



SARASIN
& PARTNERS

2025 Stewardship Report

This document is intended for retail investors and/or private clients. You should not act or rely on any information contained in this document without seeking advice from a professional adviser.

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Important information

This report is intended for retail investors and/or private clients. It follows the principles of the UK Stewardship Code 2026 and has been approved by the Board of Sarasin & Partners LLP. Principle 5 is not included because we do not use external investment managers. You should not act or rely on any information contained in this report without seeking advice from a professional adviser.



Stewardship in an era of insecurity

From free markets to a free-for-all

In 2024, we pointed to a shift in the zeitgeist from caring capitalism to unfettered animal spirits. Rising polarisation and a fraying commitment to multilateral collaboration were driving increasingly fractious political discourse. Just twelve months later, we are forced to recalibrate again.

Led by President Trump, the world's dominant superpower is set on a course few free-market economists would recognise. A new politics of fear is taking hold, more closely associated with autocratic systems of governance. Self-enrichment of the governing class, guided by a mantra of 'might is right' and, at times, personal vendettas, leaves corporations, asset managers and citizens exposed. As Bill Gates observed in Davos in January 2026: "People are afraid to speak out about being afraid".¹

This new reality is upending not only the post-war world order but also policy predictability, with uncertain consequences for long-term economic growth. It is one thing to unleash animal spirits in a system underpinned by secure property rights, an independent judiciary, predictable policymaking and accountable democratic institutions. It is quite another to operate in an erratic environment of perceived preferential treatment, where market rules and behaviours are less clearly anchored in a transparent, rules-based framework.

Stewardship matters more in an uncertain world

Through 2025, financial markets appeared largely unfazed by the erosion of core pillars of long-term economic prosperity. Share prices continued their upward march, buoyed by fiscal and monetary easing and by expectations that artificial intelligence (AI) would drive a new era of productivity and growth. The S&P 500 rose 17% over the year, while the technology-heavy NASDAQ gained more than 20%.²

Against this backdrop, stewardship teams within some US asset managers have increasingly been sidelined. Elsewhere, self-doubt is taking hold. Listen carefully and you will hear stewardship experts asking themselves: why bother?

The answer is simple. If ever there were a need for stewardship, it is now. Geopolitical fractures and policy volatility ultimately matter for financial markets because they affect business output, investment and incomes. The role asset managers play in checking corporate excess and ensuring markets serve society's long-term interests is more important than ever in this era of insecurity.

Ironically, the Trump administration has achieved what many stewardship experts strive for: a powerful ripple effect reshaping the world order. The President has demonstrated beyond doubt that individual actions matter.

Sarasin remains committed to long-term stewardship

Our investment philosophy remains unchanged. We believe companies and markets function best when investors take an active, engaged approach, ensuring businesses are run in ways that support long-term economic, social and environmental sustainability.

We are not alone in this view. Our discussions with corporate leaders across regions and sectors over the past year have made this clear. Fragmentation, volatility and heightened risk of conflict are not good for business. The vast majority of companies we engage with remain committed to core sustainability objectives, even where they have stepped back from public statements or collective alliances. Whether the issue is diversity and inclusion, decarbonisation or addressing human rights abuses deep within supply chains, the response is consistent: it makes good business sense. In this year's report, we aim to bring some of these positive stories to life.

¹ www.ft.com/content/ed081984-836a-443c-ab0b-69462848e686

² Bloomberg, (31.12.2025)

Sarasin's 2025 Stewardship Report

In line with the Financial Reporting Council's updated format, this report sets out our policies and processes, and separately the activities and outcomes of our stewardship work in 2025.

We present headline statistics to demonstrate the breadth of engagement, voting and policy outreach, alongside case studies illustrating the depth of individual engagements. Our approach is not sporadic or ad hoc; it is comprehensive, rigorous and purposeful.

We also adapt to the environment in which we operate. In 2025, the theme that shaped our work more than any other was security.

Security: our new investment theme

Early in the year, Sarasin launched a new investment theme, Security, creating a framework for allocating capital to companies that help build resilience in a more volatile world. While defence companies form part of this theme, it extends well beyond them to include cybersecurity, banks, utilities and other providers of critical infrastructure. Businesses supplying essential goods and services are increasingly in the spotlight as governments seek to strengthen self-reliance.

Across all our holdings, we continue to assess environmental, social and governance (ESG) performance as part of our bottom-up investment analysis, and to press companies to address areas of weakness. This too is about protecting capital and future returns. How a company treats its customers, fosters a productive workforce and manages environmental impacts remains central to its long-term prospects. Resilient supply chains may prove decisive in a fragmenting world. Strong governance and clear lines of accountability are increasingly important where companies feel emboldened to disregard investor views.

Stewardship in action

During 2025, we engaged with 73 companies, undertaking 763 goal-linked activities, focusing on climate risk management, social issues across value chains, responsible technology, robust accounting and audit and company-specific governance concerns. In each area, we continue to provide leadership on these topics where we believe we can drive the greatest impact. Our work ranged from climate-related financial disclosure and accounting reform to labour standards in global supply chains and ethical AI oversight.

We led or co-led collective engagements with companies including HSBC, Equinor, Meta, Alphabet, Unilever, US Solar Fund and Kimberly-Clark, using a combination of dialogue, escalation and voting to drive change. In several cases, we secured milestones such as improved climate disclosures, strengthened board independence, enhanced labour protections and more transparent risk reporting. These activities and outcomes are tracked and reported transparently to clients in aggregate and through specific detailed case studies.

Speaking out on systemic risk

Alongside company-level engagement, speaking out on systemic issues remains integral to our stewardship approach. The world became more fragile in 2025 as multilateral frameworks designed to address climate change, biodiversity loss, free trade, human rights and corruption came under strain. The rise of poorly governed AI poses an additional threat, exacerbated by rivalry between great powers that is slowing collective action. The potential damage to our social and economic fabric is profound.

Where we believe we can catalyse action to address structural weaknesses in markets, we continued to speak out. In 2025, we intensified our outreach to regulators and standard setters on the importance of tackling corporate greenwash; climate-related accounting, banks' climate risk management, and more robust auditor due diligence. This included a coordinated letter to the Norwegian Financial Services Authority on potential greenwashing by Equinor; engagement with the Bank of England's Prudential Regulation Authority on Expected Credit Loss assumptions; support for the Basel Committee's development of international banking climate disclosure standards; and the promotion of the International Accounting Standards Board's climate-aware financial accounting guidance.

We also continued to promote more effective investor voting as a mechanism for accountability, encouraging peers to use routine AGM resolutions to reinforce director and auditor oversight. At the same time, we advanced our work on responsible technology, collaborating with investors and civil society to strengthen governance frameworks for ethical AI and mitigate risks linked to misinformation, child safety and systemic harm.

Together, these initiatives reflect our conviction that protecting long-term capital requires not only resilient companies, but resilient markets.

Conclusion

“Capitalism has a new sheriff in town”, proclaimed President Trump's *Secretary of Commerce* in the run-up to Davos. That may be so, but sheriffs, like markets, are ultimately constrained by public support and institutional legitimacy. As Mark Carney, Prime Minister of Canada, responded in his *speech* at Davos: “We shouldn't allow the rise of hard power to blind us to the fact that the power of legitimacy, integrity and rules will remain strong, if we choose to wield them together”.

It may yet be that, as collaborative institutions come under increasing strain, corporate leaders and investors rediscover a shared sense of purpose rooted in a deeper understanding of why stewardship matters. This is the future we hope to help shape.

Approved on behalf of the Board of Sarasin & Partners LLP by



Guy Matthews
Managing Partner

A handwritten signature in black ink, appearing to read "Guy Matthews".



Natasha Landell-Mills
Head of Stewardship

A handwritten signature in black ink, appearing to read "N. Landell-Mills".

Section 1

Policy and Context Disclosure

How we define our approach and framework

This section sets out the foundations of our stewardship approach. Structured around the disclosure requirements of the UK Stewardship Code 2026, it explains the beliefs, policies and governance structures that underpin our investment philosophy and ownership mindset.

It outlines how we integrate stewardship into our culture, decision-making and risk management processes, how responsibilities are allocated across the firm, and how we ensure appropriate oversight and accountability. Together, these disclosures provide the context for our Activities and Outcomes Report presented in Section 2.



Disclosure A

Organisation, investment beliefs and stewardship approach

Sarasin & Partners is a London-based limited liability partnership offering discretionary asset management services to charities, private clients, intermediaries and institutional investors in the UK and globally. As of 31 December 2025, our assets under management were £17.2 billion.

Our purpose and mission

Our purpose is to deliver enduring returns for clients. We do this by thinking thematically, investing responsibly and driving change.

Our core commitment to clients is to protect and grow their capital. We take a global, long-term, thematic approach to investing, with engaged stewardship at its core. Through integrated ESG considerations, active ownership and impactful policy outreach, we aim to improve long-term financial outcomes for our clients.

Our core values

Our core values define our culture. They shape our day-to-day behaviour, priorities and approach to solving problems. This report demonstrates how these values inform our investment decisions, how we support our clients, our external stakeholder interactions, and business strategy. We highlight three core values that are central to how we manage our clients' assets:

- **Partnership.** We look after our clients' interests as if they are our own.
- **People.** We believe in teamwork and recognise that we are stronger together. Diversity in all forms strengthens us.
- **Stewardship.** We are long-term investors, committed to acting as responsible owners to create enduring value for our clients.

Our beliefs

We believe that delivering durable returns requires a long-term investment perspective and active stewardship. Our approach is guided by the following principles, which we elaborate on in our policy document *Principles for Engaged Company Ownership*:

We invest for the long term. We purchase shares or fixed income securities where we see potential for enduring value creation or capital protection, particularly when these factors are underappreciated by the market. Our thematic approach directs us to markets and activities that offer long-term growth opportunities.

Sustainable entities create more enduring value. We favour businesses with clear long-term strategies and a strong sense of responsibility towards their customers, employees, communities, the environment and investors. We avoid issuers whose success depends on causing significant harm to society or the environment unless these issues can be addressed through active engagement.

Engagement adds value. We work with the leadership of the entities we invest in, supporting long-term value creation while challenging unsustainable behaviour. Responsible and proactive ownership work is as crucial as selecting securities to buy or hold.

Judgement is essential. We recognise that the world is complex, with varying standards, rules and expectations across countries and communities, and the potential for unintended consequences is high. We avoid rigid rules, instead focusing on delivering enduring value to our clients.

We take a holistic approach. Many barriers to sustainable growth stem from policy or market failures rather than company decisions. Where we identify harmful market-wide practices or behaviours, we engage with governments, regulators, standard setters and other key influencers to drive positive change.

We recognise the importance of ongoing vigilance and always seek to improve where we can.

Our strategy: translating our beliefs into action

We put our beliefs into practice through three strategic pillars.

1. A global thematic investment process focused on long-term value drivers

For equities, we implement a thematic investment process, selecting companies that align with significant global trends shaping the investment landscape over the long term. These are climate change (transition and adaptation), digitalisation, automation, ageing, evolving consumption and security. Please see the case study below detailing the refresh to our themes in 2025.

For fixed income, we prioritise investments that generate positive externalities, such as renewable energy infrastructure, housing associations, education, public transport and the not-for-profit sector.

Our investment process incorporates rigorous bottom-up analysis of ESG factors, net zero alignment assessments and climate risk stress testing. Further details are provided under **Disclosure C** and the practical implementation under **Principle 1** of our **2025 Activities and Outcomes Report**.

Key components of our thematic investment process

- Aligning with long-term global trends.
- Conducting rigorous bottom-up ESG analysis.
- Ongoing monitoring of investments.

2. Active ownership

Fulfilling our ownership responsibilities is integral to our investment process. Our *Ownership Discipline* guides our engagement activities. Once we invest in an issuer's security, we:

- Monitor its strategic outlook and ESG performance.
- Engage regularly with board members and management.
- Vote thoughtfully, following our *Corporate Governance and Voting Guidelines*.
- Escalate concerns when necessary, including forming investor coalitions, voting against directors or auditors, making public statements or filing shareholder resolutions.

Further details can be found under Disclosure C and the practical implementation under **Principles 3 and 4** of our **2025 Activities and Outcomes Report**.

Key components of active ownership

- Impactful engagements.
- Thoughtful voting.
- Robust escalation processes.

3. Systemic stewardship

Where we identify market practices or policies that encourage harmful or unsustainable corporate behaviour, we advocate for change. We engage with investors, non-governmental organisations, policymakers, regulators and market influencers to shape a market environment where sustainable behaviours are rewarded, and harmful activities are penalised. Further details are available under **Disclosure C** and the practical implementation under **Principle 2** of our **2025 Activities and Outcomes Report**.

Key components of systemic stewardship

- Identifying market dysfunctionalities which inhibit sustainable growth.
- Building outreach strategies to catalyse effective solutions.
- Speaking out and escalating engagements with market stakeholders.

We believe these three pillars are mutually reinforcing and essential to delivering long-term value for our clients. We do not outsource our stewardship responsibilities, as this work is a core part of our investment process.

We also offer investment approaches that incorporate additional ethical or values-based exclusions and ESG tilts, including our Climate Active and Responsible Multi Asset strategies.

Prioritisation

We prioritise our stewardship efforts through key stewardship initiatives, each addressing significant ESG factors affecting our clients' holdings. Typically, these initiatives span multiple years. They combine company and policy engagement to drive sustainable outcomes.

We assess and refine our priorities continuously, ensuring responsiveness to emerging social and market trends.

2025 Stewardship initiatives

- **Paris alignment.** Promoting climate stability through alignment with the Paris Climate Agreement's goals.
- **Social value chain.** Ensuring responsible corporate behaviour regarding employees, suppliers, customers and communities. Focus areas include diversity, equity and inclusion (DEI), human and labour rights.
- **Good governance.** Advocating for strong governance structures, including diverse, independent and effective boards, aligned executive remuneration and robust internal controls.
- **Robust and independent accounting and audit.** Ensuring accounting practices that prioritise long-term capital protection and independent audit oversight. We expect strict policies to prevent conflicts of interest, regular audit firm rotation and meaningful disclosures by auditors to investors.
- **Responsible tech.** Addressing digital risks, including privacy, security threats, violation of intellectual property rights, biases and disinformation, anti-competitive behaviour and tax avoidance.
- **Nature and circularity.** Promoting a sustainable circular economy, with a focus on reducing plastic use, increasing recycling and reuse and the protection of biodiversity.

Further details on our prioritisation and engagement strategies are provided under **Disclosure C** and the practical implementation under **Principle 3** of our **2025 Activities and Outcomes Report**.

Effectiveness of our approach

The impact of our approach is demonstrated through changes in company behaviour, policy reforms and market standards. Key metrics and case studies illustrating these impacts are covered throughout this report:

- **Disclosure C.** Our internal processes for reviewing and assessing stewardship effectiveness, including third-party evaluations.
- **Disclosure E.** How we engage with clients to align our approach with their investment strategies.

Our **2025 Activities and Outcomes Report details:**

- **Principle 1.** The evidence of effectiveness of our stewardship integration.
- **Principle 2.** The impact of our policy and market outreach initiatives.
- **Principle 3.** Our company engagement outcomes, with case studies on individual and collaborative engagements for equities, fixed income and alternative investments. Examples of stewardship escalations.
- **Principle 4.** Our voting approaches that complement our engagement activities, and support escalation for better effectiveness.

Our public stewardship policies

If you are interested in learning more about our approach to responsible investment and stewardship, the following key documents are available on our website:

- *Our Stewardship Framework.*
- *Principles for Engaged Company Ownership.*
- *Our Ownership Discipline.*
- *Corporate Governance and Voting Guidelines.*

For further detail on how we integrate stewardship into our investment process, engage with companies and advocate for responsible corporate behaviour, visit sarasinandpartners.com/stewardship

Our commitment to responsible stewardship remains strong

At a time of rising global turbulence, we remain fully committed to the core values and principles that have underpinned our investment philosophy for many years. A thoughtful and responsible approach to investment, ownership and engagement is more important than ever during times of uncertainty. Our responsibility is clear:

- Put our clients' long-term interests first.
- Engage constructively with companies to promote responsible capital management.
- Advocate for a sustainable financial system that supports long-term value creation.

This is what we have always done, and what we will continue to do.

Our clients and assets under management

Client base

We manage assets for a diverse range of clients: charities, institutions, private clients and retail investors. While the majority are UK-based, we also serve a global client base, as Figure A.1 shows.

Sarasin & Partners' total assets under management as of 31 December 2025 were £17.2bn.

All our strategies are built on a global, long-term and thematic investment philosophy, with engaged stewardship at its core. This approach is underpinned by bottom-up fundamental analysis, ensuring a disciplined and research-driven process.

In line with our long-term focus, we are committed to delivering performance over a rolling five-year period.

Figures A.3 and A.4 provide a breakdown of our asset mix and geographical exposure across all our funds.

A commitment to responsible stewardship underpins all our strategies

Our commitment to ESG integration and stewardship is fundamental to all our investment strategies. Some specialist strategies, such as Responsible Global Equity and Climate Active, place an even greater emphasis on ESG and stewardship expertise in response to client needs.

(See **Principle 1** of our **2025 Activities and Outcomes Report** for further details).

Ethical screens

We routinely apply ethical overlays to align with our clients’ values and preferences. Over 70% of our charity portfolios include some form of ethical

We provide a range of investment solutions designed to meet the diverse needs of our clients, including:



High-conviction global thematic equity



Income-focused strategies



Single- and multi-asset solutions



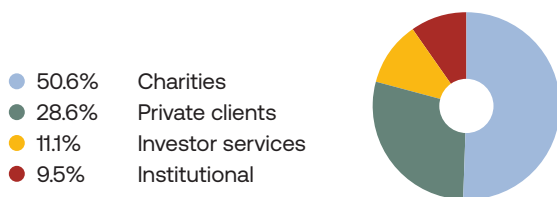
Specialist responsible and ethical investment strategies



Target return strategies

restriction, and many of our strategies follow a published exclusionary policy. Further details are available on our [website](#).

Figure A.1: Client distribution as a proportion of assets, %



Source: Sarasin & Partners. Data as at 31 December 2025

Figure A.2: Global distribution of clients

£0 ————— £18.5bn



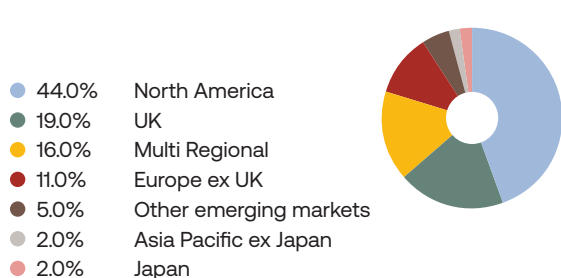
Source: Sarasin & Partners. Data as at 31 December 2025

Figure A.3: Asset class mix, %



* Third-party funds and private market investments
 ** Property equities, primarily real estate investment trusts, which are not included in the listed equity allocation
 Source: Sarasin & Partners. Data as at 31 December 2025

Figure A.4: Geographical breakdown of assets, %



Source: Sarasin & Partners. Data as at 31 December 2025

Case study

Reviewing our thematic framework

Sarasin & Partners has long used our framework of structural, long-term trends, or themes, to guide our approach to investment. We seek market opportunities offered by these enduring themes to deliver value to our clients.

