



Shareholders have a clear interest in encouraging companies to limit their exposure to the risks associated with climate change. A failure to do so puts shareholder capital at risk and, ultimately, may contribute to social and economic instability.

The Paris Climate Accord, agreed in 2015, provides our only global framework for responding to climate change. It sets a goal to limit the global average temperature increases to well below 2°C, and to pursue efforts to limit the temperature increase to 1.5°C ('the Paris goals'). To achieve these targets, the world must reach net-zero carbon emissions by 2075 or 2050, respectively¹.

Sarasin & Partners believes it is important to set out our commitment to support the Paris goals². We do this not just by aligning our own business with the Paris goals³, but critically, through our stewardship of the companies our clients invest in and our broader policy outreach.

OUR PLEDGE

We commit to press investee companies to align with the Paris climate goals.

We support directors at investee companies materially exposed to climate risks to position their businesses for a net-zero emission world using the following tools⁴:

- Proactive engagement – We initiate and support dialogue with company boards to make clear our expectation for companies to publish Paris-aligned strategies, including measurable mid-term targets.
- Voting – We oppose director appointments where individuals are blocking the implementation of a Paris-aligned strategy. We will vote against auditors where we believe the Annual Report and Accounts fail to report material climate risks. We expect real action within three-years.
- Divestment – We sell a company's shares where we believe our clients' capital is at risk and leadership is failing to respond appropriately⁵.

We also commit to promote policy reforms to drive alignment with the Paris goals.

- Policy outreach – We engage with regulators and policy makers wherever we believe we can accelerate or improve action to combat climate change.
- Public statements – We speak out publicly, and build / support coalitions of like-minded investors and thought-leaders, to drive change where we believe this will be effective.

We believe this Pledge is in-line with our responsibility to protect and enhance our clients' capital.

¹IPCC special report, "Global warming of 1.5°C", October 2018.

²We will update this commitment in line with any revised global commitment that results from new scientific research.

³Please see our commitment to align the business with a well below 2°C target in our Corporate Impact Report.

⁴Our approach is informed by the Oxford Martin School's Principles for Climate-Conscious Investment. See Millar, R. Hepburn, C. Beddington, J. and Allen, M., 'Principles to guide investment towards a stable climate', Nature Climate Change, 2 January 2018; Oxford Martin Principles for Climate-Conscious Investment, February 2018.

⁵For clients following our Climate Active Strategy, we apply a more stringent climate stress test in our divestment decision. See: <https://www.sarasinandpartners.com/charities/investment-solutions/climate-active>



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SARASIN & PARTNERS LLP

Juxon House
100 St. Paul's Churchyard
London EC4M 8BU

T: +44 (0)20 7038 7000
F: +44 (0)20 7038 6850

E: marketing@sarasin.co.uk
www.sarasinandpartners.com

