

# STEWARDSHIP ACTIVITY

2022 IN REVIEW



# STEWARDSHIP HIGHLIGHTS IN 2022

We believe investors have the power to grow and protect capital in a way that benefits society. This is why engaged stewardship is at the core of how we manage our clients' assets. We use integrated ESG analysis in conjunction with fundamental research. This strengthens our ability to protect and enhance our clients' capital.

During 2022 we enhanced our stewardship efforts across our core initiatives. This saw increased engagement, thoughtful active ownership and continued policy outreach. Here we share some of the key developments from the past year. For a more detailed review of our stewardship initiatives, read our complete 2022 [UK Stewardship Code Report](#).

## PROCESS IMPROVEMENTS

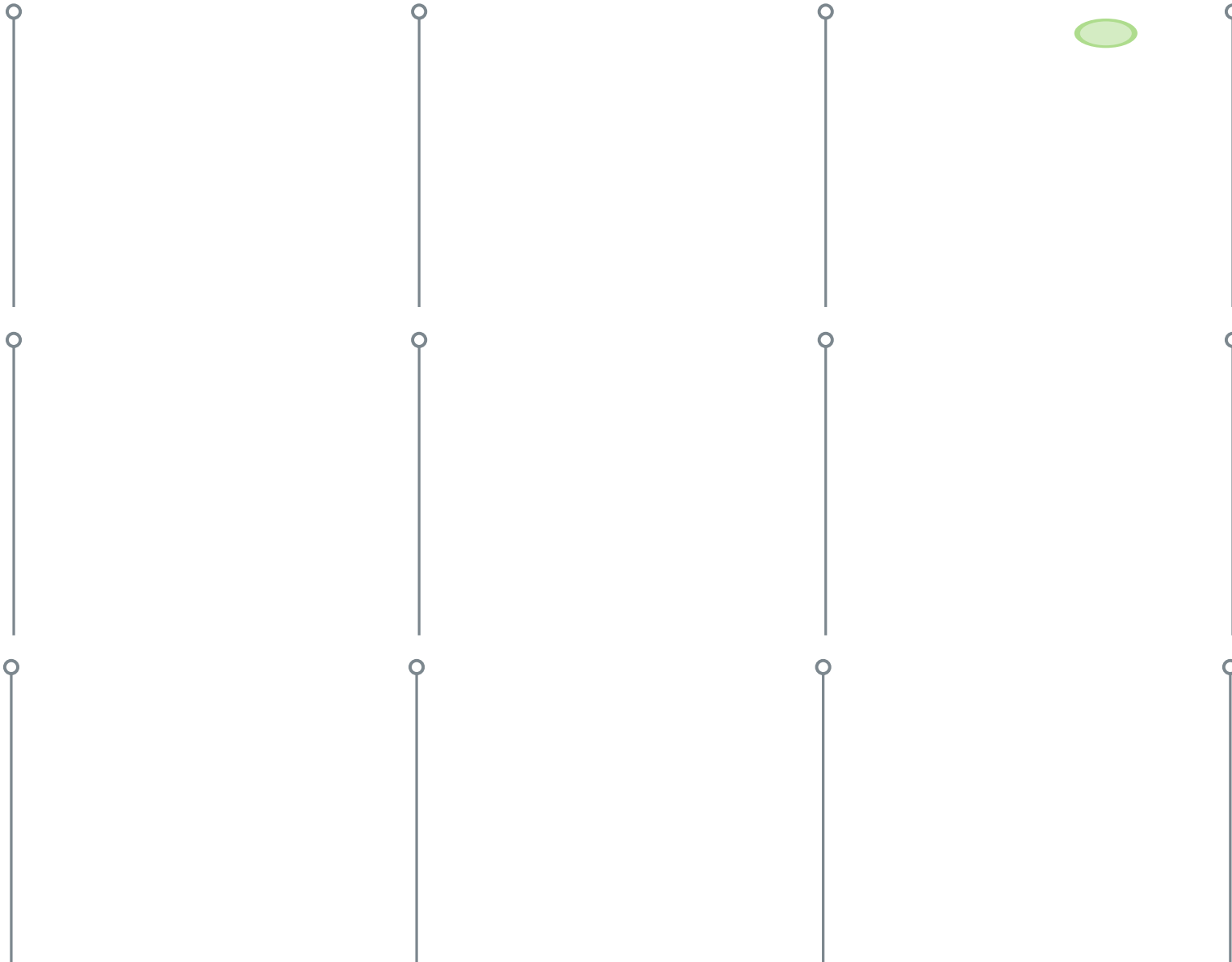
## VOTING UPDATES

## ENGAGEMENT UPDATES

## POLICY OUTREACH

# STEWARDSHIP PRINCIPLES IN BRIEF

Every year we report on the 12 principles from the UK Stewardship Code. This covers an asset manager's purpose and governance, their investment approach, engagement activity and how they exercise their rights and responsibilities. [Click on each principle to find out more.](#)



# WHAT WERE OUR KEY PRIORITIES?

We prioritise our work according to our key stewardship initiatives. We determine these initiatives on an ongoing basis, ensuring we can respond to changing societal and market trends promptly and flexibly.