Underpinning our thematic philosophy is our belief that markets focus too heavily on the short term, and underappreciate the long-term impact of broad, inexorable themes like shifting demographics, technological developments, and the growing challenge of climate change. The existence of these trends is no secret. However, institutional pressures to deliver short-term performance and behavioural biases that oversimplify complex issues often prevent investors from accurately assessing long-term impacts, causing them to overlook significant risks and opportunities.

At Sarasin, we believe a deeper understanding of these themes will help us to deliver the desired investment outcomes for clients. To achieve this, our framework is dynamic and forward-looking, focusing on the themes we believe will be most significant to long-term economic growth and thus financial markets.

In 2025, we introduced a new theme to the mix: Security. This sits alongside our existing five themes: Ageing, Automation, Climate change, Digitalisation, and Evolving consumption, which remain as valid today as when they were first identified.

Why security?

We are living through a profound shift in the geopolitical landscape. At its core, the concept of a global order faces fundamental tensions: rapid growth in global population, economic activity, and resource use have magnified problems, such as climate change, resource scarcity, perceptions of inequality and geopolitical instability, that no nation can address alone. These challenges have been accompanied by the rise of increasingly nationalistic political movements, exposing weaknesses in the post-Cold War order. The relative stability of a unipolar, US-dominated world is giving way to ‘multipolar’ strategic competition.



As the US, under President Trump, seeks to redefine its relationships with traditional allies and rivals, exercising both its economic and military power, China and other strategic adversaries are also looking for ways to reshape the international order in their favour.

Rising geopolitical uncertainty is causing organisations and individuals worldwide to shift their attention to security. Beyond direct threats like cyber and military actions, private entities are re-assessing a wide range of potential vulnerabilities within their supply chains and end markets.

We expect these behavioural changes to persist and our new Security theme is focused on identifying companies offering solutions to help businesses and households strengthen their resilience at a time of turbulence.

How we group our themes

Security adds a sixth theme to our framework. As illustrated above, Security is paired with climate change as we see the two as closely intertwined. Our warming planet is expected to result in considerable societal hardship, exacerbating some of the geopolitical tensions outlined above. Finding solutions to climate change will, in our view, contribute to global security.

Disclosure B

Governance and resources

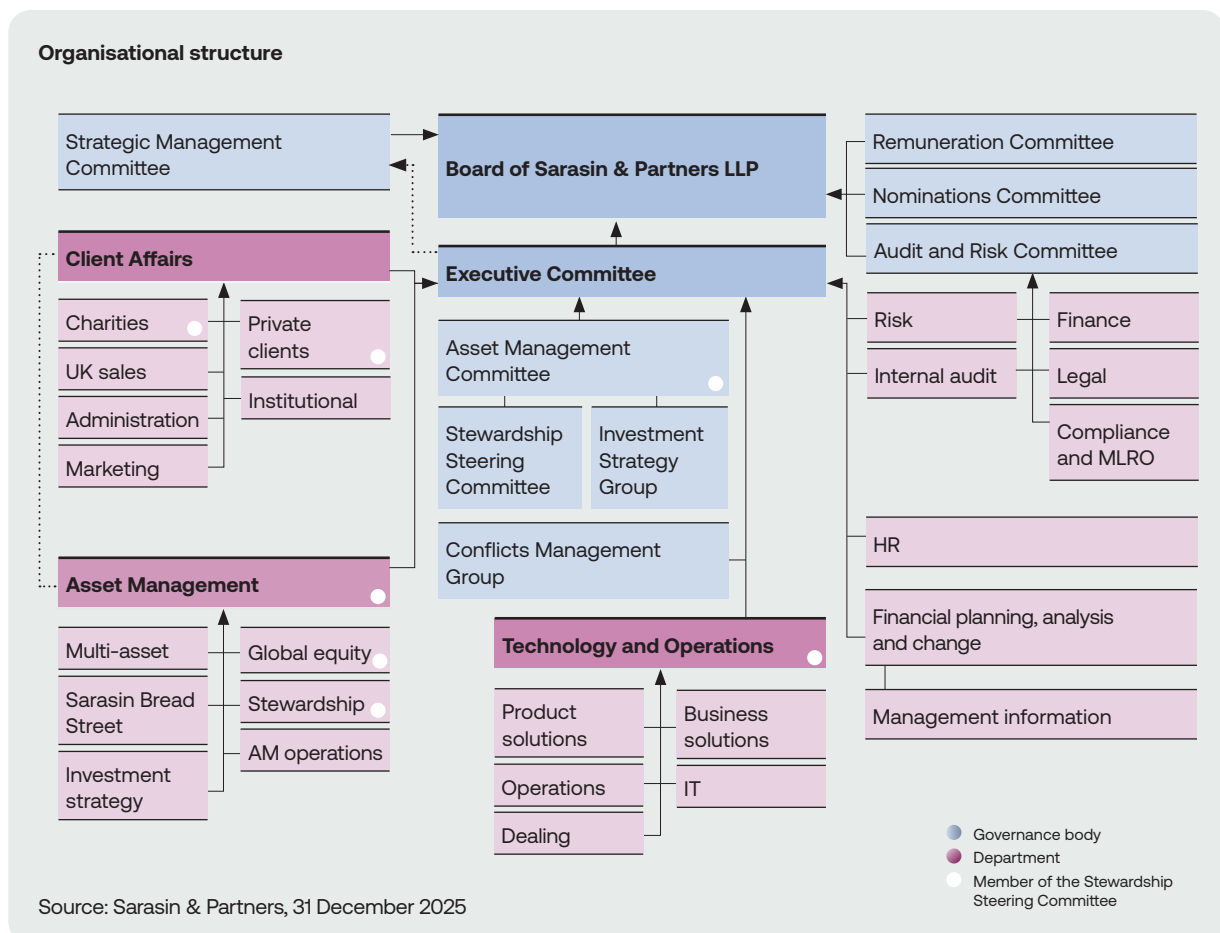
A robust governance structure is essential for effective stewardship. This structure should include clearly defined roles and responsibilities, effective challenge processes, aligned incentive structures, rigorous monitoring and clear lines of accountability.

Governance

The organisational charts presented here provide an overview of the key elements of our governance structure at both the firm level and within our asset management department.

The Board of Sarasin & Partners LLP holds overall responsibility for managing the business. It sets the firm’s strategy but delegates implementation and day-to-day management to the Executive Committee. The board comprises 19 partners, two independent non-executive directors and two representatives from our parent company, J. Safra Sarasin Group. Stewardship is a routine item on our board agenda.

The Executive Committee, chaired by the Managing Partner, includes representatives from Asset Management, Client Affairs, and the Chief Operating Officer. This committee is responsible for day-to-day decision-making, as well as implementing the board’s agreed budget and strategy. It also approves key strategic, operational and reporting decisions relating to stewardship. These decisions are typically escalated from the Asset Management Committee or the Stewardship Steering Committee.



The Investment Strategy Group (ISG), chaired by the Head of Investment Strategy, assesses the long-term macroeconomic outlook to inform asset allocation and investment strategy. Sustainability considerations are integrated into our expected returns approach.

The Asset Management Committee (AMC), chaired by the Head of Asset Management, includes representatives from Asset Management and other departments, including the Chief Operating Officer. The AMC reviews strategic and operational proposals from the Stewardship Steering Committee. It either approves these directly, where it has the authority to do so, or escalates them to the Executive Committee for approval.

The Stewardship Steering Committee (SSC), chaired by the Head of Stewardship, ensures effective oversight, cross-business input and support for the firm's stewardship work.

- **Membership.** Includes senior representatives from across the business, such as the Managing Partner, Head of Asset Management and Chief Operating Officer.
- **Meetings.** Held quarterly, with agendas covering engagement and policy priorities, monitoring stewardship activities across asset classes, reviewing external stewardship reporting and managing stewardship commitments in line with evolving client expectations and regulations.
- **Controls.** Stewardship-related policies and procedures are reviewed by the SSC before they receive formal approval by the AMC.
- **Reporting.** The SSC reports into the AMC, with decisions and subsequent actions communicated to the relevant individuals and governing bodies.

The Head of Stewardship is responsible for shaping and overseeing stewardship activities, working closely with the Head of Investment, Global Equities and the Head of Asset Management. Other responsibilities include leading our public policy positioning, while stewardship specialists identify and prioritise stewardship issues.

Alongside our internal governance structures, we periodically establish advisory panels comprising external experts. In 2017 we created the **Climate Active Advisory Panel** to guide our approach to climate change and decarbonisation. The panel meets formally four times a year, supplemented by informal communications.

Discussions focus on investment analysis, corporate engagement and policy outreach to drive robust climate action.

Stewardship resources and tools

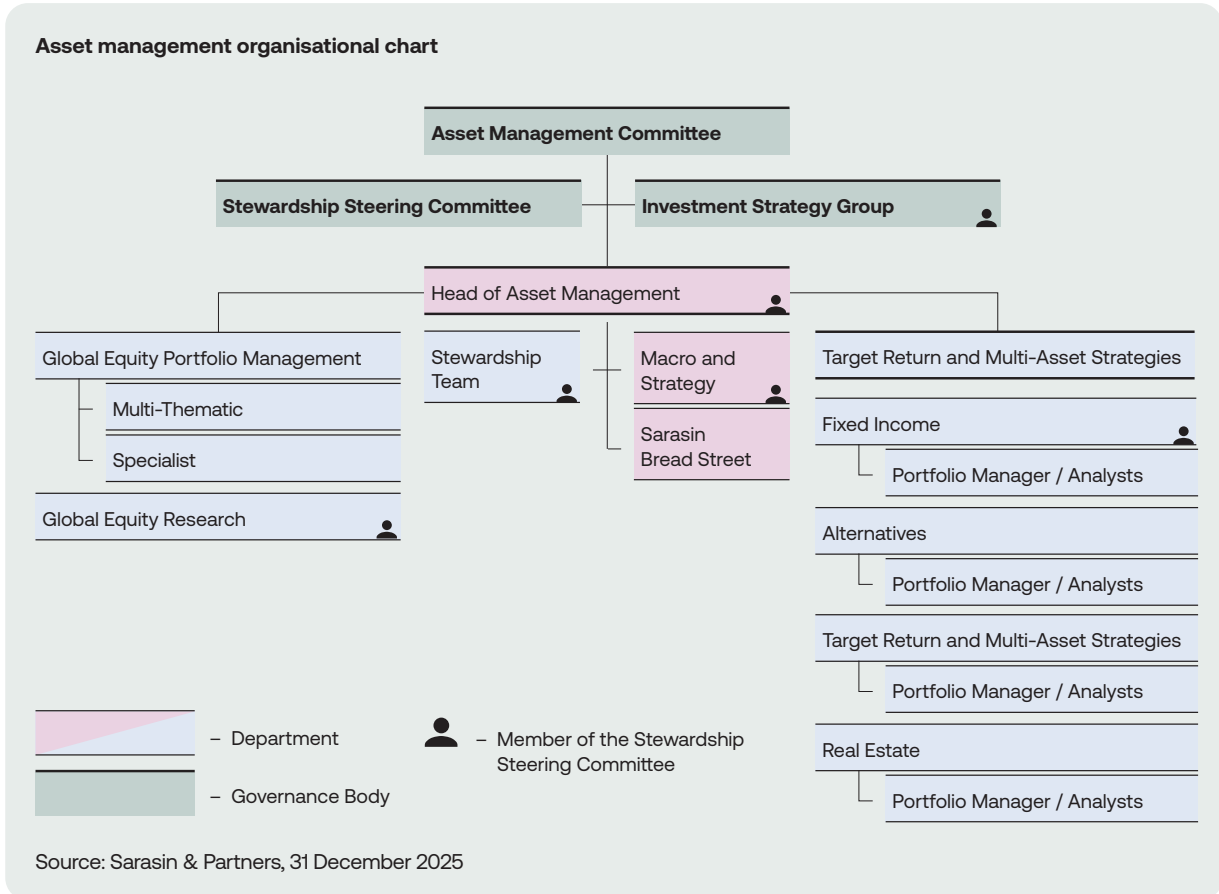
We use various methods of supporting and enhancing our stewardship capabilities in line with our public policies and defined priorities. These include:

Our people

As of 31 December 2025, our asset management team comprised 48 employees, including four dedicated *stewardship specialists*: three stewardship experts and a stewardship assistant.

Our stewardship experts each have between 5 and 30 years of professional experience, spanning asset management, non-governmental organisations, policy research institutions and business. The team's expertise is likewise diverse, covering economics, human and labour rights, environmental economics, sustainable development and governance, fostering diversity of thought and challenge. All members of the stewardship team have attained or are studying to attain a recognised financial qualification, such as the Chartered Financial Analyst (CFA) certificate.

Analysts across equity, fixed income and alternatives teams integrate ESG considerations into their work, supported by stewardship specialists. Company engagement and voting are led by the stewardship experts, with input from analysts. (For further details see **Principles 3** and **4** of our **2025 Activities and Outcomes Report**.)



Professional development

Our stewardship specialists play an active role in training and education across the firm, through:

- Presentations at twice-weekly morning meetings and dedicated internal stewardship training sessions for investment and client-facing staff.
- Ownership Meetings held at least once every two weeks to deliver updates and seek feedback on key issues at portfolio companies.
- The circulation of educational materials and updates to improve awareness of ESG themes.

We also encourage professional development in ESG and stewardship, supporting the investment team in obtaining the CFA Certificate in ESG Investing. To date, four analysts have completed a formal ESG or climate and investing course, with many completing ESG modules as part of the CFA course.

External analytical resources

Investment professionals are expected to stay informed on ESG risks and opportunities, leveraging research providers and attending training, conferences and webinars. The Head of Equity Research and the Chief Investment Officer, Multi Asset oversee and review research providers to maintain the quality of these inputs.

To support our stewardship efforts, we expect our general research providers to integrate ESG insights into their outputs. The Stewardship and analytical teams are frequent users of expert network services, which enable consultation on key points of concern with industry or country-level experts. In addition, we purchase dedicated ESG research from providers such as MSCI ESG Research, ISS Governance analysis, and Diligent. In 2025, this amounted to 8% of our total research budget.

We conduct regular service reviews to ensure the quality and relevance of our ESG research providers (see **Principle 6** for more on this process).

Other service providers

We use Institutional Shareholder Services (ISS) to implement our proxy voting policy. We work closely with ISS to advance our voting policy in accordance with the evolution of the ESG and stewardship landscape (see **Disclosure C** for more details on our voting policy). We use Diligent to analyse voting patterns of our peers and run comparative analysis.

Public initiatives and investor collaborations

We work closely with civil society organisations and participate in collaborative investor initiatives such as the International Corporate Governance Network (ICGN), Institutional Investors Group on Climate Change (IIGCC), Investor Alliance for Human Rights (IAHR) and WBA Collective Impact Coalition for Ethical AI (see **Disclosure C** and **Principle 2** for further detail on our partnerships).

Incentives

The investment team's incentives are based on five-year financial performance relative to tailored benchmarks, ESG / stewardship performance, the achievement of priority objectives set with line managers and alignment with our core values. Individuals who perform poorly on ESG integration and stewardship work may see an impact on their awards and career progression.

The stewardship team is assessed against annual engagement and policy objectives, ensuring accountability for delivering meaningful outcomes. Ultimately, we focus on results rather than process, measuring success by value added to risk-adjusted client returns, tangible improvements in company behaviour and influencing policy debates in line with our stewardship priorities.

Professional customised AI-based tools.

- **Stewardship GPT.** We have developed our own approach to analysing boards of directors, based on available public information about directors' track records and affiliations. We are in the process of developing the Executive Remuneration GPT.
- **Net Zero Alignment Assessment GPT.** We designed this tool to support analysts' evaluation of companies' climate targets, governance and transition plans against Sarasin's proprietary Net Zero Alignment Assessment framework. The tool extracts relevant disclosures from annual reports, financial statements and sustainability reports.
- **Forensic Accounting GPT.** We designed this analytical tool to screen equities for indicators of accounting irregularities and potentially egregious accounting practices, aligned with recognised forensic accounting frameworks.

These tools support:

- More effective discussions with issuers.
- Higher research efficiency and accuracy.
- Stronger controls over escalation steps.
- Closer links between engagement and investment analysis.

We have an internal policy which governs our day-to-day work.

Acceptable Use of AI Policy

This policy serves to provide clear guidelines for the responsible, secure, and ethical use of Artificial Intelligence (AI) and related technologies, including but not limited to machine learning models (MLMs), natural language processing, new AI-enabled tools for firm use, and AI features in existing systems and applications (e.g. Zoom) within Sarasin & Partners.

Diversity and inclusion (D&I)

D&I is embedded in our core values.

We promote diversity and equal opportunities across our workforce and governance structures. We recognise the importance of measuring, monitoring and managing our efforts in this area to foster a strong, inclusive and positive workplace culture.

Our D&I Committee, comprising colleagues from across the organisation, provides oversight and direction for our initiatives. The Committee’s mission statement and operating framework focus on key areas such as training, education and communication. It also conducts a comprehensive employee survey to track progress on inclusion-related topics.

We continue to support The Diversity Project Pathway Programme, a career development initiative designed to support and advance female investment professionals.

Additionally, NexCo, a body that provides younger employees with a direct voice in senior management discussions, continued its work and expanded into new projects.

As of 31 December 2025:

- 52% of our asset management staff were female.
- 75% of stewardship specialists were female.

We report on our D&I performance in our annual *Corporate Social Responsibility Report*.

D&I committee				
Mission statement	Sarasin & Partners commits to promote a culture where all stakeholders are accepted as individuals and treated fairly and respectfully. We will aim to improve diversity both within the firm and across the asset management industry.			
Two strands	Inclusion			Diversity
	Sarasin & Partners commits to promote a culture where all stakeholders are accepted as individuals and treated fairly and respectfully.			We will aim to improve diversity both within the firm and across the asset management industry.
Sub-committees	Belonging	Equality	Representation	Outreach
Four goals	Make progress towards an environment where all employees feel their identity and background are accepted and valued at S&P.	Make progress towards an environment where all employees feel they are treated fairly and respectfully and are empowered to achieve their potential at S&P.	Achieve a measurable, material improvement in diversity within the firm.	Make significant contributions to improving diversity within our industry, becoming a leader rather than a laggard among peers.

