SARASIN
& PARTNERS

POLICY OUTREACH, COMPANY ENGAGEMENT AND VOTING REPORT

Q1 2025

INTRODUCTION

Investors in companies have an important shared responsibility in holding the board to account for the management of the business.

On behalf of our clients we are active in voting on matters put to shareholders, and we closely monitor investee companies and engage on issues of concern relating to corporate governance, capital structure and strategy. We do this because we believe that poor governance can adversely affect the returns for investors and, equally, good stewardship can lead to better returns over the long term.

As long-term investors, we also take an interest in the broader market environment in which companies operate. Where we perceive problems, and believe we can catalyse positive change, we will reach out to policy-makers and other key market participants to promote reform. Our objective is to shape the regulatory and market environment to support more sustainable economic growth.

Given the emphasis we place on responsible and active ownership, we aim to communicate openly with our clients and other interested parties about our activities. This report offers a window into our recent company engagement, policy outreach and voting activities.

POLICY AND COMPANY ENGAGEMENT

MARKET OUTREACH: OUR COMMITMENT TO STEWARDSHIP REMAINS UNWAVERING

Following the election of President Trump, in December 2024, the US House Judiciary Committee wrote to over 60 asset manager members of the Net Zero Asset Managers initiative (NZAM), accusing them of operating a "woke ESG cartel" and promoting "radical environmental, social and governance goals on American companies". In January, Blackrock announced its withdrawal from NZAM, quickly followed by the initiative's decision to suspend itself.

Beyond asset management, we are seeing companies, lawyers, consultants and even judges under pressure to conform to the new anti-ESG mantra. References to sustainability and net zero are being scrubbed from marketing materials, revealing that for some, these commitments were only surface deep.

The problem is that the fundamental forces shaping our lives remain; and turning a blind eye won't make them go away. In 2024, global warming broke through the 1.5°C safety threshold and biodiversity loss reached all-time highs (see charts below). Critical ecosystems like the Amazon are thought to be near tipping points, beyond which loss is expected to accelerate and become irreversible.

Society is more polarised and mental health is deteriorating. Empirical evidence is mounting on the harms of social media, as powerfully brought to life in Netflix's acclaimed series Adolescence.

When it comes to governance, the breakdown of norms of behaviour and rule-enforcement is already resulting in conflict between shareholders and their companies.

Against this backdrop, our stewardship philosophy remains unchanged. Our long-term ownership mindset is rooted in the understanding that the world is interconnected. Activities that prosper by imposing uncompensated costs on others degrade the system, ultimately undermining future prosperity. We want to reassure our clients that we remain committed to speaking out on the issues that matter.

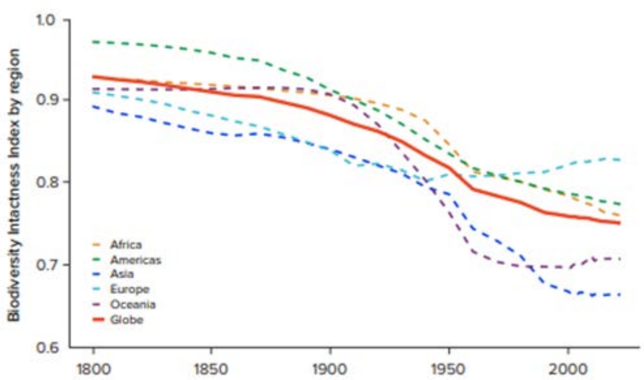
Sarasin's statement on the NZAM suspension can be viewed here. Please also see our recent public statement on Equinor, outlined below and in this quarter's House Report Article on Stewardship.

MARKET OUTREACH: THE FUTURE OF CORPORATE REPORTING

In March, Sarasin participated in a small roundtable with the President of the International Financial Reporting Standards Foundation and the CEO of the London Stock Exchange. The key message from the meeting was that sustainability information continues to be investment-relevant and there remains a strong need to streamline reporting, drive consistency and strengthen reliability.

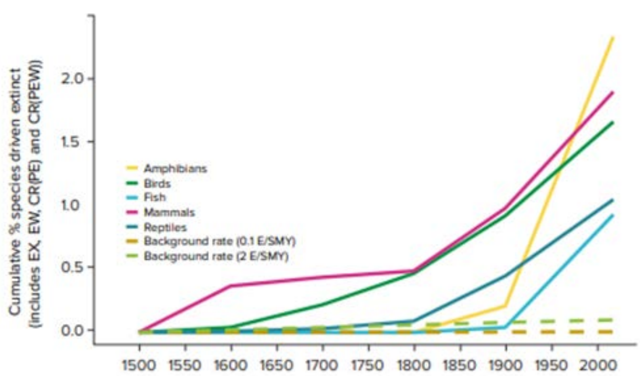
As both the UK and EU are seeking to reduce excessively onerous reporting to boost economic growth, it is important that this does not lead to weaker sustainability reporting. Rather, we would like to see faster alignment with the International Sustainability Standards Board's (ISSB's) work. Momentum here remains strong, with 36 jurisdictions on the path to adopting the new sustainability

BIODIVERSITY INTACTNESS INDEX



Source: WWF, "2024 Living Planet Report", 2024

RATE OF EXTINCTIONS



Source: WWF, "2024 Living Planet Report", 2024

POLICY AND COMPANY ENGAGEMENT– CONTINUED

standards. While the US is moving the opposite way at a federal level, certain states have mandated enhanced disclosures, notably California and New York.

