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OUR STEWARDSHIP FRAMEWORK

FEBRUARY 2025

WHAT RESPONSIBLE STEWARDSHIP MEANS TO US AND HOW WE IMPLEMENT IT

At Sarasin & Partners, we consider ourselves long-term stewards of our clients' assets. We take this responsibility seriously, and invest according to a set of core underlying principles.

Core stewardship principles

Our aim is to deliver enduring value for our clients.

We believe that sustainable companies will tend to create more durable economic value than companies that impose adverse impacts on society or the environment. Specifically, we favour businesses that articulate compelling long-term strategies, and take seriously their responsibilities to their customers, staff, suppliers, local communities and the environment, alongside their shareholders and creditors.

Once we purchase an entity's shares or debt, we act as engaged owners on behalf of our clients, fulfilling oversight responsibilities including voting and challenging the companies' leadership where concerns arise. While the tools for pressing for change often differ between shareholders and creditors, engagement is important in both cases.

We understand that the world is complex, that standards, rules and expectations vary between countries and communities, and the potential for unintended consequences is high. Our core investment principles guide our approach to investment and stewardship, but we avoid hard and fast rules in implementation.

We also believe that our clients' long-term interests are not best served by a narrow focus on shorter-term relative performance against a market index. Our stewardship work starts with our clients' needs and takes a holistic view of how to deliver absolute performance. Alongside our focus on finding high-performing long-term investments, we seek to promote more sustainable government policies and market practices, that rewards responsible businesses and lays the foundation for enduring prosperity for all stakeholders.

From principles to practice

Three pillars of stewardship

We put these principles into practice through our three stewardship pillars.

Pillar 1

A global thematic investment process focused on sustainable value drivers

For equities, we implement a thematic investment process focusing on companies that support significant societal trends such as digitalisation, automation, ageing populations, evolving consumption and combating climate change.

For fixed income, we favour activities that generate positive externalities – such as renewable energy infrastructure, social housing, education, public transport and the not-for-profit sector.

Having identified entities well-positioned for growth and aligned with shifting environmental and social trends, we undertake detailed bottom-up analysis to identify those that will deliver enduring value. Environmental, social and governance (ESG) factors are considered at two levels. First, adverse environmental, social and governance impacts are identified using our Sustainable Impact Matrix (SIM) to assess possible external harm caused by the entity's economic activity across its value chain. Second, the financial consequences of these ESG impacts are assessed alongside other value drivers in evaluating a company's prospects and thus its investment case.

We believe the two are intertwined. Companies' long-term success depends on strategies that sustainably deliver goods or services valued by society, such that companies earn an attractive return, maintain their license to operate and prosper. Important considerations are a company's relations with all its core stakeholders, including customers, employees, suppliers, regulators, local communities and other groups that are impacted by (and may impact) the company's operations, as well as its environmental performance.

Negative screens are applied for certain strategies and may be applied for clients on request (see following).

Pillar 2

Active ownership

Fulfilling ownership responsibilities associated with investments held on behalf of clients is an integral part of our investment process. We have published an Ownership Discipline which guides our activities as an active owner[1].

Once we have bought a substantial amount of an issuer's security on behalf of clients, we monitor the business' strategic outlook and ESG performance, its critical value drivers to ensure their persistence, and our conviction in the entity's long-term value proposition.

In the case of equities, we vote our shares responsibly. A considered approach to voting is vital not just because it is a key avenue through which we can express our views, but also because it supports our engagements with the company's board of directors and executives. Our votes follow our Corporate Governance and Voting Guidelines[2].

Where we perceive material risks to capital or have concerns regarding adverse environmental or societal impacts resulting from a company's activities, we will not hesitate to initiate dialogue with the board and/or senior executives.

We report regularly on our engagement and voting activities and their impact on clients.

Our intention is to invest for the long-term, but where events unfold in such a way that the investment case is fundamentally weakened, or the the fair value of the companys stock or debt is surpassed, we will sell.

Pillar 3

Thought-leadership and policy outreach

Government and other market-wide policies and regulation have a direct bearing on the manner in which companies generate economic returns. Where these policies are not aligned with sustainable growth, this can encourage corporate behaviours that result in adverse impacts for society or the environment. This islikely to hamper long-term growth and potential returns.

Where we find that there are market practices or policies negatively impacting prospects for sustained value creation, and where we believe we can contribute to change, we will seek to do so.

Where appropriate, we work closely with other like-minded investors to increase our voice.

Our stewardship approach is more than the sum of its parts

The three pillars of our stewardship approach offer valuable opportunities for cross-fertilisation. For example, our understanding of global trends should feed into our 'policy radar' and outreach, as well as our dialogues with the companies we own. Likewise, our policy outreach may in turn have a material impact on companies and inform our understanding of macroeconomic themes and new investment opportunities. Our company engagement activities often have a ripple effect on whole industries or market practices.

Our approach to stewardship weaves together insights gained from taking a long-term and responsible view on investment, ownership and policy outreach. Above all, it is focused on what really matters to our clients: the delivery of enduring value in line with societal needs.

Ethical investing

For clients who wish us to apply an additional layer of values-based scrutiny, we offer bespoke ethical overlays to our core process, which exclude companies from our investment universe that derive a material amount of their business (ranging from 0% to 10% of sales) from activities deemed to be socially harmful. Examples include: indiscriminate weaponry, adult entertainment, gambling, tobacco, alcohol, armaments, civilian firearms, tar sands and thermal coal. We also apply supplementary ethical screens for certain products based on our SIM.

For more details on our stewardship approach and details on implementation, please see our annual Stewardship Report, available on our website.

For more information on our responsible stewardship approach, please contact your client manager or visit www.sarasinandpartners.com/stewardship

[1] ownership-discipline.pdf (sarasinandpartners.com)

[2] In the case of segregated accounts, clients may decide to vote differently.

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