Stewardship reporting

Ensuring greater transparency of our stewardship work and its impacts has long been a priority for us.

In 2023, we completed the roll-out of our internal Engagement Tracker and our Engagement Reporting Tool, which allow us to track and analyse the scope and effectiveness of our engagement activities in relation to our priority initiatives and goals. This enhances internal communication on engagement statuses within the asset management team and enables detailed client reporting.

For example, we provide company-specific and market outreach case studies to clients and on our website each quarter, offering a comprehensive view of our engagement work. We compile summary statistics on our engagements and their results at the total AUM and a specific portfolio level. This approach demonstrates the breadth of our coverage and mitigates concerns about selective reporting.

Illustrations of aggregate engagement statistics for the firm, along with activity breakdowns for specific strategies and funds, are shown on the next page.

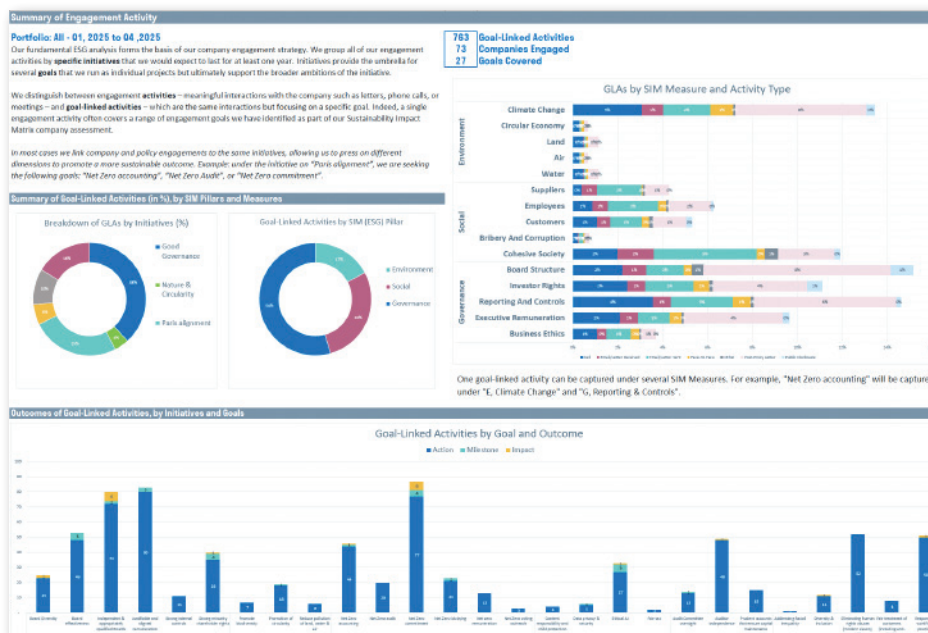
In 2025, we further enhanced our reporting by introducing additional statistics such as:

- Yearly and Quarterly comparisons of Stewardship activities.
- Percentage of total and portfolio-specific Assets under Management engaged in a given time period.

Examples from our engagement reporting tool

Full charts detailing our aggregate engagement statistics for the firm, along with activity breakdowns are shown in **Principle 3** of our **2025 Activities and Outcomes Report**.

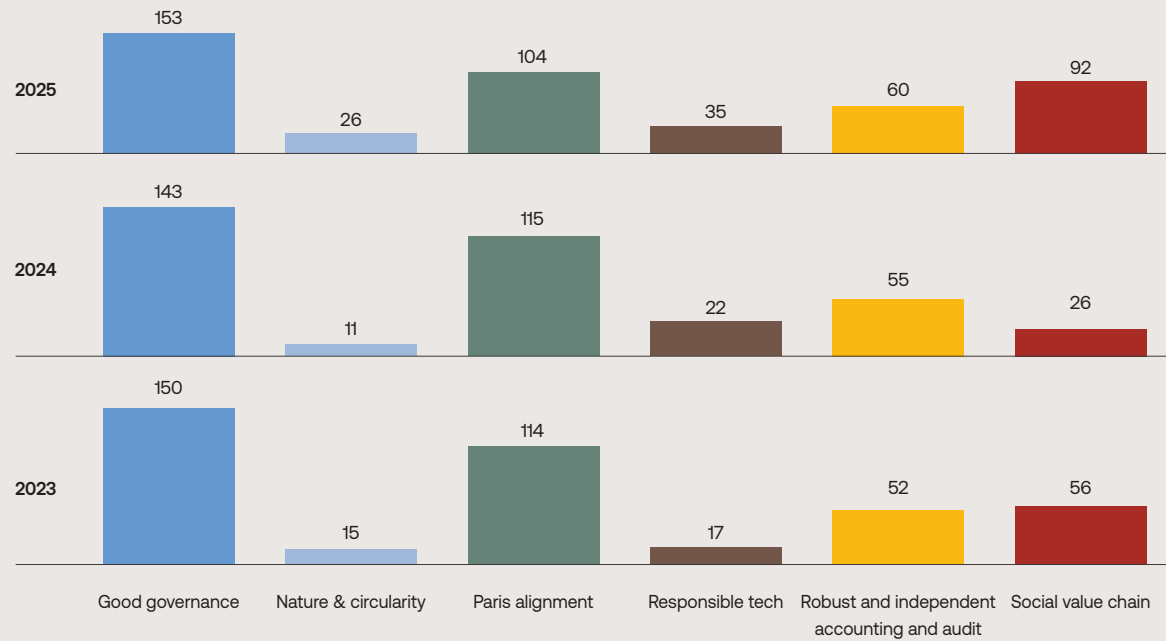
Data generated from our engagement reporting tool is incorporated throughout this report, particularly in Principles 1 and 3.



Source: Sarasin & Partners, 31 December 2025

The charts are available in Principle 3 of our Activities and Outcomes report.

Figure B.1: Year-on-year GLAs per initiative



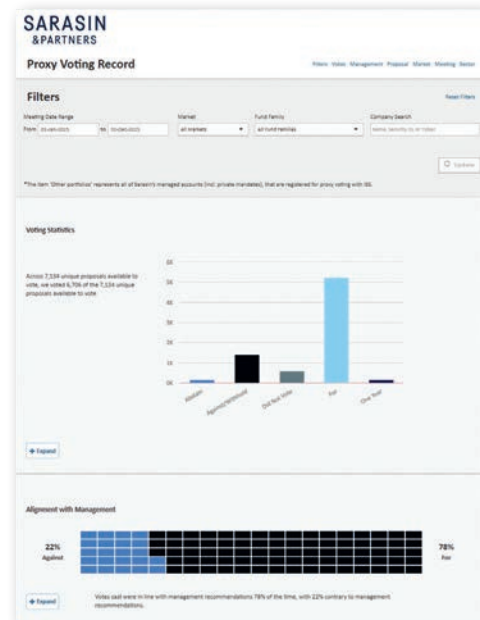
Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Examples from our proxy voting reporting

In addition to the quarterly voting records published in a downloadable format on our website, clients and external stakeholders can access our voting record via our interactive *Proxy Voting Dashboard*. This web-based tool gives real-time disclosure of all our voting activities across various time periods, organised by funds and entity level, as shown in the example below. Clients and other stakeholders can also view our voting rationales, which explain why we voted against or abstained on a resolution.

Our client portal, discussed in **Disclosure E**, also integrates ESG and stewardship information, providing clients with access to the latest relevant sustainability profiles of their holdings.

Together, the Policies and Context Disclosure and Activities and Outcomes Report, serve as a comprehensive Stewardship Report, which is designed to offer our clients and other interested stakeholders a complete overview of our stewardship approach, activities and achievements.



Disclosure C

Policies, processes and review

As we outlined in Disclosure A, responsible stewardship is central to our investment approach. We take a long-term, global perspective, looking beyond business cycles to focus on societal trends that are likely to endure for decades. For most strategies, we aim to deliver financial performance on a rolling five-year basis.

This section focuses on our stewardship policies, which are hyperlinked in separate boxes, and their implementation through established processes and tools described for each policy.

Our public stewardship policies

If you are interested in seeing the original policy documents, they are available on our website:

- *Our Stewardship Framework.*
- *Principles for Engaged Company Ownership.*
- *Our Ownership Discipline.*
- *Corporate Governance and Voting Guidelines.*

For further detail on how we integrate stewardship into our investment process, engage with companies and advocate for responsible corporate behaviour, visit sarasinandpartners.com/stewardship

Policy: Our Stewardship Framework

Our Stewardship Framework defines how we put our beliefs into practice.

We do this through three strategic pillars:

1. A global thematic investment process that focuses on long-term value drivers.
2. Active ownership to encourage more sustainable company behaviour, supporting long-term investor returns.
3. Thought leadership and policy outreach to drive positive market-wide change.



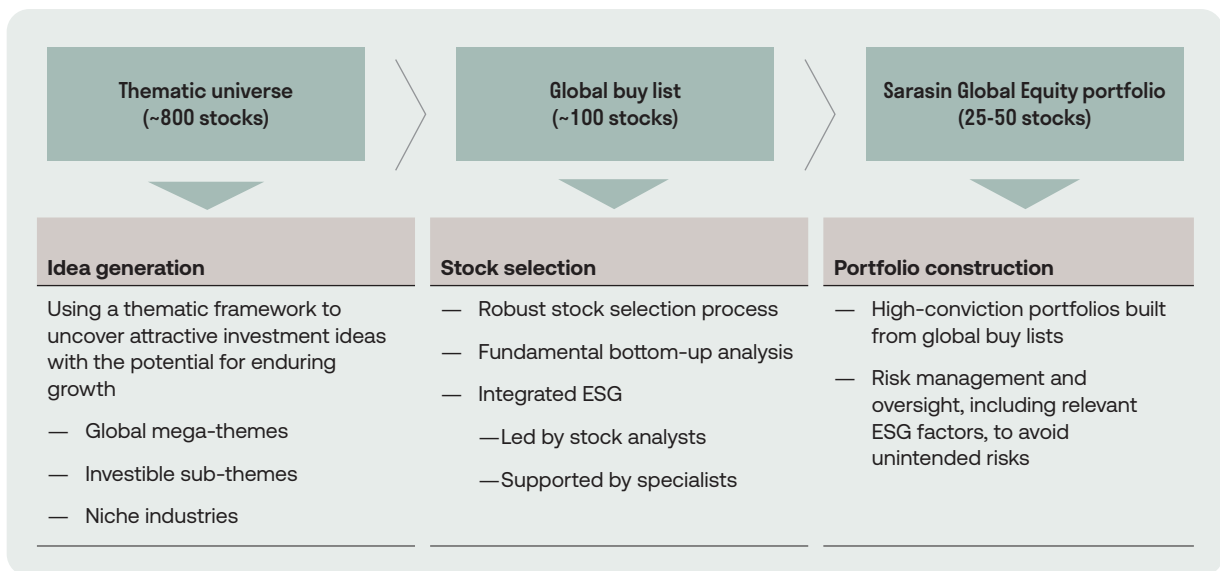
Pillar 1. A global thematic investment process focused on long-term value drivers

Equities

We describe our approach to equity investment on our [website](#), including *fund documentation* under the UK SDR. Below, we explain how the process works.

ESG considerations are integrated into every stage of our investment process:

- **Idea generation**, which evaluates long-term thematic trends such as ageing or climate change (see box below).
- **Stock selection**, incorporating bottom-up ESG and climate impact analysis (see case study on Climate Stress Testing below).
- **Portfolio construction**, ensuring that sustainability factors are reflected in portfolio decisions where relevant.

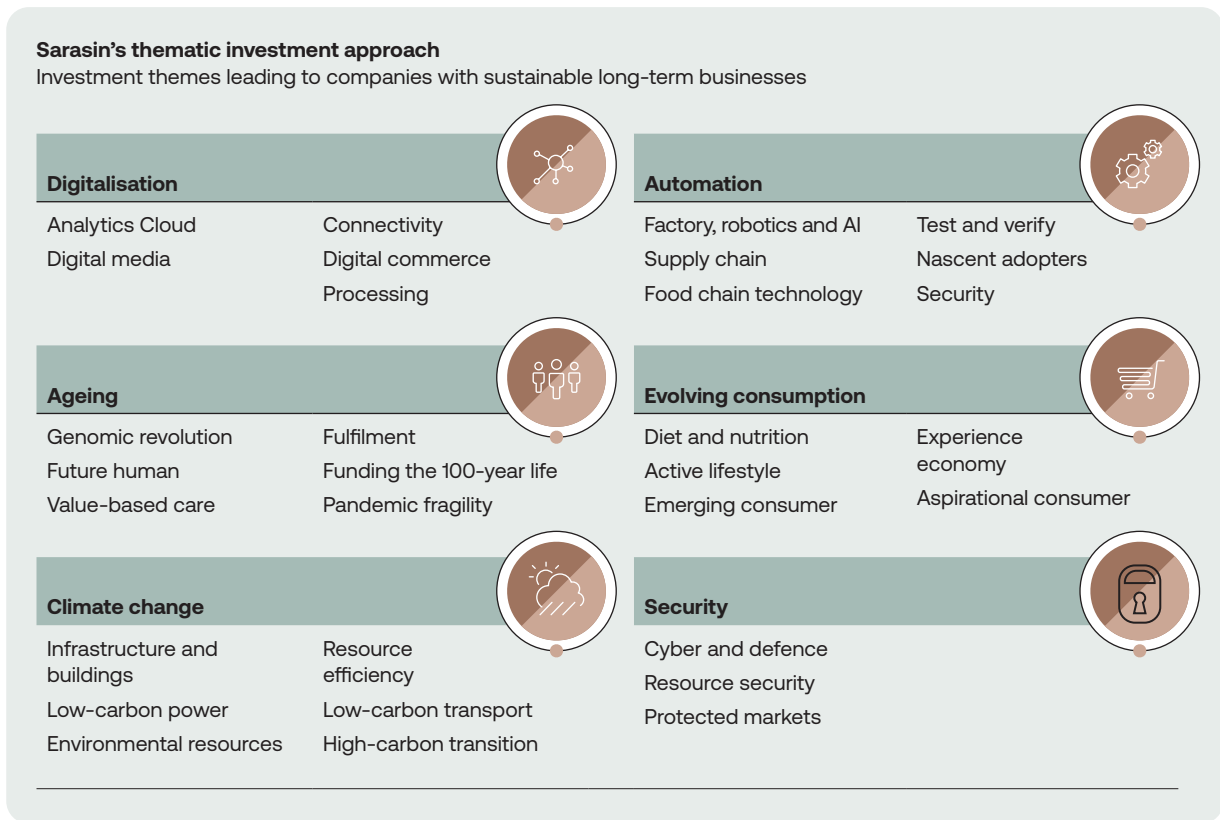


We look beyond business cycles to focus on societal trends that we expect to endure for decades.

Idea generation: our themes

The first step in our investment process is idea generation.

We seek opportunities in areas where we anticipate long-term, durable growth, underpinned by what we describe as themes, or enduring societal trends.



Stock selection

Once we have identified attractive opportunities within our themes, we conduct detailed bottom-up analysis, with ESG as a core consideration. With environmental and social opportunities captured in our thematic analysis (see above), our bottom-up ESG analysis is focused on risks and comprises three components:

1. Sustainability Impact Matrix (SIM)

Our in-house SIM is composed of five environmental, five social and five governance factors. Each factor is assigned a red, amber or green rating to indicate its impact on the environment, people and governance.

Our SIM factors represent an absolute assessment rather than a relative ranking. We would not, for instance, award a mining company a green on human rights just because it performed better than other mining companies. A green rating would indicate that we assess the miner to be delivering high standards of human rights in an absolute sense.

Our SIM assessment is undertaken by investment analysts, with support from stewardship experts.

In 2025, we streamlined our use of the MSCI ESG data inputs to enhance efficiency and consistency. Analysts work with stewardship experts to review the SIM on a quarterly basis, ensuring MSCI data is complemented with in-house knowledge and understanding of companies, including insights gained through ongoing engagement and voting analysis.

In 2025, 12% of all SIM scores on our Global Equity Buy List were overridden by analysts in consultation with stewardship experts.

2. ESG pillar assessments

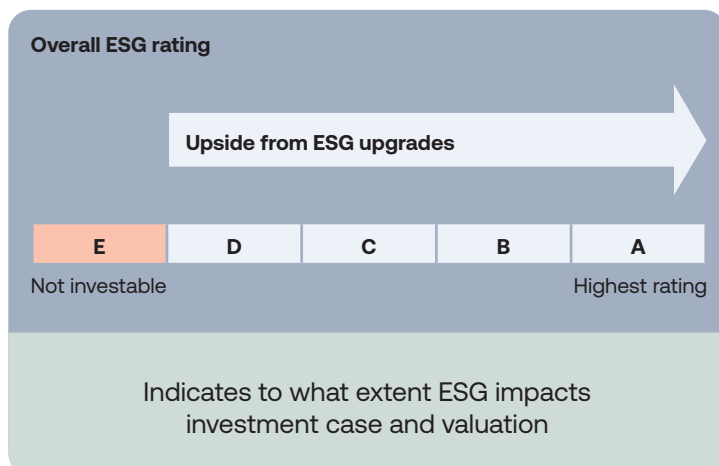
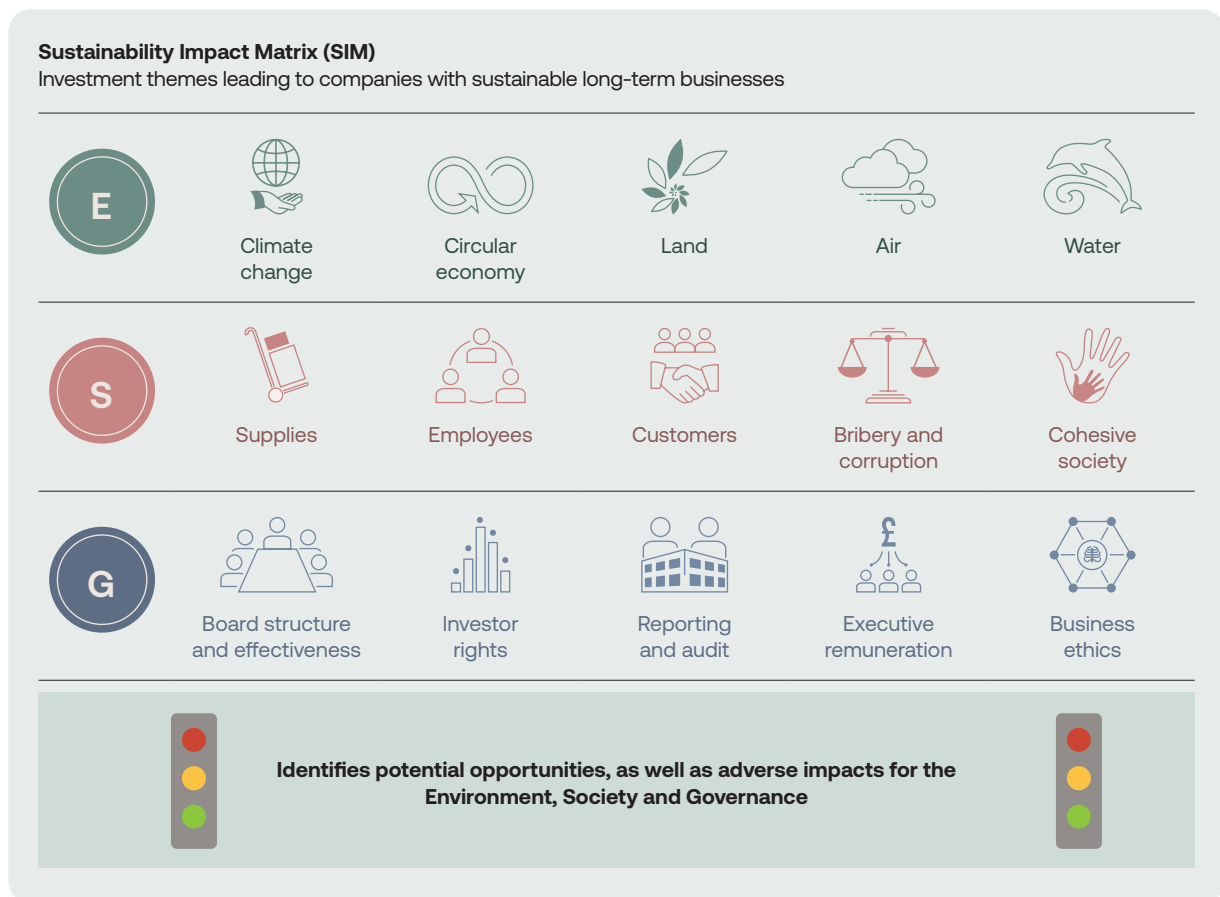
Based on the SIM analysis, we derive an overall traffic light rating for the Environment, Social and Governance pillars, reflecting the expected financial materiality of adverse impacts for the company concerned.