We intend to continue to press for meaningful reporting to enable us to properly evaluate companies' prospects.

MARKET OUTREACH: BANKS AND CLIMATE

If we want to accelerate decarbonisation, we need the banks with us. This is why the recent exodus of North American banks (at least twelve so far) from the Net Zero Banking Alliance (NZBA) is a concern. The more recent exits by banks in Japan and Australia point to potential contagion.

In response, NZBA has announced it will likely move away from a 1.5°C target for financing alignment, towards something closer to well below 2°C, in keeping with the Paris Climate Agreement.

As these discussions continue, we are reaching out to our key bank holdings to support ongoing NZBA membership (notably with ING and HSBC). In the case of JP Morgan, which has exited, we are seeking clarity on what this means for their climate transition plan. We also led a meeting between investors and the UK's Prudential Regulation Authority to outline our ongoing support for climate stress testing.

The common thread to all our engagements with banks is a focus on risk to capital where banks fail to monitor their climate risks. Long-term bank resilience depends on them acting now to mitigate future climate harm.

COMPANY ENGAGEMENT: EQUINOR EXIT LETTER

In January, following almost five years of engagement with Equinor and a shareholder resolution that we co-filed at their last AGM, we sold our position. We published our exit letter to the Board setting out the dangers we see in Equinor's capital deployment into developing fresh reserves. This is, in our view, inconsistent with the company's commitment to align with the Paris Agreement.

We were pleased to see widespread coverage of our letter by Reuters and others, helping to underline ongoing support for decarbonisation within the investor community.

COMPANY ENGAGEMENT: LINDE

Linde is a leading global industrial gases business. Following our addition of Linde to client portfolios, we have written to the Chair to introduce ourselves as shareholders, outline our investment philosophy, and key areas we are keen to engage with them on.

Our decision to become shareholders in Linde reflects our conviction in the key role of industrial gases businesses in supporting decarbonisation of energy and heavy industry, and Linde's market-leading level of efficiency. Linde has outlined, in particular, its role in facilitating the energy transition by focusing on investing in hydrogen and carbon capture and sequestration.

Notwithstanding the strong transition-related tailwinds, in the course of our due diligence, we identified two areas for engagement.

The first relates to revelations of historical malpractice at its US subsidiary, Lincare, which supplies oxygen-related medical equipment to consumers. Lincare settled two cases admitting fraud and bribery with the Department of Justice in 2023 and 2024, and has been sanctioned multiple times by the Department of Health. We have requested that the Board undertake an external audit of internal controls, enhance disclosures on subsidiaries, and review staff incentive structures.

Our second area of focus is on Linde's climate commitments, where we are seeking greater disclosures on the economics of transition-related business growth; physical risk mapping and also consideration of climate factors in financial accounting. We are particularly keen to gain reassurance over what Linde is classifying as sustainable business when reporting to shareholders.

COMPANY ENGAGEMENT: SIEMENS AG

We held our annual engagement call with Siemens' Investor Relations team in response to our post-proxy letter and in advance of their 2025 AGM. The discussion covered several key topics:

- Governance: We reiterated our concern regarding the staggered board structure. There has been slight improvement in executive compensation disclosure, which we consider a Milestone.
- Climate Change: Siemens has published new, comprehensive Scope 3 emissions targets, which we view as an Impact.
- Human Rights Due Diligence and Reporting: The company continues to apply a risk-based approach, including audits focused on the highest-risk segments of the supply chain. One whistleblower case was further investigated, with findings to be disclosed in their upcoming second human rights due diligence report.

We escalated our concern on the staggered board by delivering a statement at the company's AGM in February.

KEY VOTES

Shareholders have an important responsibility in holding directors to account for responsible oversight of businesses. Good governance underpins the delivery of enduring returns. The voting responsibilities we have on behalf of our clients are, therefore, of the utmost importance to Sarasin & Partners.

Our approach to voting can be found in our Corporate Governance and Voting Guidelines. This is a core part of our stewardship approach.[1]

The table below shows how we voted on company resolutions during the period under review. It also explains why we voted the way we did, and whether the resolution was approved by shareholders.

