

Sustainability investment label disclosure

Sustainable investment labels help investors find products that have a specific sustainability goal.

Whilst the fund incorporates environmental, social and governance (ESG) considerations, active ownership and impactful policy outreach, it does not have a defined sustainable goal or objective, therefore this product does not have a UK sustainable investment label.

Sustainability approach

INVESTMENT SELECTION

The Fund combines a thematic investment approach and emphasis on promoting alignment, including through stewardship, with the Paris Agreement's target to limit global temperature increases to well below 2°C, ideally 1.5°C, above pre-industrial times.

Rather than avoiding carbon intensive sectors, the Fund seeks broad economic exposure and may hold companies that currently have significant carbon exposure.

Investments fall into three categories:

Climate Positive: Investments likely to benefit from the transition to net zero by 2050.

Climate Transformers: Entities in high-carbon sectors (like cement, steel, and chemicals), or enablers (e.g. financial firms) pivotal to achieving Paris Agreement targets, which we support in their transition to net zero through active stewardship.

Climate Neutral: Entities aligned with our thematic approach, generally in lower carbon sectors and exposed to lower climate-related risks.

We aim for balanced exposure across these categories, though weighting may vary.

The thematic investment process emphasises long-term growth themes and embeds rigorous assessment through the Sarasin Sustainability Impact Matrix (SSIM). This tool examines and quantifies material environmental, social, and governance (ESG) factors, embedding identified risks and opportunities into our financial analyses.

Additionally, for companies most materially exposed to climate-related risks, we gauge their commitment to a 1.5°C transition pathway (our Net Zero Alignment Assessment), and evaluate potential valuation impacts of that transition (our Climate Value at Risk assessment). How much the Fund invests in such companies reflects our view of climate-related risk materiality and the potential for alignment with the Paris Agreement through engagement.

Our bond analysis includes ESG risk assessment, utilising a scoring system that combines sector risk materiality with issuer-specific data to assign ESG ratings. Issuers in high-risk sectors are limited in the maximum ESG rating they can achieve, but are not automatically excluded. Only bonds from issuers scoring at least 3 out of 10 are considered for investment.

STEWARDSHIP

Engagement with companies is a core aspect of our strategy, with a particular focus on those most exposed to significant ESG risks, particularly climate risks, to support a faster transition onto a 1.5°C pathway, reducing climate-related risks and real-world emissions, and in which we believe our engagement can drive meaningful change.

Engagements follow our Ownership Discipline, detailed on our [website](#). Where companies fail to address climate risks adequately, divestment is considered on a case-by-case basis.

Voting is integral to our engagement work where we hold company shares, and we seek to ensure votes on routine items align with our engagement priorities. Our Corporate Governance and Voting Guidelines, are published on our [website](#).

Finally, we undertake market-level outreach to policy makers, standard-setters or other multilateral or non-governmental bodies to support action to tackle market failures threatening long-term financial performance for investors.

Annual reports on SSIM, ESG risks and opportunities, engagement, and voting related to the Fund will be available on our website.

RESTRICTIONS

We avoid companies in the Global Industry Classification Standard (GICS) Energy sector and those materially involved in the extraction of thermal coal; the production of oil from tar sands; tobacco; alcohol; armaments; gambling; and adult entertainment. Our Guide to Ethical Restrictions is available on our [website](#) for further information.

Sustainability metrics

EXTERNAL ADVERSE IMPACTS OF INVESTMENT SELECTION

A key part of our investment process is understanding investment impacts. 'Impact' can be interpreted in a number of ways. We focus on two: first, the external adverse impacts that a company has on the environment and society in the course of its operations. Secondly, we consider the impact from a shareholder perspective, examining these adverse impacts' consequences for investment risk.

Financial capital cannot exist in isolation from the social and natural capital on which it depends.

A critical first step in putting a higher value on social and natural capital is to measure it better. The costs of human suffering or damage to the environment are not reflected in economic growth and other measures of national accounts, nor are they reflected in the financial accounts of most companies. The absence of information leads many to ignore the problems.

With companies often not disclosing data, or submitting incomplete data, on externalities, we do our own comprehensive analysis of the external impacts that businesses have on the planet, society and their stakeholders. We do this through Sarasin's Sustainability Impact Matrix (SSIM). It uses the quantitative and qualitative information available from multiple different sources, considering over 160 different questions. SSIM analysis is incorporated into the investment process of the Fund. For more details on the considerations in the SSIM process, please refer to our [Stewardship Code Report](#).

STEWARDSHIP THROUGH ENGAGEMENT

Our engagement work means that we instigate and maintain communication with the board and management of investee companies. Through this we aim to address adverse impacts for society or the environment, and/ or governance failures, identified through the SSIM, by seeking improvement in relation to one or more goal linked activities (GLAs).



ESG SSIM traffic light assessment

The SSIM assesses 15 key ESG factors. From the analysis, each factor is given a red, amber or green traffic light to reflect the severity of the external impact:

Red – High adverse impact **Amber** – Medium adverse impact

Green – Low adverse impact

Based on the assessments of the 15 ESG sub-themes, we arrive at an overall traffic light for E, S and G.

This represents our summary assessment of how material the adverse impacts identified are for each company specific circumstances.

Due to the recent launch of the fund on 9 July 2024, there is currently insufficient data for this reporting period

GLAs by ESG

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Our fundamental ESG analysis forms the basis of our company engagement strategy. We group all of our engagement activities by specific priority initiatives that we would expect to last for at least one year. Initiatives provide the umbrella for several goals that we run as individual projects but ultimately support the broader ambitions of the initiative.

GLAs by engagement initiatives

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Our engagement activities are recorded as goal-linked activities (GLAs). A GLA represents any type of interaction with the company on a single goal. In cases where we have an interconnection with a company that covers more than one goal, this will be recorded as the relevant number of GLAs. This allows us to keep the most accurate record of our focused engagements.

Sustainability Metrics Source: Sarasin & Partners. Data for the period 01.01.2023 – 31.12.2023

IMPORTANT INFORMATION AND USEFUL LINKS

Fund identifier: FCA PRN reference – 959149

For Sarasin's latest Stewardship Code and TCFD reports, please visit:

<https://sarasinandpartners.com/stewardship/>

Further details on the Fund, including its investment objective and policy, are provided in the prospectus, factsheet, and key investor information document, which are provided along with other documentation, such as the TCFD report, at: <https://sarasinandpartners.com/fund/sarasin-climate-active-endowments-ex-energy/>

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Copies of the Prospectus, the Key Investor Information Documents as well as the annual and semi-annual reports are available free of charge from www.sarasinandpartners.com, or from Sarasin & Partners LLP, Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, Telephone +44 (0)20 7038 7000. Telephone calls may be recorded.

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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