3. Overall ESG rating

We translate the ESG traffic lights into an A to E rating, with optional momentum indicators (+/-) to reflect anticipated changes.

This rating measures the extent to which harmful external impacts are expected to be internalised. An ‘A’ rating indicates that ESG factors present minimal risk. An ‘E’ rating suggests the security is uninvestible due to ESG risks, leading to its removal from our buy list.

Lower intermediate ‘C’ or ‘D’ ratings point to elevated ESG risks, which analysts would incorporate into their analysis and valuations to ensure these factors are reflected in investment decisions.



A team-based approach to determine the ESG rating

The lead analyst for a company proposes the SIM assessment and ESG rating as part of the initial stock analysis. These ratings are then reviewed through our stock approval process and discussed at the weekly new stocks meeting, which includes the stewardship team.

If views diverge, a committee consisting of the Head of Equity Research, the Ownership Lead, and the Governance, Risks & Controls Manager, reviews the assessment and makes the final decision.

This committee also provides oversight over the quarterly SIM review process.

To assess the financial materiality of ESG factors, we rely on the analysts' evaluation of the economic consequences of identified risks and opportunities. The materiality of specific ESG issues varies depending on a company's sector, business model and industry dynamics. We do not adopt a rigid formula between ESG pillar assessments and overall ESG ratings. Instead, our stock initiation notes demonstrate how the SIM assessment informs our broader view of a company's prospects.

We review and update our ESG analysis at least annually as part of the stock review process. If material ESG characteristics change at any point, the SIM rating is updated to reflect the new information.

Our integrated approach ensures ESG factors are evaluated by analysts with deep knowledge of the company, industry and business model, leading to a more reliable assessment of financial materiality.

Integration into investment thesis and valuation

When our ESG analysis identifies financially material implications for a company, these insights are explicitly reflected in analysts' investment theses, models and valuations. The impact on business economics varies by company, and analysts use their expertise to determine how ESG factors might flow through to financial performance. This will be explained in the company stock note and discussed by the team, for example, before making a decision to include a stock in our buy list.

Purchase and portfolio construction

Once a stock is approved for the buy list, it can be purchased based on the analyst's stock rating. Portfolio managers are responsible for determining the timing and the size of the position within the portfolio.

ESG integration is a fundamental component of all our funds and strategies. In some cases, we place greater emphasis on ESG factors to align with client requirements. Examples of these strategies include Responsible Global Equity, Climate Active and Responsible Multi Asset. Further details on these strategies can be found at [sarasinandpartners.com](https://www.sarasinandpartners.com)

We have seen evidence that buying or selling securities due to ESG considerations has helped protect and enhance client capital. We outline the results of this analysis in **Principle 1** of our **2025 Activities and Outcomes Report**. While these findings are reassuring, we recognise the statistical limitations of the analysis and interpret the results with caution.

Ethical screens

In addition to our ESG integration, we manage *ethical screens* based on 16 ethical considerations, such as armaments, adult entertainment and tobacco.

We offer further exclusions for clients who require them.

Case study

Climate stress-testing

As part of our *NZAM Action Plan*, we have continued to enhance climate stress-testing across our portfolios. This process involves three key steps:

- Identification of our high-risk holdings, known as our Climate Amber List (CAL).
- A qualitative net zero alignment assessment for CAL companies.
- A quantitative climate stress test, producing a climate value at risk for CAL equities.

Climate Amber List (CAL)

We use a quantitative filtering process (see Figure C.1) to identify higher-risk holdings for targeted climate analysis and engagement.

After the automated screening, our stewardship, equity and fixed income teams conduct a manual review to adjust for any misclassifications. These might include:

- Removing low-emission companies in high-risk sectors that may have been incorrectly flagged.
- Adding high-emission companies that the screening process may have missed.

The CAL is updated quarterly.

Net Zero Alignment Assessment (NZAA)

The NZAA is our internal qualitative assessment for CAL companies. It evaluates an entity’s exposure to climate-related transition risks, as well as the steps taken to mitigate these. Figure C.2 sets out the key criteria assessed.

Based on this assessment, companies are rated as not aligned, partly aligned or aligned.

Figure C.1: Our quantitative filtering process

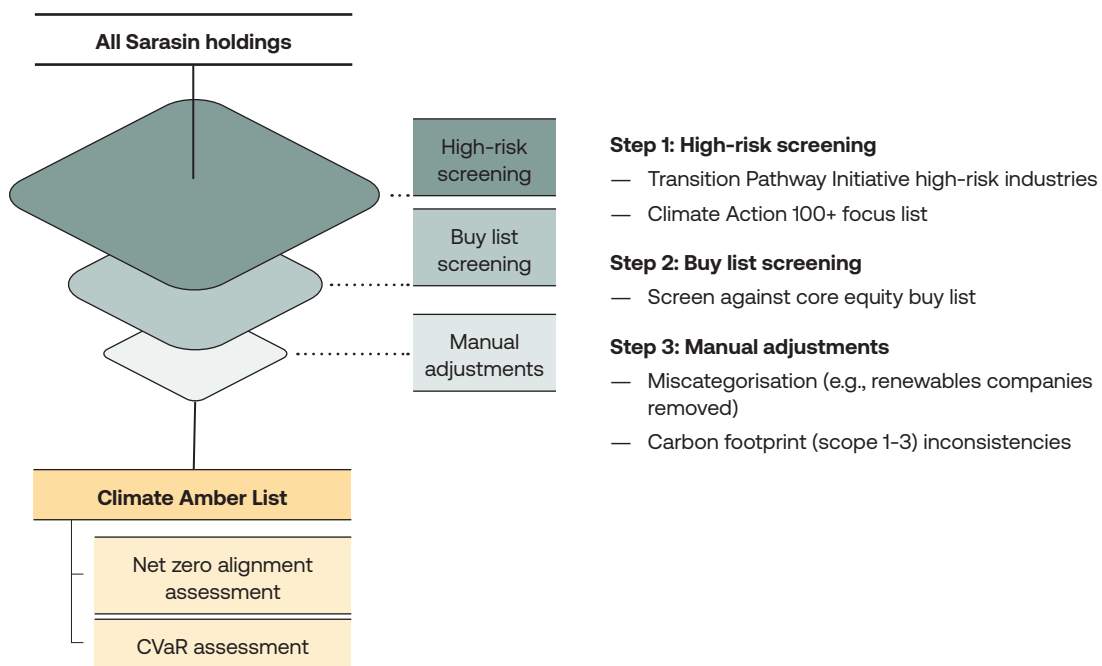


Figure C.2: Climate stress-testing process

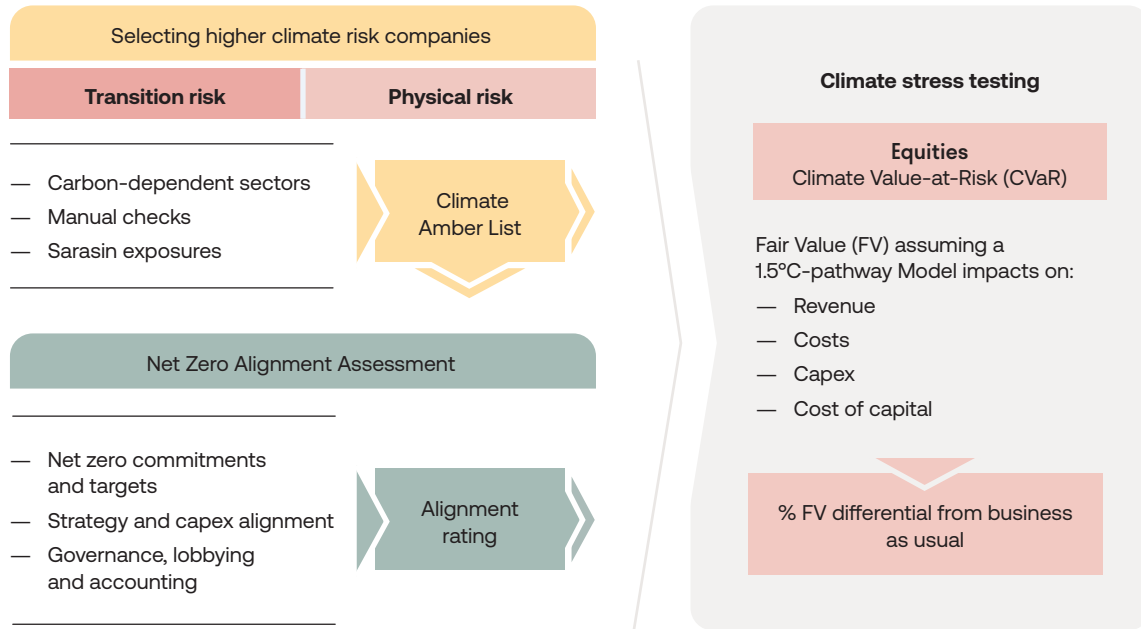
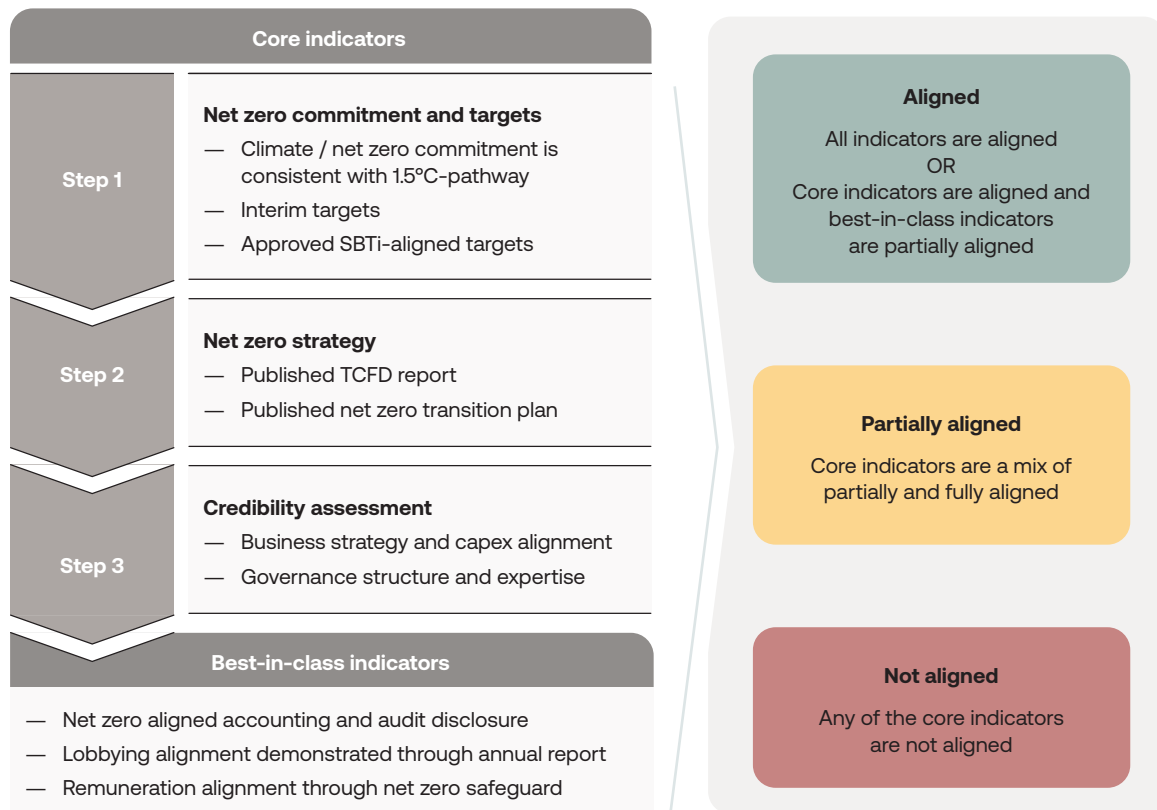


Figure C.3: Net zero alignment



Quantitative climate stress-testing

Equities: Climate Value at Risk (CVaR)

CVaR is our in-house approach to quantifying the potential valuation impact of a 1.5°C pathway for higher-risk equity holdings identified in our CAL. This analysis enhances our understanding of portfolio exposure to transition risks, enabling us to manage them more effectively.

Our CVaR calculation is based on a discounted cash flow model for a company in a 1.5°C scenario, aligned with the Paris Agreement.

This analysis seeks to quantify how a company’s financial prospects might change under a Paris-aligned transition versus a business-as-usual scenario.

- If the 1.5°C scenario results in a lower valuation than the base case, the CVaR is negative, indicating a potential financial risk.
- If the 1.5°C scenario results in a higher valuation, the CVaR is positive, suggesting a potential opportunity (see Figure C.4).

Our CVaR model assumes that a company’s response to climate risks aligns with its publicly stated commitments and no more. This provides a baseline assessment of downside risk based on current plans, while also highlighting the potential upside from engagement to drive further climate action.

Crucially, CVaR moves beyond a simplistic assumption that a higher carbon footprint always translates to downside risk. Instead, it incorporates the potential effects of:

- Government policies, such as carbon taxes or product bans.
- Shifts in consumption patterns, such as declining demand for international travel.
- Market dynamics, including changes to revenue growth, margins, capital expenditure requirements and asset values.

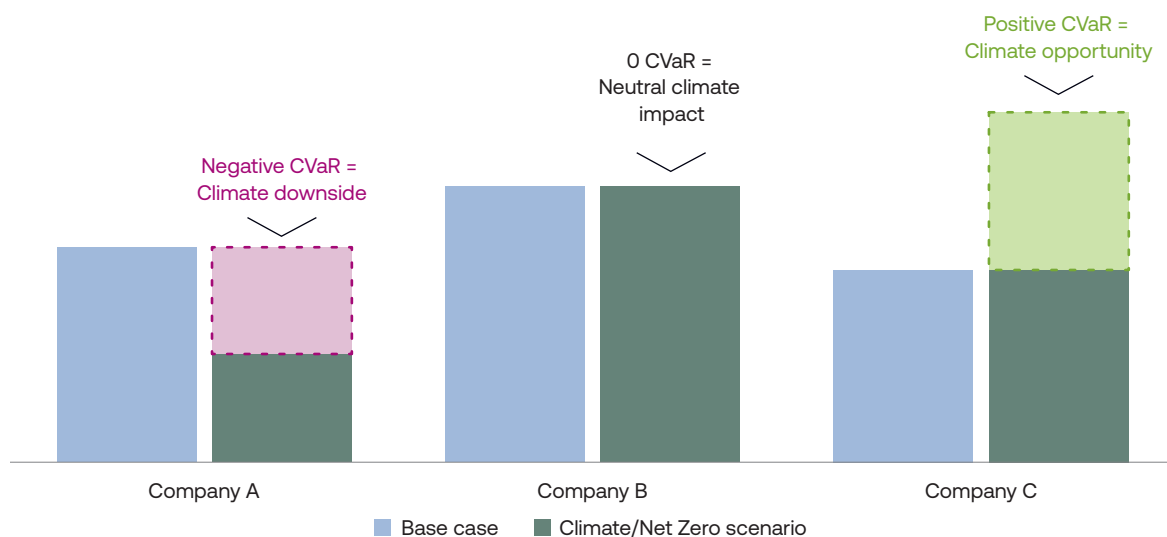
This more nuanced approach offers deeper insight into both economic risks and opportunities, making it a valuable tool for investment decision-making.

In 2025, we conducted 55 CVaR stress tests on CAL companies, further refining our understanding of transition risk and potential investment implications.

Engagement implications

Our NZAA and climate stress-testing work not only provides investment insights but also helps to shape our engagements and voting decisions. For further details, see our engagement case studies in **Principle 3** and voting outcomes in **Principle 4** of our **2025 Activities and Outcomes Report**.

Figure C.4: Examples of CVaR



Fixed income

Our ESG integration approach for fixed income combines top-down screening and thematic tilts with bottom-up ESG analysis. While the principles align with our equity process, the methodology differs due to the nature of fixed income as an asset class and the broader universe of securities covered.

Ethical screening

Our negative screening process excludes sectors that do not align with our responsible investment principles. Typical exclusions include tobacco, alcohol, armaments, pornography, tar sands, fossil fuel extraction, gambling and predatory lending.

A thematic approach

Within fixed income, we prioritise lending to entities that contribute to sustainable growth or generate positive externalities. This preference is implemented through structural limitations on sectors or activities in decline or those with higher ESG risks. Industries such as oil and gas, mining, automotive, plastics and industrials are subject to these constraints. By contrast, we focus on issuers that actively support sustainable growth, leading to overweight allocations relative to benchmark in sectors such as renewable energy infrastructure, housing associations, education, public transport and the not-for-profit sector (see Figure C.5). To identify target assets, we integrate our thematic investment approach with fundamental credit risk analysis, evaluating issuers across eight defined categories.