Date: **23 Jan 2025** Resolution: **1d. Elect Director Hamilton E. James** How we vote for you: **Against** Result: **Passed** **For: 95%**	**Costco** As expressed in our 2024 post-proxy letter to Costco, we remain concerned about the ongoing allegations of Costco's potential links to forced labour and human rights violations in the Xinjiang Uyghur Autonomous Region of China, namely in its seafood and security camera supply chains. We are disappointed with the lack of public response to the US Congressional-Executive Commission on China's 2023 letter to Costco on this issue to date We voted against the Chair of the Board as we would like to see Costco publish outcomes of human rights due diligence on these elements of its supply chain, and report any necessary mitigation efforts it may be taking. Furthermore, in our view, any director with over 12 years of service is considered non-independent. With no appointment of a lead independent director and Hamilton James having a 34-year tenure, we voted against his re-election as Chair. Additionally, Costco is on our Further Escalation List, as we have voted against the auditors, KPMG, for three years because KPMG's tenure exceeded 15 years, which classifies them as non-independent according to our policy. We therefore escalated our voting to hold the Chair of the Board accountable for the audit-related concerns by voting against him.

Date: **6 Feb 2025** Resolution: **7. Re-elect Ian Meakins as Director** How we vote for you: **Abstain** Result: **Passed** **For: 96.9%**	**Compass Group** Compass Group is on our labour & human rights watchlist due to concerns over human rights due diligence measures. We appreciate the improvements Compass Group has made in recent years with its Modern Slavery Statement and the ongoing engagement with us on this topic, however, we are concerned by the lack of disclosure regarding labour audit protocols. There is not enough information as to how Compass Group assesses the legitimacy of labour audits conducted in supply chains, and the lack of reporting on human rights violations identified and remedied (which would help demonstrate that labour audits are effective). Given that the robustness of labour audits can vary widely, and the labour audit industry has garnered negative press in recent years, we encourage the company to report the standards that Compass Group itself is setting for its audits and how it ensures labour audits are robust and independent. Given all the considerations, we Abstained on the re-election of the Chair, Ian Meakins.

[1]For further information on our stewardship philosophy, please refer to our annual Stewardship Report, available on our website.

KEY VOTES – CONTINUED

Date: **25 Feb 2025** Resolution: **4. Report on Ethical AI Data Acquisition and Usage** How we vote for you: **For (Shareholder resolution)** Result: **Fail** **Against: 88.4%**	**Apple** This shareholder resolution requests Apple to publish a yearly report assessing the risks to the operations, financials, and the greater public health, safety and welfare, presented by Apple's unethical or improper usage of external data in the development and training of its artificial intelligence models and their implementation. We appreciate that Apple already provides information on its responsible AI policies and the data privacy measures implemented in its AI systems. However, given the rapidly evolving nature of AI technologies and the reported allegations of Apple recording users' private conversations without consent, we believe that the additional due diligence outlined in this proposal would be beneficial for the company.

Date: **26 Feb 2025** Resolution: **1a. Elect Director Leanne G. Caret** How we vote for you: **Against** Result: **Passed** **For: 97.7%**	**Deere** Leanne Caret assumed the role of the Audit Committee Chair in 2023, succeeding Sherry Smith, who became the Lead Director. Before this, Leanne Caret had served on the Audit Committee for only one year. We Abstained from supporting her appointment last year to allow time for direct engagement, but our attempts to initiate discussions were unsuccessful. Our concerns include Deloitte's excessive tenure, spanning over 100 years, and the absence of disclosures on climate-related financial impacts in the financial statements. We believe that prolonged auditor tenure can result in a lack of audit independence, potentially compromising the overall quality of the audit. In our engagements, we encourage the Audit Committee to consider a competitive auditor tender.

VOTING SUMMARY

		2017	2018	2019	2020	2021	2022	2023	2024	Q1 2025
Total number of company meetings		1,165	1,072	1, 228	771	615	622	553	552	70
Total number of proposals		13,244	13,433	13,373	9,168	7,855	7,972	7,746	7,437	930
Votes cast	For	8,570	11,152	8,732	6,378	5,886	5,913	5,556	5,449	732
	Against	2,354	2,611	2,678	1,646	1,330	1,416	1,201	1,393	143
	Abstain	101	181	129	95	62	83	62	91	12
	Withhold	83	79	100	77	83	113	52	60	13
	Did not vote[1]	2,136	1,420	1,641	972	489	336	466	427	30

Source: Sarasin & Partners, 31.03.25

[1]We do not currently vote in jurisdictions in which share blocking and power of attorney requirements apply.

Further details are available upon request.

CONTACT:

Natasha Landell-Mills
T +44 (0)20 7038 7000
E natasha.landell-mills@sarasin.co.uk

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SARASIN
& PARTNERS

SARASIN & PARTNERS LLP

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

T +44 (0)20 7038 7000
sarasinandpartners.com

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