• **PARIS ALIGNMENT**

• **ROBUST AND INDEPENDENT AUDIT**

• **CIRCULAR ECONOMY**

• **SOCIAL VALUE CHAIN**

• **RESPONSIBLE ACCOUNTING**

• **RESPONSIBLE TECH**

• **GOOD GOVERNANCE**

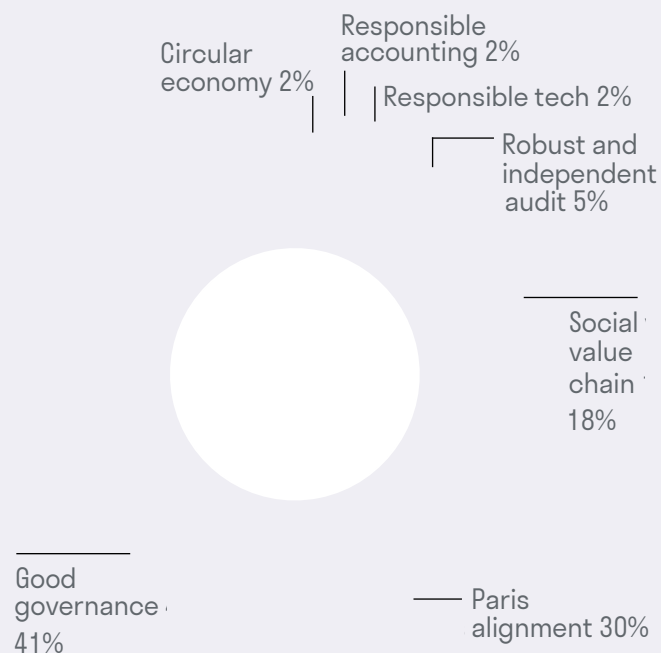
# OUR KEY ENGAGEMENTS IN 2022

At a time of rising concerns over greenwashing linked to ESG and stewardship claims, it increasingly important to report transparently on our stewardship work and its outcomes.

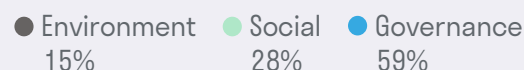
## 2022 ENGAGEMENT ACTIVITY

We record any type of engagement interaction with a company on any single goal as a goal-linked activity (GLA).

**CHART 1: BREAKDOWN OF GLAs BY INITIATIVES (%)**



**CHART 2: BREAKDOWN OF GLAs BY ESG PILLARS (%)**



## OUTCOMES SUMMARY

Our Engagement Tracker enables us to record different outcomes associated with our engagements.

<sup>1</sup>Goal-linked activity (GLA) is any type of engagement interaction with a company on a single goal. Where we have an interaction that covers more than one goal, we record this as >1 GLA.

# HOW WE VOTED IN 2022

Voting is a key part of our ownership discipline. It enables investors to fulfil their responsibilities in monitoring and holding executives to account

We use our votes actively, to reinforce key asks we make of companies.