Figure C.5: Sectors that support sustainable growth

Charitable enterprises	Education and student housing	Government social housing partnerships
Housing associations	Public transport	Renewable energy infrastructure
Green, social, and sustainability	Not-for-profit and mutuals	

Bottom-up ESG scores

We have developed a proprietary ESG scoring system for non-governmental fixed income issuers, using a materiality map to assign sector risk weights and issuer-reported data to determine E, S and G scores. This system enables us to identify issuers with the strongest ESG data metrics, while also addressing relative value and risks for investment decisions. While systematically collecting this data, we engage with issuers to explore how our investments can further support sustainable, long-term growth.

Calculating an ESG credit rating

The ESG analysis combines an integrated top-down and bottom-up approach. The top-down assessment provides a relative evaluation of ESG risk exposure across fixed income sectors and focuses solely on single materiality, assessing how ESG risks may financially impact companies within a specific sector.

In contrast, the bottom-up analysis adopts a double-materiality perspective, considering both the financial implications of ESG factors for individual issuers and the impacts of companies’ activities and value chains on the environment, people, and society.

Specifically, our ESG process follows the steps outlined below:

1. Creating a materiality map. We assess ESG exposure across industry sectors, assigning risk scores from 1 (low) to 3 (high) for each of the 15 factors in the SIM (see earlier description).
2. Determining sector weightings. Risk scores guide relative weightings for E, S and G in each sector. For example, transport carries a higher environmental weighting, universities have a higher social focus and banks are more influenced by governance factors.
3. Setting guidance ranges for ESG scores. Each sector is assigned a materiality map for E, S and G scores, reflecting the distribution of scores within that sector. While analysts have some discretion to adjust scores, deviations must be justified within these predefined ranges.
4. Individual issuer ESG assessment. For individual issuers, analysts assign a score from 1 to 3 for each SIM factor, and concurrently E, S, and G scores, within the materiality map range. This exercise is informed by a quantitative ESG process using Bloomberg data.
5. Aligning ESG scores with letter ratings and colour codes. Applying sector-specific weightings, we calculate a weighted ESG score (0 to 10), which is then converted into an ESG letter rating for consistency with equity ratings.

Figure C.6: Transition from MMP Score to ESG Scores, ESG letter and colour code

MMP score	ESG score	Letter	Colour code
5	10	A	Green
6	9	A	Green
7	8	A	Green
8	7	B	Yellow
9	6	B	Yellow
10	5	C	Yellow
11	4	D	Yellow
12	3	D	Yellow
13	2	E	Red
14	1	E	Red
15	0	E	Red

Alternative investments

We invest in alternative assets through closed-end fund vehicles and open-ended UCITS, listed primarily on the London Stock Exchange (LSE), as well as illiquid private markets vehicles. Our focus is on funds that invest in renewable energy, infrastructure, private equity and real estate assets.

ESG integration

ESG integration is a key part of our investment process for alternative investments, just as it is for equities and fixed income. As part of our due diligence, we conduct a detailed assessment of our funds’ ESG and stewardship performance, with a particular focus on governance structures. We seek confirmation that investees integrate ESG considerations, climate risk and social risk exposures into their investment process. Where concerns arise, we engage with the board and, where necessary, the investment manager.

Investment companies listed on the LSE typically delegate day-to-day investment execution to external investment managers under investment management agreements. As these managers operate independently and often oversee diverse investment portfolios, assessing ESG characteristics within this structure is more complex than in standard corporate environments. We require clear evidence that ESG integration is meaningful and directly influences investment decisions. Additionally, we prioritise funds where stewardship responsibilities are taken seriously, with a demonstrated commitment to active engagement with their underlying investments when concerns arise.

Alongside investment strategy, we assess the governance structure of investment vehicles themselves. Many boards lack the necessary expertise or motivation to critically assess investment manager decisions. We have observed instances where poor strategy execution went unaddressed due to board inaction, as well as cases of related-party transactions on non-market terms and even fraud at the investment manager level, which boards failed to identify in a timely manner. This issue is aggravated by the absence of an internal control function at many investment trusts. We also challenge the incentive structures of externally managed investment trusts that lack alignment with shareholder interests.

Ethical screening

As with our equity and fixed income investments, we apply negative screening to exclude investments in sectors associated with harmful activities, such as weapons production, alcohol, tobacco, gambling and thermal coal. These ethical restrictions significantly reduce the size of our uncorrelated (absolute return) universe, leading to the exclusion of a substantial portion of equity long/short and event-driven funds.

Pillar 2. Active ownership

As outlined in **Disclosure A**, our investment philosophy is grounded in a long-term ownership mindset. We remain closely engaged with our investee companies not only to monitor value drivers but also to scrutinise and challenge management on performance. Our goal is to encourage companies to operate in alignment with a sustainable society, rather than at its expense.

Policy: Principles for Engaged Company Ownership

Our policy document *Principles for Engaged Company Ownership* explains the foundation of how our engagement work ensures continuous dialogue with the board and management of our investee companies.

Through this we aim to address identified adverse societal or environmental impacts; tackle strategic challenges and governance failures; and safeguard and enhance our clients’ capital.



The failure of asset owners and managers to properly monitor and challenge executives is widely recognised as a structural weakness in capital markets. A passive approach to ownership can lead to:

- Misallocation of capital.
- Unaddressed externalities that harm stakeholders and the broader economy.
- Lack of accountability at the executive level.
- Short-termism at the expense of long-term value creation.

Prioritisation of engagements

Our long-term priority engagement initiatives are described in **Disclosure A**. These priorities are reviewed by the Stewardship Steering Committee (SSC) on an annual basis. They drive our stewardship activities.

Engagement is resource-intensive, requiring us to focus on the cases that are the most urgent and impactful. We prioritise company engagements based on several key factors:

- **Size of our holdings.** This considers both equity and debt exposure (our approach to fixed income is discussed later in this Principle).
- **Severity of the adverse impacts.** We assess the significance of the impact the company has on environmental, social or governance factors, in terms of the harm caused.
- **Materiality of ESG concerns.** We assess the potential financial consequences of the ESG adverse impacts for the company's outlook and earnings.
- **Ripple effect potential.** We evaluate our ability to drive meaningful change, such that our engagement catalyses more sustainable market behaviour. In some instances, we engage with companies we do not hold, if we identify an opportunity to have a ripple effect across an industry or market. Our ongoing engagement with Shell is an example of this, forming part of our market-wide efforts outlined in **Principle 2** of our **2025 Activities and Outcomes Report**.

Our priority engagements are recorded in initiative watchlists, specific to each initiative, that we update at least annually.

To help guide prioritisation at an initiative level, we may draw up targeted policies and action plans. Two examples are our Net Zero Action Plan and our Human and Labour Rights Policy described in the case studies on the following page.

Case study: Moving on with our Net Zero Action Plan

Having become a founding signatory of the Net Zero Asset Managers Initiative (NZAM) in 2020, we published our *Net Zero Action Plan* in February 2022. This document outlined our strategy for aligning our investment activities with the goals of the 2015 Paris Climate Agreement, taking into account our over-riding responsibility to deliver long-term financial performance for clients.

The starting point for our Action Plan is that ensuring climate stability is a key prerequisite to delivering sustained financial returns for clients, and thus the two goals are inextricably linked.

In early 2025, NZAM suspended its activities pending a review in response to pressure from US-based asset managers under fire from the Trump Administration. We published a *statement* in February reiterating our ongoing commitments, and in December 2025, published a *statement* setting out our intention to review our commitment and Action Plan in line with the forthcoming revisions to the NZAM, anticipated in early 2026.

In our statement, we reiterated that our approach prioritises real-world decarbonisation through active engagement with companies and policymakers, rather than relying on divestment to achieve financed emissions targets.

See **Principle 4** for further details on our voting approach and use of proxy advisers.



Case study: Human & Labour Rights Policy

Human rights risks have become increasingly material for companies and long-term investors alike.

Supply chain complexity, regulatory scrutiny, reputational risk, and shifting geopolitical pressures mean that businesses must be able to demonstrate robust human rights practices. Further, human rights risks are ever-present for companies. For example, according to the *International Labour Organisation*, an estimated 27.6 million people were trapped in forced labour globally in 2021, generating around \$236bn in profits each year.¹

Regulatory requirements for strong human rights and labour standards have increased in recent years. The EU Corporate Sustainability Due Diligence Directive, the UK and Australian Modern Slavery Acts, the US Uyghur Forced Labour Prevention Act, Germany's Supply Chain Due Diligence Act, and France's Duty of Vigilance Law are important examples. Companies need to identify and address risks across their value chains. Non-compliance can result in fines, legal liability, exclusion from procurement contracts, and reputational damage.

Against this backdrop, Sarasin & Partners published a *Human and Labour Rights Policy* in late 2025 to provide a clear articulation of what we expect from companies in their own operations and value chains.



¹ www.ilo.org/publications/major-publications/profits-and-poverty-economics-forced-labour

The policy brings together various standards and recommendations from existing international frameworks, including:

- *The UN Guiding Principles on Business and Human Rights*
- *The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*
- *The International Labour Organisation (ILO) Core Conventions*

Combining these international frameworks with the learnings from our own engagement work, we set out expectations under three categories:

Human rights

- Policy/statement
- Due diligence
- Grievance channel

Labour practices

- Diversity and inclusion
- Wages
- Health and safety

Geographic and commodity-specific considerations

- Conflict-affected and high-risk areas
- State-imposed forced labour
- High-risk commodities
- Indigenous peoples

We embed illustrative examples of good practice from companies for each category, demonstrating how strong practices can be tailored to a company's business model and structure, location, supply chains, and strategy.

The policy provides clients, investee companies, and other stakeholders with clarity on our commitments, our engagement approach and the standards we expect of companies.

Limitations in certain markets and companies

Our ability to exercise ownership responsibilities varies across jurisdictions due to differences in legal frameworks, corporate culture and market practices. We cannot always expect the same level of access or influence over company leadership in every region where we invest.

Another challenge is diffuse ownership, where our clients' holdings represent only a small percentage of a company's total issued share capital. In cases where board access is reserved for only the largest shareholders, our ability to engage directly with leadership may be constrained.

Our ownership discipline

Policy: Our Ownership Discipline

To ensure rigour, consistency and impact in our ownership work, we apply a structured *Ownership discipline*.

This document outlines the steps we take as an active owner on behalf of our clients, from the point of investment through to monitoring, voting, engagement and escalation when necessary. Our process ensures we remain results-oriented and disciplined in our stewardship activities. It also defines clear criteria for cases where inadequate company action may ultimately lead to a sale of our position.



Early ownership

After purchasing a material stake in a company, we initiate engagement by writing to the company's leadership, typically the chair or, where the chair is not independent, the lead independent director (LID). This introduction serves to:

- Outline our investment thesis.
- Identify key areas for engagement.
- Establish a foundation for ongoing dialogue.

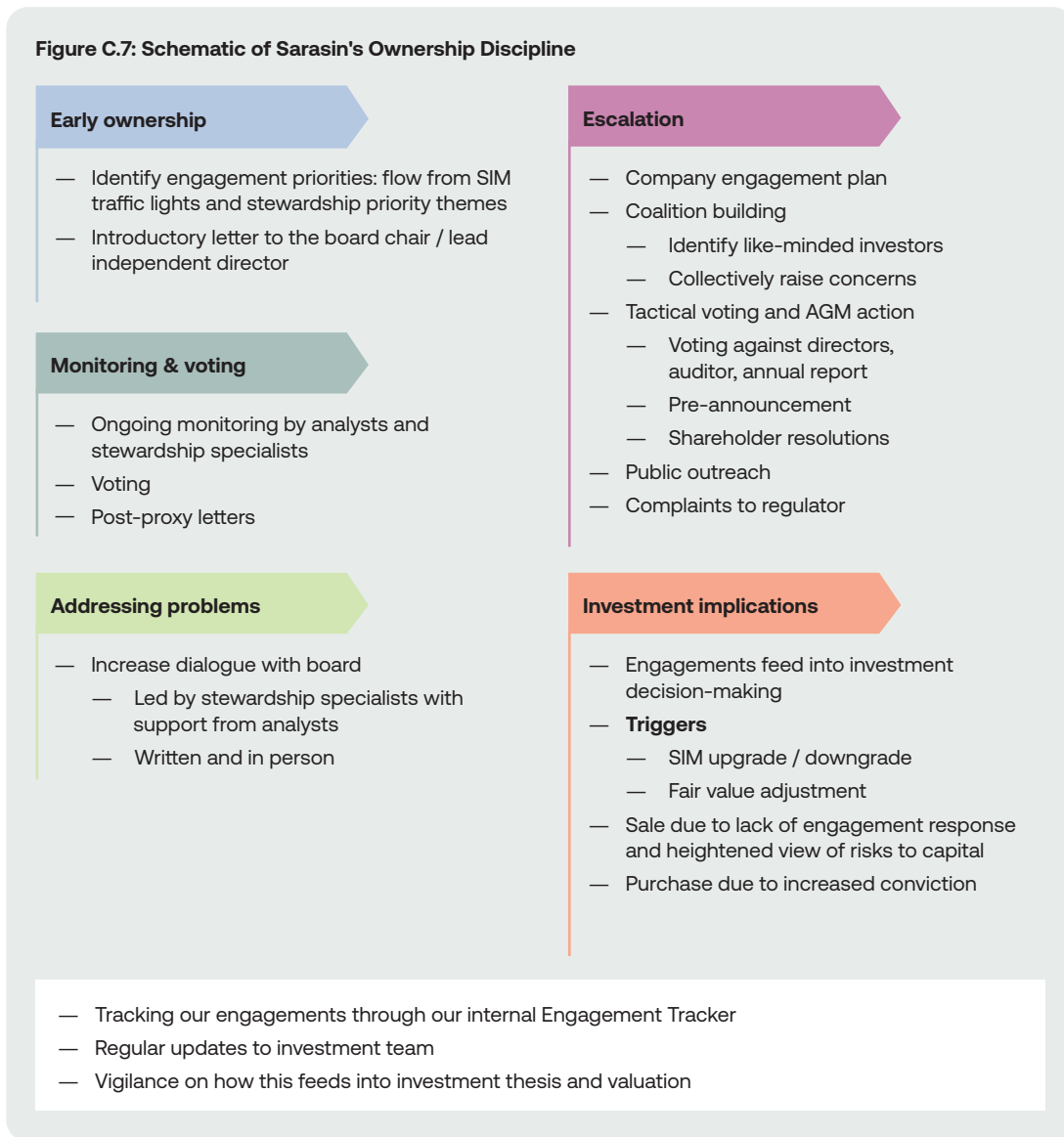
We set a minimum investment threshold for engagement, ensuring we focus efforts where our clients have a material exposure.

Monitoring and voting

Our ongoing monitoring includes regular interactions through calls and face-to-face meetings with senior executives, the company chair or LID, and other non-executive and independent board members. We exercise our votes according to our *Corporate Governance and Voting Guidelines*. However, if a strict application of our policy produces an unintended outcome, we will override it and document our rationale.

By integrating voting into our broader engagement process, we ensure it serves as a meaningful tool for influencing governance decisions (see **Principle 4** of our **2025 Activities and Outcomes Report**).

Figure C.7: Schematic of Sarasin's Ownership Discipline



Addressing problems

When concerns arise, we take a measured approach:

- Conduct an initial investigation, gathering information from third-party sources and the company itself.
- If required, raise concerns with the board, often in the form of a letter. For example, after the end of each voting season, we inform companies that are on our concerns-related watchlists about our latest votes, their rationales, and the expectations for change. We suggest a call or a meeting to discuss them, and this often kickstarts another annual engagement cycle.
- Determine whether escalation is necessary.

Escalation

If an issue remains unresolved and we determine that our clients' interests are at risk, we will assess whether to escalate our engagement or exit our position. When escalation is required, we develop a structured engagement plan that defines the objective, outlines the steps to be taken and sets a timeline for progress.

There are several ways we may escalate our approach. We may seek to form a collective shareholder engagement to increase pressure on the company's board. Where concerns persist, we may exercise our voting rights against directors or auditors. In cases where management fails to act on material issues, we may file shareholder resolutions to bring concerns to a wider audience at the company's annual general meeting.

Public outreach is another tool we use, ensuring key stakeholders are aware of governance or sustainability failures that may impact long-term value. If necessary, we may also lodge formal complaints with regulators, highlighting issues that could have wider market implications. In extreme cases, we may consider litigation as a means of holding companies to account.

Before proceeding with any escalation, we ensure that all the necessary internal communication, governance reviews and legal checks are in place. (See **Principle 3** of our **2025 Activities and Outcomes Report** for more details and examples of this approach.)

Outcomes

We track the progress and outcomes of our engagements in two key areas.

Company impact. The first measure of success is whether an engagement has resulted in a meaningful behavioural change within the targeted company. When we see a moderate step forward, such as a commitment to address the issue, we classify this as a 'milestone'. If an interim target is met, we record it as an 'impact'. Where the engagement achieves its full objective, it is marked as 'goal achieved'.

These definitions are outlined below.

Engagement outcome tracking

- We use an internal data management system (our Engagement Tracker) to record all engagement activities. A key feature of this system is the ability to track engagement outcomes at three levels.

Milestone

- A moderate step towards achieving the goal, such as management acknowledging our concerns and outlining a plan to address them or taking initial action.

Impact

- Significant progress, demonstrating that we are meaningfully closer to achieving the goal, such as a public announcement or strategic shift.

Goal achieved

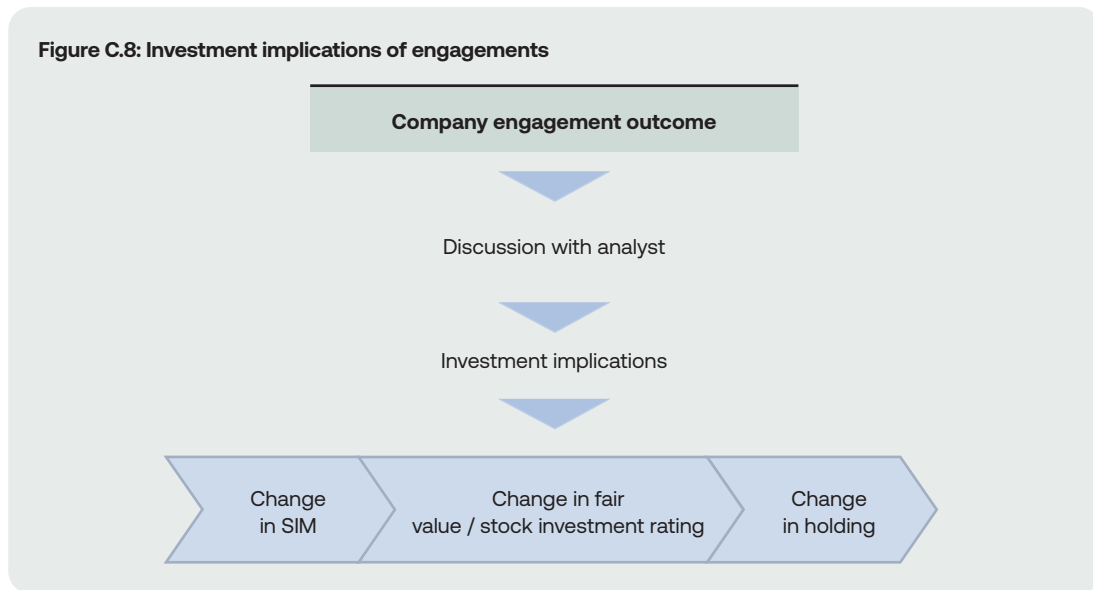
- The original goal has been met. At this stage, we may either close the engagement or allow additional time for monitoring before concluding.

