private label and tuna
- Who the other eight STF participants are
- How Costco handles high-risk species such as squid

We also shared good practice examples of Wi-Fi programmes and ICCR guidance on Seafood and Human Rights. Finally, we pressed for better disclosure of the human rights due diligence action plan, its coverage of the products Costco sells, key findings from the audits and outcomes of remediation programmes.

Company engagement: Meta

Our investment case in Meta is under review after six months without a response from the company. Repeated approaches to both the deputy corporate secretary and the human rights policy team have gone unanswered, while the company's child safety risk exposure has grown sharply.

A court in Oakland approved a settlement of up to \$18 billion over ten years between Meta and 48 US states, the District of Columbia and three territories over alleged social media addiction harms to children. The sum is not financially material, but the case is a bellwether: up to 1,200 school district cases remain pending into 2027. The remedies are welcome but insufficient. They include default

two-hour daily limits and overnight restrictions for under-18s, autoplay off by default, expanded age assurance, an independent research foundation and five years of third-party audits.

However, time limits apply per app rather than in total, and age verification may prove error-prone and trigger further litigation. The states' most consequential asks were not secured: removal of infinite scroll, curbs on engagement-optimised algorithms, and algorithmic disgorgement of under-13 data and the models trained on it. Pressure is also building in Europe, where the European Commission issued preliminary findings under the Digital Services Act (DSA) in April and July 2026, and in the UK, where Meta is contesting its categorisation under the Online Safety Act.

The quarter's one bright spot was a Global Network Initiative (GNI) tabletop exercise. It tested Meta's January 2025 content moderation changes against its independent assessor's earlier findings and exposed deviations from Meta's own declared policies. As a member of the GNI Assessment Committee, we used the exercise to recommend stronger human rights due diligence, internal escalation, stakeholder and investor consultation, and board oversight.

With stewardship options nearly exhausted, we plan a collective public letter in Q4 asking for a response within two weeks. The investment rating has been cut to 4 on limited upside, and an ESG downgrade and sale are distinctly possible.

Company engagement: Infineon Technologies

Infineon, the German maker of power semiconductors, microcontrollers and sensors, is a new investment. Our August introductory letter raised four concerns:

- The staggered board. This year no director stood for election, and next year only two of eight will; we had already discussed this on a call in June
- Executive remuneration, especially transparency and level of discretion
- Human rights in the supply chain
- Distribution controls, after Infineon transistors were found in a Russian Geran-2 drone recovered in Ukraine in 2025

The September call delivered a clear remuneration Milestone. The 30% Executive Committee discretionary modifier on the short-term incentive (STI) has been abolished outright, so outcomes are now fully formulaic. Infineon also committed to improving its long-term incentive (LTI) disclosure from 2027, though only post-factum. This addresses our concern that the €600,000 vesting of the 2021 tranche went unexplained, even though total shareholder return (TSR) underperformed peers. We will hold the company to that commitment.

On supply chain human rights, Infineon confirmed that cases involving on-site service providers in Malaysia continue and will be disclosed. It described this year's response:

- A Foreign Migrant Worker Policy developed with Tenaganita and Electronics Watch
- Hotlines in workers' home languages
- Additional training and contractual clauses
- Adoption of the Employer Pays Principle

Audits rely largely on the Responsible Business Alliance (RBA), supplemented by risk-based site visits. One supplier relationship has already been ended as a result of these checks.

Distribution controls remain a hard issue. Conventional export control tools are in place, but around 35 billion units flow through third-party distributors, which makes diversion very difficult to trace. We will continue to press for clarity on board-level oversight of this risk.

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