**25%** of resolutions voted differently from ISS in 2022 proxy season

Our Corporate Governance and Voting Guidelines (available on our website) outline our perspectives on common governance issues and inform how we vote. Our proxy advisory firm, ISS, implements our voting policy.

Our voting policy tends to be more robust than ISS's default policy. We usually vote against board proposals more frequently,



Overrode our own voting policy or manually determined in **3%** of resolutions (approximately 50 resolutions)

in line with our perspectives on governance issues.

As thoughtful voters, we do not rigidly apply our voting policy and we may override our policy in certain instances. For example, at times the spirit of our voting policy requires a different approach. We always explain any divergence in our quarterly voting reports.

## WILLINGNESS TO VOICE CONCERN

We voted **AGAINST** management in

**22%**  
of total resolutions

Investors have a shared responsibility to in holding the board to account for the management of the business.

We actively vote on behalf of our clients.

# WORKING TOWARDS WELL-FUNCTIONING MARKETS

## POLICY OUTREACH HIGHLIGHTS

Policy and market outreach is a core pillar of our stewardship approach. Where we find market practices or policies that result in adverse impacts on the environment or particular stakeholder groups, we speak out where we believe we can contribute to positive change.

**Over the course of 2022, we increased our policy outreach priority list to cover six areas. [Click to read more.](#)**

## COLLABORATIONS

We collaborate with like-minded investors to amplify our voice in company engagements and policy outreach. Through collaboration we can enhance our ability to drive change.

In  
**2022**  
we participated in  
**147**  
collaborative goal-linked  
activities (GLAs)<sup>1</sup> with  
**40** companies.  
We led  
**106**  
of these GLAs.

Key collaborative engagements last year included those with:

- **Rio Tinto**
- **Equinor**
- **Compass Group**
- **Air Liquide**
- **NextEra Energy**

<sup>1</sup>Goal-linked activity (GLA) is any type of engagement interaction with a company on a single goal.

# CASE STUDIES

**We practice what we preach.** Here are some examples of our stewardship activities in 2022. You can find more case studies in our full [UK Stewardship Code Report](#).

## RELIABLE ACCOUNTING TO SUPPORT LONG-TERM CAPITAL MAINTENANCE

For several years we have been at the forefront of efforts calling for proper enforcement of capital maintenance rules in the UK and EU. The accounting system should prevent companies from hiding bad news that could put solvency at risk.



### WHAT WE DID

In early 2022, we voiced concern about the establishment of the UK Endorsement Board and raised it with policymakers and other stakeholders.



### WHAT WE ACHIEVED

## PARIS-ALIGNED ACCOUNTING AND AUDIT

Companies that depend on carbon-intensive activities should give visibility of how they expect their financial position to be impacted by the effects of climate change and a transition to net zero.



### WHAT WE DID

We submitted to the US Securities and Exchange Commission's proposed new rule for companies to give detailed climate-related disclosures in their financial statements.



### WHAT WE ACHIEVED



# COMPANY CASE STUDIES

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## WEYERHAEUSER

Weyerhaeuser is one of the world's largest timberland managers and a leading supplier of low-carbon construction materials.



### WHAT WE DID

In 2022, we engaged with the Board to align the company's strategy more strongly with delivering a zero-carbon future. We also asked for improved disclosure on Weyerhaeuser's climate change mitigation plans in their financial



### WHAT WE ACHIEVED

## DEERE & CO

Deere is a leading agricultural equipment and advisory company, and has a unique opportunity to catalyse better carbon management, given how critical agriculture is in relation to climate change.



### WHAT WE DID

We have been engaging with the Board since the implementation of our climate voting policy in 2020 - on three things: a net-zero commitment, a plan for farmers to manage carbon emissions, and climate-risk disclosures in financial accounts.



### WHAT WE ACHIEVED

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## **SARASIN & PARTNERS LLP**

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

T +44 (0)20 7038 7000  
[sarasinandpartners.com](http://sarasinandpartners.com)