Our proprietary Engagement Tracker enables portfolio and firm-wide client and regulatory reporting, as well as communication on engagement progress and achievements. Additionally, it enhances the effectiveness of our stewardship work by providing a centralised and accessible system to support:

- Voting decisions: ensuring alignment with ongoing engagements.
- ESG assessments: incorporating insights from engagement activities.
- Investment decisions: factoring in relevant engagement progress.

Crucially, the tracker maintains supporting documentation, such as correspondence, to provide evidence of reported progress.

Investment implications. Beyond company-level change, we assess whether engagement outcomes or other insights gained have implications for our investment thesis and holdings. When an engagement goal is met, this is typically reflected in an upgrade in the relevant SIM measure (see **Principle 1** of our **2025 Activities and Outcomes Report**), prompting a review of key valuation assumptions. If this leads to a change in the stock’s investment rating (strong buy, buy, hold or sell), it will influence buy and sell decisions within individual investment strategies (see Figure C.8 for more detail).



Sell discipline

In some cases, challenges in an engagement will lead us to sell our investment. While we are committed to fulfilling our clients' ownership responsibilities, we also recognise the limits of our influence, whether acting alone or as part of a broader investor coalition. There will inevitably be situations where our ability to drive meaningful change is constrained, or where we fail to achieve the intended objective.

Even when an engagement is progressing well, we may still decide to sell if new information emerges that alters our investment case or if the share price rises to an unsustainable level.

The long-term nature of engagements must always be balanced with the need to take swift and decisive sale decisions when circumstances change. The portfolio manager retains the final decision on whether to sell, ensuring that it is made with a full understanding of ongoing dialogue and expectations for progress. The rationale for any sale is documented in the final sell instruction.

Our voting policy supports our approach to stewardship

Policy: *Corporate Governance & Voting Guidelines*

To ensure sound corporate governance, we believe investors must fulfil their responsibility to monitor and hold executives to account. A key mechanism for this is exercising voting rights.

Our *Corporate Governance and Voting Guidelines* reflect our views on key governance issues, including:

- Board structure, composition and effectiveness.
- Executive remuneration.
- Audit, accounting and internal controls.
- Capital structure and shareholder rights.
- Common environmental and social resolutions.



We vote on behalf of 80% of our AUM. When onboarding new clients, the client manager confirms whether the client wishes to delegate voting to Sarasin & Partners. If they do, voting instructions are passed to the operations team, which sets up the appropriate accounts with our proxy provider, ISS. The operations team also conducts checks on accounts with delegated voting rights twice a year.

Clients who delegate voting to us cannot override our policy, but they may request that we apply an alternative policy on their behalf. Only two of our clients have opted for an alternative policy.

We review voting guidelines annually to ensure they reflect evolving best practices. In December 2025 we updated our voting policy and in early 2026 we published a summary of these changes on our website.

Since 2018, we have integrated targeted governance and voting expectations related to our Net Zero commitments for our Climate Amber List holdings. Our approach is described in more detail below.

Case study: Net Zero Voting Policy

Our Net Zero Voting Policy has been in place since 2018, as a core part of our stewardship efforts to align with the Paris Agreement goals on climate change. This policy embeds climate considerations into our voting decisions, holding directors and auditors accountable, and informing our approval of companies' remuneration and financial statements.

The policy applies to entities we consider most materially exposed to climate risks (our Climate Amber List). These are entities where we expect boards to enhance resilience by adjusting their strategy, capital expenditure and governance structures to align financial reporting and remuneration with climate goals (see **earlier in this Disclosure** for Climate Amber List criteria).

As with all our core initiatives, these voting decisions are integrated into our broader engagement plans with investee companies (see **Principle 3** on escalation and **Principle 4** on voting in our **2025 Activities and Outcomes Report**). We also continue to advocate for more impactful voting among our peers through public statements, webinars and our involvement in the Institutional Investors Group on Climate Change (IIGCC) proxy adviser engagement workstream (see **Principle 2**).

Voting implementation and review

We use ISS, a proxy advisory firm, to implement our voting policy, though we do not adopt their default voting policy. We monitor voting recommendations through a manual review process, particularly for:

- Items requiring case-by-case consideration, such as shareholder resolutions.
- Controversial votes such as votes against board proposals.
- Votes linked to any ongoing engagement with companies on our core buy lists.

We review ISS's performance on an annual basis and discuss with them any situations where we have concerns about their implementation of our voting policy.

Our voting principles tend to be more robust than ISS's default policy, leading us to vote against board proposals more frequently, particularly on director elections, remuneration, accounting and audit resolutions. During a typical voting season, we would vote against management on at least one resolution in **over 90%** of companies on our core buy lists and deviate from ISS's default policy on **over 20%** of resolutions.

Voting process

Voting decisions are embedded within our asset management team, rather than handled in isolation by the stewardship team. This ensures we make well-informed decisions, particularly in more complex cases. Additionally, we believe that insights gained from voting and engagement enhance our investment decision-making, as outlined under **Principle 4**. For example, if we vote against directors or remuneration, this informs the governance pillar of our SIM assessment for that entity.

During proxy voting season, when our voting policy is expected to result in a vote against an investee company, or if an item is referred to us for further consideration, an ISS alert is sent to the company's research analyst, portfolio manager and, in the case of a referred item or company on our active engagement list, the stewardship lead.

These individuals review the vote to determine the best course of action in our clients' interests. As part of this process, we will consider:

- Our engagement experience with the company.
- Company disclosures.
- Research from ISS, MSCI ESG and other independent sources.
- Relevant stakeholder views, including those of government officials, non-governmental organisations and other investors.
- Additional inputs from the company or co-shareholders, where necessary.

While our voting policy provides clear guidelines, we do not apply it rigidly. It is impossible to anticipate every scenario, so we retain the ability to diverge where it is in our clients' best interests. For example, in certain cases, the spirit of our policy may require a different approach. Similarly, if we have an ongoing dialogue with a company and believe that voting against the board could be counterproductive, we may adjust our vote accordingly. Any deviations from policy are clearly justified in our voting notes.

Fixed income

Although creditors do not have voting rights at company AGMs, they exercise bondholder rights and responsibilities in several ways:

Pre-issuance engagement

Before a bond is issued, creditors engage with issuers to assess key aspects of the issuance. As outlined in **Principle 3** of our **2025 Activities and Outcomes Report**, we frequently meet with management to discuss the prospectus, as well as other key agreements such as indentures, security trust deeds and intercreditor agreements. These define terms relating to:

- Coupon payments.
- Redemption terms.
- Covenants, including debt leverage limits.
- Reporting schedules.
- Issuer and bondholder rights.
- Voting rights for amendments.

In these discussions, we assess creditworthiness, management strategy and disclosure commitments. ESG factors also play a role, particularly for green bonds, where we closely scrutinise the use of proceeds and integrate ESG analysis into our investment decision.

Vote on major corporate actions

Creditors can vote on major corporate actions, which serves as a key point of influence. Approval thresholds are typically around 75%, making bondholder votes crucial in shaping outcomes.

We conduct detailed due diligence on any proposed amendments to indentures we hold, particularly when changes could weaken investor protections. Votes are determined on a case-by-case basis, ensuring the best outcome for our clients. For example:

- If an amendment offers an early tender at advantageous pricing or is due to accounting changes, we typically approve.
- If a proposal weakens bondholder protections, we may oppose it.

Ongoing monitoring and engagement

As credit investors, we continuously review indentures in light of an issuer's creditworthiness to mitigate default risks and protect bondholder interests. Key activities include:

- Assessing the value of issuer assets backing bond indentures.
- Monitoring covenant compliance to avoid breaches.
- Analysing issuer publications and conducting financial modelling.
- Engaging directly with issuers and the wider investment community.

By maintaining active monitoring and engagement, we ensure that bondholder rights remain protected and that issuers uphold their financial and ESG commitments. In instances where we hold both equity and credit securities in an issuer, and concerns are identified, we will conduct a joint engagement, providing a long-term investor perspective.

Pillar 3. Systemic stewardship to drive positive market-wide change

Systemic Stewardship refers to our policy and market outreach, a core pillar of our stewardship approach. While company-level engagement can be impactful, in many cases market failures are system-wide and require a more holistic approach to make a meaningful difference.

Where we identify market practices or policies that cause adverse impacts and inhibit sustainable economic growth, and where we believe we can drive positive change, we engage to promote improvement.

Climate change is a key example. Through our investment process, we:

- Conduct detailed climate risk and opportunity analysis to protect clients' assets from expected transition and physical impacts.
- Seek evidence of meaningful efforts to drive decarbonisation.
- Identify investments that are positively exposed to climate solutions.

However, insulating client portfolios from climate risks does not address the crisis itself. Given the scale of the threat, system-wide solutions are needed to protect assets from the damaging effects of climate change.

This is where our policy outreach plays a role. We focus on broader market dysfunction and seek to accelerate action on climate change. To maximise impact, we collaborate with others and engage directly with policymakers.

As noted, insights gained through our systemic stewardship inform and strengthen both our company engagement and investment analysis.

Systemic stewardship requires prioritisation, tenacity and resourcing

We believe corporate behaviours that cause harm to society will ultimately damage our clients' interests. Our focus is to help prevent this wherever possible. It often requires policy outreach efforts, coordinated with other market participants.

Policy and market outreach can take years to deliver results. To be effective, we need to remain tenacious and focused on outcomes. This means being prepared to escalate issues when necessary, even when doing so is uncomfortable.

At the same time, we must recognise when to step back. If our resources and attention would be better spent elsewhere, we pause our outreach activities, whether due to limited opportunities to influence public debate or competing priorities. However, we continue monitoring progress and re-engage when the opportunity arises.

Effective policy outreach requires:

- Deep expertise and sound judgement.
- A diverse range of skill sets.
- Strong analytical capabilities.
- Persuasion and negotiation expertise.
- An understanding of what drives system change and the willingness to act.

Our market outreach priorities

Since we cannot act on every issue, we focus on those that are most damaging and urgent, and areas where we have a realistic chance of driving change. We link them to our more general stewardship priorities that we outline in **Disclosure A**.

In recent years, our key policy and market outreach priorities were:

1. **Net zero policy support.** Promoting policies and market practices that will support a shift in capital deployment to support decarbonisation.
2. **Paris-aligned accounting and audit.** Ensuring support for the achievement of limiting global warming in line with the Paris Climate Agreement goals.
3. **Accounting and audit reform.** Promoting reliable accounts and robust and transparent audits that underpin corporate accountability and capital protection.
4. **Human and labour rights.** Improving controls across the value chain to eliminate abuse, enhance productivity and support sustainable growth.
5. **A responsible approach to technology.** Addressing harmful social consequences, including the malicious use of AI, misinformation and risks of investment bubbles.
6. **Active and informed voting by investors.** Encouraging peers to use their votes on routine AGM resolutions relating to director and auditor appointment, as well as financial statement approval, to underpin shareholder accountability and effective capital markets.

We determine our priorities based on three key criteria:

- **Materiality.** We focus on issues that have the greatest impact on protecting and enhancing capital, recognising that harmful externalities imposed on society and the environment ultimately threaten financial performance.
- **Potential for impact.** We concentrate on areas where we can drive demonstrable change, leveraging our expertise, insight and a clear vision for the reforms when required.
- **Client preference.** We engage with clients regularly through meetings, conferences and other communications to understand their areas of interest and concern.

Working with others to drive sustainability

Collaborating with like-minded investors allows us to amplify our voice. Sometimes, engagements get more effective when they are done collectively. Further, through working with civil society and research organisations, we can share and gain knowledge and take part in wider campaigns seeking positive change at company, industry and market levels.

Figure C.9: A selection of external initiatives we lead and support

Environmental

- Institutional Investors Group on Climate Change (IIGCC): we co-chair two working groups (see below) and are members of the workstream on proxy advisers.
- Paris-aligned accounting and audit: we co-chair this initiative in coordination with the IIGCC.
- Net Zero Banking Initiative: we co-chair this in coordination with IIGCC.
- Net Zero Asset Managers Initiative (NZAM).
- Climate Action 100+: we are a co-lead engager on Unilever and part of the engagement team for Rio Tinto and Air Liquide.
- Say on Climate initiative pressing for votes on climate transition plans at UK-listed companies.
- Transition Finance Council's (TFC) Working Group on Long-Duration Energy Storage (LDES).
- Nature Action 100+: we are part of engagements with Kimberly-Clark and Home Depot.
- Ellen MacArthur Foundation Plastics initiative.
- Plastic Solutions Investor Alliance.
- GREEN Global Real Estate Engagement Network.

Social

- Investor Alliance on Human Rights (IAHR).
- Interfaith Centre on Corporate Responsibility's Advancing Worker Justice Programme.
- ShareAction's Good Work Coalition.
- Find It, Fix It, Prevent It: Modern Slavery Initiative.
- Farm Animal Investment Risk and Return (FAIRR): we engage on working conditions.
- World Benchmarking Alliance's (WBA) Collective Impact Coalition (CIC) on Ethical Artificial Intelligence.
- Global Network Initiative: we are members of the Case Studies Working Group and the Assessment Review Task Force.

Governance

- International Corporate Governance Network: members of the Global Policy Committee.
- UK Corporate Reporting and Auditing Group. Stakeholder Advisory Council for: International Audit and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA).
- PRI Engagement Group on Staggered Boards: we led the launch in 2025.

*More details on the implementation of the current priorities and collective policy initiatives can be found in **Principle 2 of the Activities and Outcomes Report**.*

Reviewing our policies, processes and reporting

Our Stewardship Steering Committee (SSC) reviews our stewardship policies on an annual basis, assessing their effectiveness. Policies and processes can be reviewed more often if major changes are being considered or developed.

Recommendations are made to the Asset Management Committee.

For example, in 2025, the SSC fulfilled its routine duties, including:

- Approving the 2024 Stewardship Report.
- Approving our updated 2025 stewardship policies, including our Corporate Governance & Voting Guidelines.
- Reviewing stewardship and ESG integration achievements for 2024 and approving 2025 priority initiatives.
- Approving the Human and Labour Rights Policy.
- Approving the NZAM update.

Our risk department routinely reviews portfolios across a range of risk measures, including ESG characteristics and adherence to ESG-related restrictions within specific strategies.

Our internal auditors, who report directly to our board, periodically review our asset management activities. This independent review is a key part of our control framework, ensuring we maintain rigorous standards and identifying any areas requiring action.

The first internal audit of our ESG and stewardship processes took place in late 2022 and resulted in recommendations to enhance our control framework. In response, we developed additional internal process documents in 2023 to ensure our procedures and controls align with our commitments. As of 31 December 2025, no outstanding recommendations remain.

We also obtain an annual independent audit opinion from Deloitte LLP, which provides assurance that our proxy voting activities adhere to the standards set by the Institute of Chartered Accountants in England and Wales under AAF 01/06 guidance.

Client feedback. In addition to our publicly available policies, we provide clients with regular ESG and stewardship reports related to their holdings. We actively seek feedback on our performance and areas for improvement, which is reviewed and acted upon where appropriate. Further details are provided under **Principle 1 of our 2025 Activities and Outcomes Report**.

Assurance of this report. The SSC reviews our annual Stewardship Report to ensure it is fair, balanced and understandable. The report is further reviewed and formally approved by the Executive Committee and the Sarasin & Partners LLP Board before being signed by the Managing Partner and the Head of Stewardship.

We have not yet undertaken an independent third-party assurance of this report.

Disclosure D

Conflicts of interest

Sarasin & Partners seeks to act in the best interests of all clients when deploying capital, voting on their behalf and engaging with companies and policymakers.

Conflicts of interest may arise from time to time, such as when voting or engagement could affect a client or member of staff. We aim to identify, record and manage any conflicts fully and fairly.

Our approach to managing conflicts is based on our *Conflicts of Interest Summary*, which we review annually, usually in February. Conflict-mitigating measures include:

- A Conflicts Management Group (CMG) responsible for assessing actual and potential conflicts and ensuring a fair, non-discriminatory and consistent conflict management process.¹
- Periodic employee conflict attestation and training to reinforce awareness and compliance.
- Formalised *Corporate Governance and Voting Guidelines* to ensure a consistent approach to voting across investee companies on behalf of clients who have delegated voting to us.
- Ethical walls, which are internal barriers between client and investment teams to prevent undue influence.
- A dedicated Stewardship team to ensure consistent application of stewardship policies, acting as a control on potential conflicts of interest within client or investment teams.

To ensure conflicts of interest are properly handled, we follow a structured process that includes:

Conflict identification. We remain alert to potential conflicts at all stages of our investment process, including security selection, voting analysis, engagements and policy outreach. This awareness is reinforced by annual mandatory training for staff on our internal *Conflicts of Interest Policy*.

Initial assessment and escalation. If a potential conflict is identified, the relevant individual must report it to the CMG immediately, providing an initial assessment of the conflict and any proposed mitigating measures.

Formal assessment and logging. The CMG, which includes representatives from across the business, independently reviews the potential conflict and evaluates the proposed mitigations. If the proposed actions are deemed insufficient, the CMG will recommend further steps to ensure the conflict is properly managed. Once confirmed, the conflict and agreed mitigations are recorded in the conflict register, which the CMG reviews periodically. Minutes of the CMG meetings are shared with the Executive Committee.

In the year under review, our staff members reported 38 potential conflicts to the CMG. Most cases involved staff members undertaking external interests outside their roles at Sarasin & Partners. The CMG assessed all cases and determined that none posed a material conflict. These have been recorded in the conflicts register. No stewardship-related conflicts were reported to the CMG in 2025.

¹ The Conflicts Management Group includes heads of legal, compliance and risk functions, as well as representatives from business areas that may be affected by potential business-related conflicts.

Potential conflicts that arise in our investment and stewardship activities

Conflict	Example	How we manage the conflict
<p>Individuals on the board of a company we engage with or vote on may have a commercial relationship with Sarasin & Partners.</p> <p>As our voting and engagement activities require judgement (and in certain circumstances we may override our <i>Corporate governance and voting guidelines</i>), there is a risk that conflicts of interest could influence these decisions.</p>	<p>Where a client (such as a charity trustee) serves on the board of a company we hold, and we intend to vote against their directorship due to governance concerns (such as inadequate board independence), we may face pressure to reconsider this decision.</p>	<p>The primary mitigation tool is awareness of such conflicts, reinforced by our compliance team and ongoing education on rules of conduct. When this conflict arises, it will be escalated to the CMG for review.</p>
<p>In a merger and acquisition (M&A) scenario involving companies in our portfolios, we may hold the shares of the acquirer and the target in different funds.</p>	<p>In this situation, if we believe the potential acquisition may be detrimental to the shareholders of either the acquirer or the target, there is a risk that our engagement or voting activities could be influenced by the interests of one fund (or its clients) over another.</p>	<p>In M&A situations, we will always cast our votes in the best interests of the respective client mandates. If a conflict arises, we will escalate it to the CMG with a mitigation proposal based on the fair treatment of clients.</p>
<p>Where our clients are unit holders in our funds or those of our parent, J. Safra Sarasin Group, we are an interested party in all voting situations.</p>	<p>Where a client has delegated voting rights to us as their discretionary manager, we can vote on routine governance and administrative matters related to Sarasin funds and those of our parent. The most apparent conflict arises in situations where voting involves decisions on fund fees.</p>	<p>This embedded conflict is already recorded with the CMG. We manage it by restricting our vote and, where we have voting responsibility, seeking instructions from our clients on matters with a financial impact, such as fund fee increases.</p>
<p>We manage both fixed income and equity funds, and in certain circumstances the interests of shareholders may conflict with those of the bondholders.</p>	<p>A common example of conflict between shareholders and bondholders in the same company arises when an executive team proposes large-scale share buybacks or dividend payments, potentially weakening the company's resilience to external shocks. Where shareholders may support the cash distribution, it could increase credit risk for bondholders.</p> <p>Conversely, if a company issues a bond with bondholder-friendly covenants (such as dividend lock-ups, change of control puts or coupon step-ups), these measures may disadvantage shareholders.</p>	<p>If this conflict arises, we will escalate it to the CMG with a mitigation proposal that ensures a fair balance of interests.</p>
<p>We manage ESG and stewardship-tilted strategies where investment decisions are influenced by our Sustainability Impact Matrix (SIM) ratings or other stewardship assessments. In certain circumstances, portfolio managers may seek to influence the SIM or stewardship assessment process to affect their ability to hold or exclude specific securities.</p>	<p>Our Responsible Multi Asset strategy cannot hold securities deemed to cause a significant adverse impact on any environmental or social factors assessed through the SIM framework, which limits its investible universe. As a result, analysts may face pressure to adjust SIM ratings to allow for investment.</p>	<p>If proposed changes to SIM ratings could affect the investible universe for impacted strategies, the stewardship team will provide an independent assessment. Where necessary, we will escalate the matter to the CMG.</p>
<p>Our staff or clients may have personal relationships with the companies we engage with or vote on. Since our voting and engagement activities require judgement (and in certain circumstances may override our <i>Corporate governance and voting guidelines</i>), there is a risk that conflicts of interest could influence these decisions.</p>	<p>A fund manager may have an external relationship, such as a shared trusteeship of a charity, with board directors or executives of a company we hold.</p>	<p>If this conflict arises, we will escalate it to the CMG. Mitigation measures may include assigning another team member to lead the engagement or voting process to ensure independent judgement.</p>
<p>Our clients and staff may attempt to influence our policy work, potentially compromising our independence in deciding which initiatives to prioritise.</p>	<p>We may be asked to refrain from policy outreach on audit or accounting matters if trustees of clients who work for audit firms object.</p>	<p>If any influence is exerted, we will escalate the conflict to the CMG.</p>
<p>Our engagement, voting or policy work may conflict with the interests of our parent group, J. Safra Sarasin Group, if it seeks to influence our process.</p>	<p>We may be asked to modify our vote for a director with close ties to our parent company or refrain from policy work that could affect our parent company.</p>	<p>If this conflict arises, we will escalate it to the CMG to ensure independence of judgement.</p>

Disclosure E

Dialogue with clients and/or beneficiaries

Regular, transparent two-way communication is central to ensuring we continue to meet our clients' needs. It also enables clients to understand how we act as effective stewards of their capital. Providing high-quality client service requires dedicated resources and ongoing engagement.

In this section we outline:

- How we meet the strategic needs of our clients.
- How we communicate with our clients.
- How we collaborate with our clients.
- How we seek client feedback.

Meeting the strategic needs of our clients

Our investment innovation is shaped by market trends and our commitment to serving clients within our core capabilities. In 2025, our newly launched Shariah Investment Service provides an example of how we respond to client demand by developing new investment solutions.

Case study: Shariah investment service

Our Shariah investment service is built on Sarasin's established global thematic investment philosophy, which identifies long-term structural trends shaping the world's future, ranging from demographic shifts and healthcare innovation to resource efficiency and digital transformation.

Each company is screened for compliance with Shariah standards, both by assessing the nature of the businesses and by analysing certain financial ratios. Where companies do not meet the Shariah criteria, they are excluded from the investable universe. In particular, the following screens are applied:

- **Business activity screening:** excluding companies which derive significant revenue from prohibited sectors such as gambling, alcohol, tobacco, weapons, adult entertainment, pork products and other prohibited industries.
- **Financial screening:** assessing companies which derive significant revenue from interest-based investments to ensure adherence to Shariah thresholds.

Companies which pass these two screening methodologies are considered for inclusion in portfolios.

How we communicate with our clients

Client meetings

In addition to quarterly performance reports, we aim to meet with clients at least once a year to present the latest investment report and our outlook for the period ahead. Between formal reporting periods, we remain available for ongoing discussions to address client questions as they arise.

We also host monthly Charity Forum lunches, providing prospective and existing clients with an opportunity to discuss:

- Key challenges in the charity sector.
- Emerging ESG and stewardship matters.
- How we can improve our investment offering.

Client education

We regularly host seminars and training events, including:

- Annual Spring Seminars.
- Autumn event for private clients.
- Charity Autumn Seminar for holders of our charity funds.
- Trustee training programmes, based on our *Compendium of Investment*, which we have published for over 20 years.

In 2025, we trained 427 trustees, an increase compared to 340 in 2024.

Our quarterly House Report

We publish a quarterly *House Report*, featuring industry comment, investment and stewardship insights.

For example, in *Q2 2025*, we shared why stewardship matters more than ever. In *Q3*, we examined how weakening the Public Company Accounting Oversight Board (PCAOB) could undermine market integrity, emphasising the importance of robust and independent audit, and in the same edition explored how investors can help shape the future of ethical AI. In *Q4*, we showcased our market outreach efforts, including hosting our second ethical AI seminar on strengthening corporate accountability, alongside an article on why markets need to rethink carbon accounting.

In 2025, these reports were distributed to

4,000 clients each quarter, via both email newsletters and print copies.



Client reporting

Bespoke stewardship reports

We produce bespoke stewardship reports for clients, detailing the ESG profile of their portfolios along with key stewardship activities and their outcomes. We plan to further improve the granularity and quality of insights provided in these reports as we move forward.

Quarterly client valuation reports

These reports provide:

- Performance summaries and attribution analysis.
- Full transparency on underlying securities, including ESG profiles.
- Progress summaries on key company and policy engagements.
- Key votes.

Clients investing in our pooled funds benefit from our look-through tool, offering full visibility of underlying securities.

We also provide an annual client-specific ‘Your Stewardship Report’ for clients that have requested more detailed reporting of Sarasin’s stewardship work across the year.



Website

Our website offers interactive and timely updates on our ESG and stewardship activities. Key features include:

- Quarterly voting disclosures.
- *Proxy Voting Dashboard* showing all our votes and their rationales for a given period and portfolio.
- Insights on company engagements and market-wide initiatives.
- Dedicated thought leadership on climate, audit, social and governance issues, including blogs and public statements.



Client portal

Our interactive online reporting service provides clients with on-demand access to portfolio information. The portal is widely used by clients with over **4,000 users** and **100+ daily logins**, increasing to 150+ during key valuation periods.

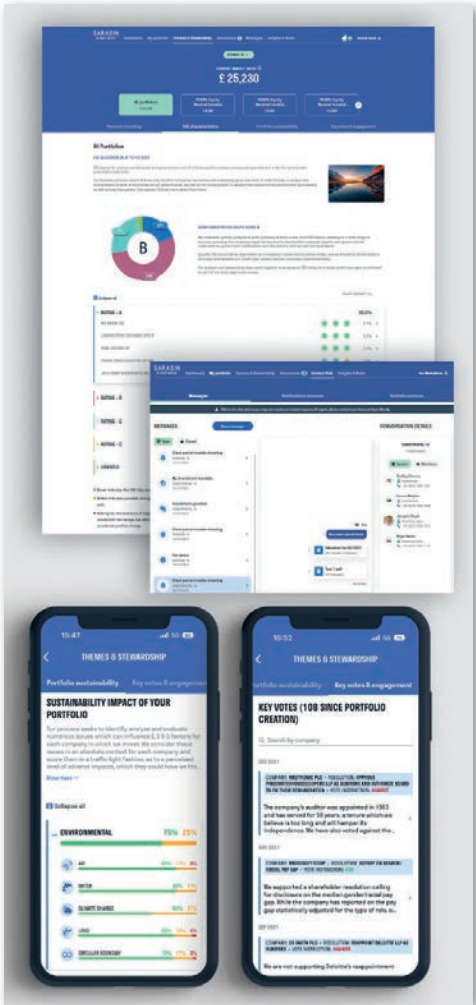
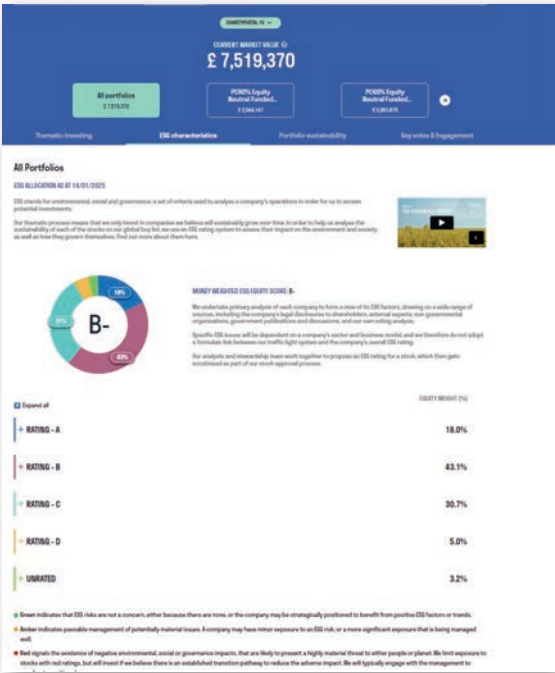
Key features include:

- Secure, customised access to portfolio information.
- Mobile-friendly design for seamless use across devices.
- Interactive performance reporting, including ESG data, voting records and engagement highlights.
- Personalised dashboards, allowing clients to prioritise key information (for professional advisers).

Through the Themes and Stewardship section, clients can view:

- Portfolio ESG profiles.
- Key engagements and voting records.
- Investment insights and market analysis.

The portal is available on desktop and mobile, via the *Apple App Store* and *Google Play Store*.



Social media engagement

We are present across LinkedIn. We have seen growing interest in our stewardship work during 2025, particularly our:

- Policy outreach on climate risks in bank balance sheets.
- Collaboration on developing ethical AI standards.

We also continue to invest in staff training, ensuring we provide relevant and insightful content to clients and stakeholders.



How we collaborate with our clients

We encourage clients to actively engage and support our stewardship process. They have the opportunity to:

- Sign up for open letters to auditors, regulators and companies.
- Participate more directly in engagement initiatives.

For example, in 2025 our collective letter to Meta (see **Principle 3** of our **2025 Activities and Outcomes Report**) was co-signed by 12 of our clients.

How we seek client feedback

Client satisfaction is a top priority. We continuously seek feedback through:

- Request-for-proposal (RFP) and due diligence questionnaire (DDQ) processes.
- Onboarding discussions.
- Regular one-on-one dialogue.
- Client gatherings and structured surveys.

These provide valuable insights into what clients value most about our stewardship approach, and areas where we can enhance our offering.

We conduct annual client surveys following our client seminars to better understand client priorities and perceptions. The findings from the 2025 survey are summarised below.

Figure E.1: Client Survey

Question	Strongly Agree or Agree
Sarasin’s credentials in stewardship and ESG investing were a key determinant in appointing them to manage my portfolio(s)	57%
I believe Sarasin is a market leader in stewardship, responsible and ethical investing	71%
I am well-informed about stewardship activities impacting my portfolio(s)	74%
I would be interested in co-filing shareholder resolutions/taking a more active part in our engagements	17%

The survey was conducted at the charity client seminar in 2025. We received 143 responses.

Source: Sarasin & Partners.

We regularly receive positive feedback from our clients on our stewardship work. Two such excerpts are provided below.

“Sarasin’s credentials in assessing environmental, social and governance factors were a key determinant in the Daughters of the Cross of Liege appointing them to manage their investments. I believe the firm is a market leader in responsible investing and feel well-informed about their stewardship activities.”

Jonathan Waterfield
Finance Director,
The Congregation of the Daughters of the Cross of Liege

“One of the reasons we appointed Sarasin was their approach to responsible investing, and their analysis of environmental, social and governance risks. They have demonstrated a willingness to tackle issues, and a determination to try and create a positive impact in areas that we, as a charity, are focused on improving the wellbeing of society which we care most about.”

Sarah Davidson
CEO,
Carnegie UK

Section 2

2025 Activities and Outcomes Report

How we put stewardship into practice

This section sets out how our stewardship approach is embedded across our investment activities, from decision-making and engagement to voting and market outreach to drive system change. Structured around the relevant principles of the UK Stewardship Code 2026, it explains how we integrate stewardship into our investment process, promote well-functioning markets, engage with companies and stakeholders, exercise our rights and responsibilities, and monitor the service providers that support our work.

Principle 5 is not included because we do not use third-party stewardship providers.



Principle 1

Integrating stewardship and investment

We integrate stewardship analysis throughout our investment process to support long-term value creation in the best interests of our clients.

This section demonstrates several examples of such integration from 2025.

Details on our investment philosophy and integrated approach are provided in **Disclosures A and C in our Policy and Context Disclosure Report**.

To provide assurance of the integrity of our stewardship work, this section outlines:

- The tools we employ to assess and report on the effectiveness of our stewardship work.
- Third-party reviews of different aspects of our stewardship work published in 2025.

Integrating ESG into investment thesis, valuation and portfolio construction

As outlined in our Context and Disclosure Report, Sarasin's investment philosophy starts with the identification of societal trends, such as ageing, security or climate change, where we look for companies that are well positioned to create long-term value. As such, businesses providing solutions to environmental and / or social challenges are core to all our strategies.

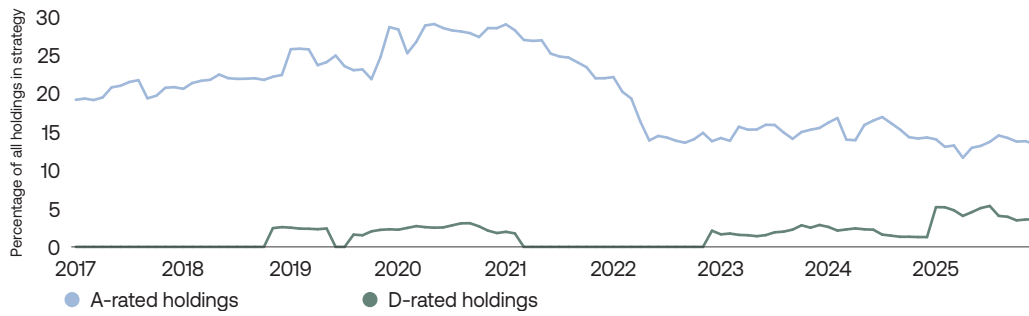
However, even where companies deliver positive value for customers, too often they also impose (often unintentionally) harmful impacts on society or the environment or adopt weak governance practices. Our integration of ESG considerations into bottom-up investment analysis aims to ensure we identify and understand these adverse impacts, and reflect any material consequences in our valuation models. This ensures ESG factors are considered in investment decisions.

We can point to a number of 'proof points' of our integration of ESG considerations in 2025, including:

1. The higher weights awarded to better ESG performers in our strategies (Figures 1.1 to 1.3 demonstrate this for 2025).
2. Examples of companies reduced or sold due to ESG concerns, including Linde, Doximity, Terna, UnitedHealth Group and Severn Trent (case studies are provided in later sections).
3. Stocks that were not purchased due to ESG considerations, including Southern Company, Sempra, WEC, Ameren and PPL Corporation.

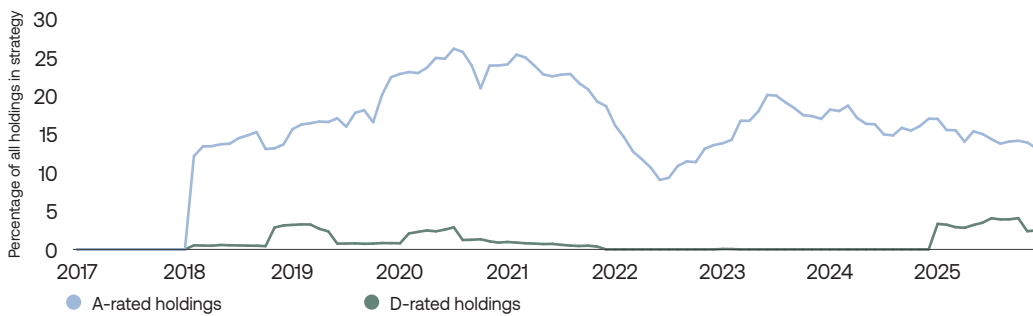
Relative size of A and D-rated holdings in Sarasin’s main investment strategies

Figure 1.1: Relative percentage holdings of A and D-rated stocks in Sarasin’s Thematic Global Equity Strategy



Source: Sarasin & Partners, 31 December, 2025.

Figure 1.2: Relative percentage holdings of A and D-rated stocks in Sarasin’s Climate Active Strategy



Source: Sarasin & Partners, 31 December, 2025.

Figure 1.3: Relative percentage holdings of A and D-rated stocks in Sarasin’s Global Dividend Strategy



Source: Sarasin & Partners, 31 December, 2025.

Evidence of how our ESG analysis impacts performance

Given the role that our ESG analysis plays in helping to shape our investment choices, an important measure of our stewardship effectiveness is long-term risk-adjusted investment performance.

To assess the effectiveness of our ESG integration, we conduct performance attribution to evaluate how ESG factors contribute to improvements or deterioration in financial performance.

The following sections outline our analysis of equity and fixed income holdings. However, it is important to note the statistical challenges inherent in such assessments, including:

- Limited data availability and the implications of sector-specific impacts.
- Short time-horizons of the data, which may not capture long-term trends.
- Distinguishing correlation from causation, a common challenge in financial analysis.

As a result, this analysis is completed on a best endeavours basis based on the analysis that we have conducted, it will be subject to refinement as data and methodologies evolve.

Equities

Given the statistical challenges noted above, we use three methods to quantify the value added by our ESG and stewardship work. These are described below.

1. Performance of A- versus D-rated ESG stocks

Since 2017, we have conducted ongoing analysis of our equity buy list, comparing the performance of market-cap weighted portfolios based on Sarasin ESG ratings (A, B, C and D) at the start of each month.

Our analysis found a positive correlation between our ESG assessments and stock performance. Companies with an ESG rating of A have generally outperformed those rated D, reinforcing our belief that strong ESG performance supports financial resilience. (See Figures 1.4 and 1.5 below.)

2. Investments sold due to ESG concerns

Another methodology we use to assess the impact of ESG integration for our equity holdings is evaluating the value added from investments sold explicitly due to ESG concerns.

Over the past year, examples of such sales include Equinor, Linde, Doximity, Shell, UnitedHealth Group and Terna. (See case studies on Doximity and Linde below.)

We examined the impact of stocks sold on ESG grounds during the last year. Figure 1.6 shows that, over 2025 aggregated from the point of sale, these stocks declined by an average of **17%** relative to the MSCI ACWI. This suggests that exiting these positions helped protect clients' capital.

However, as previously noted, this analysis should be interpreted with caution due to small sample sizes and other inherent limitations. We remain committed to refining our quantitative analysis to enhance its rigour and reliability.

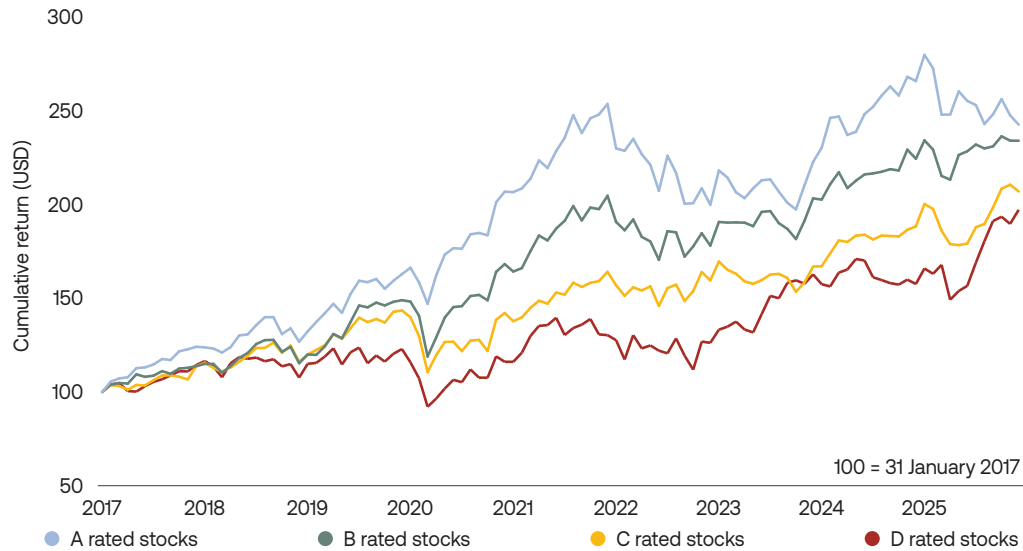
3. Value added from ESG rating changes

Noting that ESG rating changes are often influenced by engagement activity, we assessed the impact of changes to ESG ratings by reviewing if these changes led to:

- Changes to fair-value calculations.
- Buy/sell decisions (see **Disclosure C** of the **Policy and Context Disclosure** for details on how ESG factors are embedded in our investment decision-making).
- Performance outcomes in our five core strategies aligned with our expectations.

Through multiple analytical iterations (ensuring that portfolio decisions can be confidently attributed to ESG upgrades or downgrades), we have arrived at the statistics shown in Figure 1.7.

Figure 1.4: Performance of best and worst ESG-rated stocks in Sarasin’s internal equity buylist



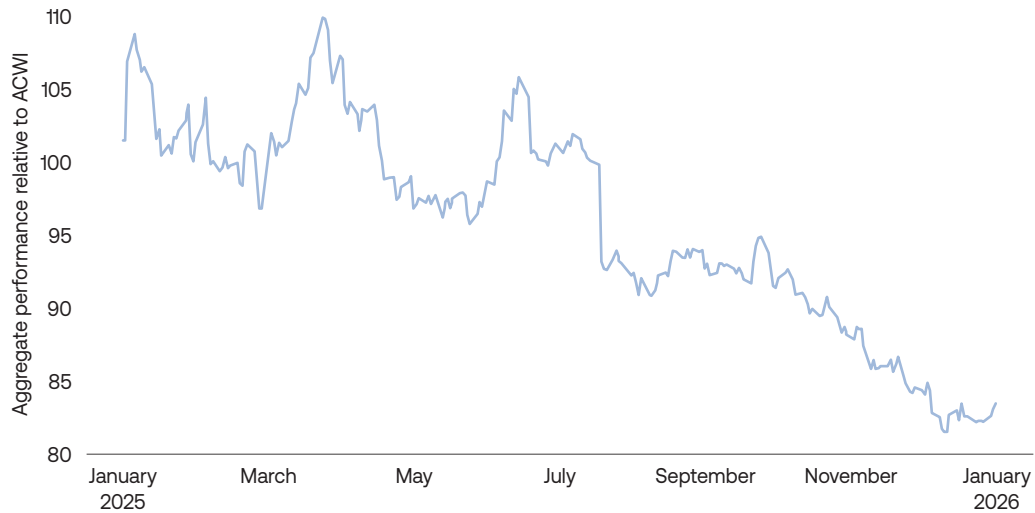
Source: Bloomberg, Sarasin & Partners, data as of 31 December 2025. Returns are in USD, gross of all costs. Each basket is constructed based on historical Sarasin ESG ratings and buy-list membership and does not represent the actual return of any portfolio or fund. Each rating basket is market-cap weighted and rebalanced at month-end. Past performance is not a reliable indicator of future results and may not be repeated.

Figure 1.5: Key performance metrics for A to D rated stocks (2017-2025)

Portfolio	Annual return (%)	Annual volatility (%)	Sharpe ratio	Max. drawdown (%)	Max. drawdown recovery (months)	Drawdown date
A rated stocks	10.90	13.53	0.81	22.19	10	2023-10-31
B rated stocks	10.48	13.34	0.79	20.20	5	2020-03-31
C rated stocks	9.06	13.08	0.69	22.93	12	2020-03-31
D rated stocks	8.93	15.98	0.56	25.53	12	2020-03-31
Buylist	9.73	12.56	0.77	19.42	8	2020-03-31

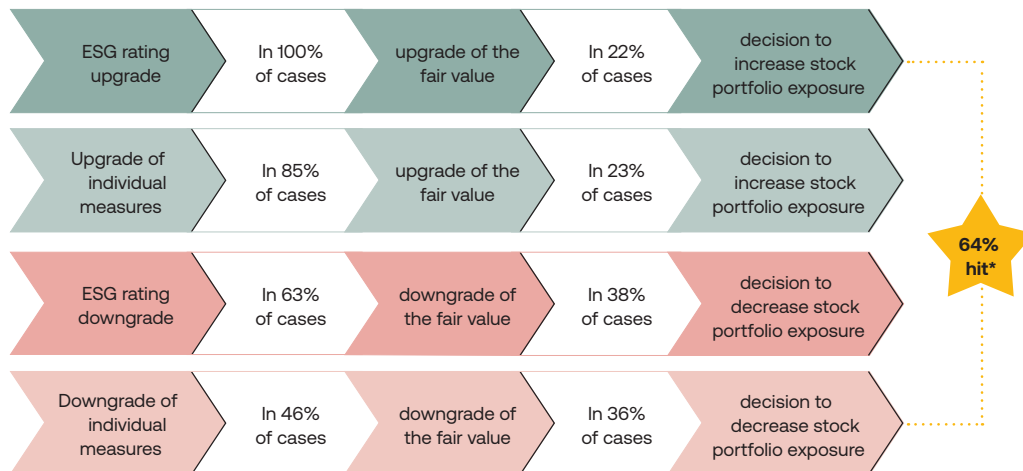
Source: Bloomberg, Sarasin & Partners, data period of 31.01.2017 to 31.12.2025. Returns are in USD, gross of all costs. Each basket is constructed based on historical Sarasin ESG ratings and buy-list membership and does not represent the actual return of any portfolio or fund. Each rating basket is market-cap weighted and rebalanced at month-end. Past performance is not a reliable indicator of future results and may not be repeated.

Figure 1.6: Relative performance of stocks sold on ESG grounds



Source: Sarasin & Partners analysis. Representative account shown for illustrative purposes.
 Note: This chart does not consider performance of these stocks relative to performance of Sarasin funds or buy-list, only the MSCI ACWI.

Figure 1.7: Hit analysis measuring where an ESG upgrade or downgrade is associated with a positive investment outcome (2023-2025)*



Source: Sarasin & Partners. Data is from January 2023 through December 2025.

*Note: A 'hit' refers to:

- A decision to add/buy a stock following an ESG rating upgrade, where the subsequent relative return over six months was positive.
- A decision to trim/sell a stock following an ESG rating downgrade, where the subsequent relative return over six months was negative.

Past performance is not a reliable indicator of future results and may not be repeated. Additionally, these are short-term periods, which may not align with the risk time horizon considered when making ESG rating changes. We aim to extend this analysis for longer timeframes. It is also important to note that ESG considerations are rarely the sole factor influencing fair value assessments or stock exposure decisions.

Case study

Doximity

The issue

In 2025, we identified governance concerns at Doximity that were not yet fully reflected in market expectations. These findings led us to downgrade the company's governance rating to Red and a decision to exit the investment.

Our review of SEC filings showed that the Chief Financial Officer had executed a series of personally-advantageous equity sales over the past year. While all trades were conducted in line with company policy and under Rule 10b5-1 plans, the pattern and timing raised concerns regarding executive alignment.

Key issues identified included:

- Repeated large equity sales immediately upon vesting, including trades close to earnings announcements, raising questions around long-term alignment.
- The CFO does not hold a formal accounting qualification, which raised concerns regarding the rigour of the appointment process for a senior financial role.
- The absence of minimum executive shareholding requirements.
- Limited clarity from investor relations when addressing these concerns.

The goal

Our objective was to assess whether Doximity's governance arrangements and executive incentives were sufficiently aligned with long-term shareholder interests, and whether identified risks could be mitigated through engagement.

What we did

- Reviewed insider trading disclosures and SEC filings.
- Assessed executive alignment and governance structures against our internal standards.
- Engaged with investor relations to seek clarification on executive trading and oversight practices.

Outcomes

While the transactions were compliant, we concluded that the cumulative governance risks were material and insufficiently mitigated. Given the limited scope for further engagement, we:

- Downgraded the governance rating to red.
- Assigned a 5 (sell) stock rating.
- Exited the position and removed the company from the buy list.

In the months following our exit, the stock fell in value by 61.2% (Source: Bloomberg, 31 December 2025), and in early 2026 the CFO went on medical leave and was replaced by an interim CFO, reinforcing our concerns around the suitability of the appointment.

The results covering the last three years demonstrate that when changes in fair value and portfolio actions are influenced by ESG factors (often alongside other considerations), subsequent stock performance tends to align with our expectations.

Fixed income

For fixed income, we continue to observe that borrowing costs tend to be lower for issuers with higher Sarasin ESG scores than those with weaker ESG profiles. This trend is evident when comparing the spreads over the risk-free rate (measured using UK government debt: gilts) the market demands.

Beyond the market-level trends, it is also clear that adverse ESG developments can trigger individual bond underperformance.

We provide two examples for 2025 below.

We continue to prefer water companies with comparatively strong governance track records and solid financial flexibility

The UK water sector has long faced governance issues and financial mismanagement, increasing both credit and environmental risks.

As a result, in July 2025 the sector was subject to the most comprehensive review since its privatisation in 1989. An important outcome of this review will be the integration of the Water Services Regulation Authority (Ofwat) and the Environment Agency into a single more powerful regulator.

While the establishment of the new regulator will take years, anticipated increases in levels of scrutiny have meant that those entities with limited financial flexibility and weak ESG credentials have continued to underperform. Thames Water remains the most obvious example.

As such, we have retained a cautious stance, preferring issuers such as United Utilities that have demonstrated higher governance standards and financial flexibility. Please see Figure 1.8 showing comparative credit spread performance of the two water bonds.

Pressure on UK social housing remains

2025 was a landmark year in UK social housing, with significant regulatory developments intended to tackle long-standing public concerns over poor quality housing and weak governance standards. Notable developments included the implementation of Awaab's Law in October 2025, tightening health and safety standards, and an intensified inspection regime by the Regulator for Social Housing (RSH). Greater public awareness also led to rising levels of complaints.

The Housing Ombudsman reported a rise in orders against landlords, jumping from roughly 4,000 in 2023 to over 16,000 by 2025. Compensation payments being made to affected tenants also rose materially to £4.6 million.

Against this backdrop, our investment exposure in UK housing associations remains tilted towards more conservative names that we assess as having higher standards.

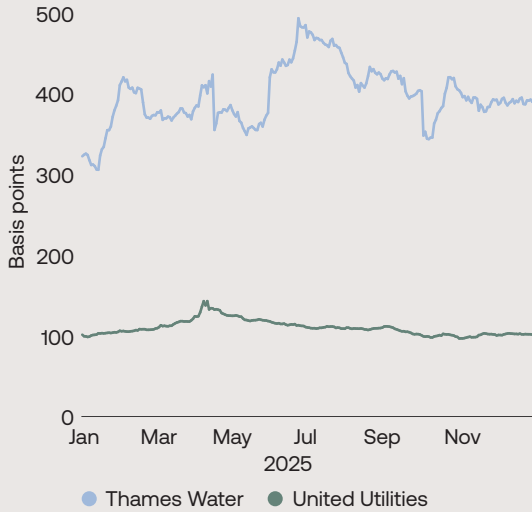
Figure 1.9 underscores how the market demands higher returns to compensate for rising risks within the sector.

Notting Hill Genesis (NHG), a large London-based housing association, generates a significant share of its revenue from outright market sales. This not only has limited social impact, since these market sales are not directed at delivering social benefit for tenants, but also increases the financial risk profile of an entity given elevated execution risk and cyclical market exposure. Furthermore, a relatively dated property book puts further pressure on NHG's credit risk profile given increasing capex needs. This has also been reflected by the regulatory judgement of the RSH, which has stated serious failings in NHG delivering outcomes for consumers and governance requirements.

In contrast, Jigsaw Funding (which we prefer) derives 95% of its revenue from social housing, with minimal reliance on market sales. Meanwhile, it has retained the highest financial and governance rating from the RSH.

Figure 1.8: Credit spread performance of bonds with different ESG profiles

Thames Water vs United Utilities



Source: Sarasin & Partners

Figure 1.9: Credit spread performance of bonds with different ESG profiles

Notting Hill Genesis vs Jigsaw



Source: Sarasin & Partners

Interaction between ESG integration and active ownership

When our SIM analysis highlights areas of concern, these issues are flagged for engagement once the stock is added to our portfolio. If we identify amber or red flags, we typically address the issue by writing to the company’s board, provided the holding meets our minimum size criteria. These concerns may also influence our voting decisions at shareholder meetings.

Engagement is not just a reactive process: we aim to drive meaningful change. The insights gained through engagement help improve our SIM analysis, reinforce investment conviction and contribute to better long-term outcomes. The escalation case study on Equinor in **Principle 3** is an example of this interaction. Another example is Linde, as outlined in the case study on the next page.

Measuring our effectiveness

Tracking stewardship outcomes

Our proprietary Engagement Tracker discussed in **Disclosure C of the Policy and Context Disclosure** (section “Impact”) enables analysis of the effectiveness of our engagements. The definitions of specific outcomes are given in the same section. Figure 1.10 shows the outcomes of our goal-linked engagement activities in 2025.

For specific examples of the impacts of our company engagements across equities and fixed income, see **Principle 3**. For the impact of our market outreach activities, see **Principle 2**. For recent performance data, please contact our Client Affairs team.

Case study

Linde

The issue

Linde is a global leader in industrial gases, supplying a broad range of sectors from heavy industry and healthcare to food and beverages. While the company is among the most carbon-intensive businesses in our universe, it also plays a critical role in enabling the energy transition by supporting decarbonisation across hard-to-abate sectors.

As part of our ongoing monitoring, in late 2024 we identified governance and conduct concerns relating to Linde's healthcare subsidiary, Lincare. Acquired in 2012, Lincare admitted to serious misconduct in 2024 - including fraud, kickbacks, and customer mistreatment- under a settlement with the US Department of Justice (DoJ).

Despite the severity of these issues, we observed limited disclosure from Linde. The misconduct was not referenced in the company's annual report, and public commentary on Lincare's governance and controls remained minimal. This raised concerns around transparency, oversight, and the management of reputational risk.

Key issues identified included:

- Serious and systemic misconduct at a healthcare subsidiary, resulting in a DoJ settlement.
- Limited disclosure to shareholders, including no reference to the issue in the annual report.
- Ongoing exposure to heightened regulatory and legal risk, with Lincare operating under a regulatory Corporate Integrity Agreement.
- Potential for reputational damage to impact market share or trigger further legal action, despite Lincare representing under 10% of group sales.

The goal

Our objective was to assess the nature and extent of governance and control failures at Lincare, evaluate the effectiveness of Linde's oversight of subsidiary-level risks, and determine whether the company's response and disclosure were sufficient to mitigate long-term risks. We also sought to understand how these operational risks intersected with Linde's broader sustainability strategy and financial planning.

What we did

- Sent an introductory letter to the Chair outlining our concerns regarding governance, internal controls, climate and oversight of Lincare.
- Held expert calls to gain clarity on the misconduct at Lincare and the associated regulatory and customer care risks.
- Conducted analysis of group-level disclosures, audit reporting, and internal control frameworks.
- Joined the CA100+ engagement group to continue engagement on climate resilience alongside governance escalation.
- Held several collaborative calls with Linde throughout 2025 to discuss climate.
- Added a 0.25% Weighted Average Cost of Capital (WACC) to the financial model to reflect an increase in ESG risks.

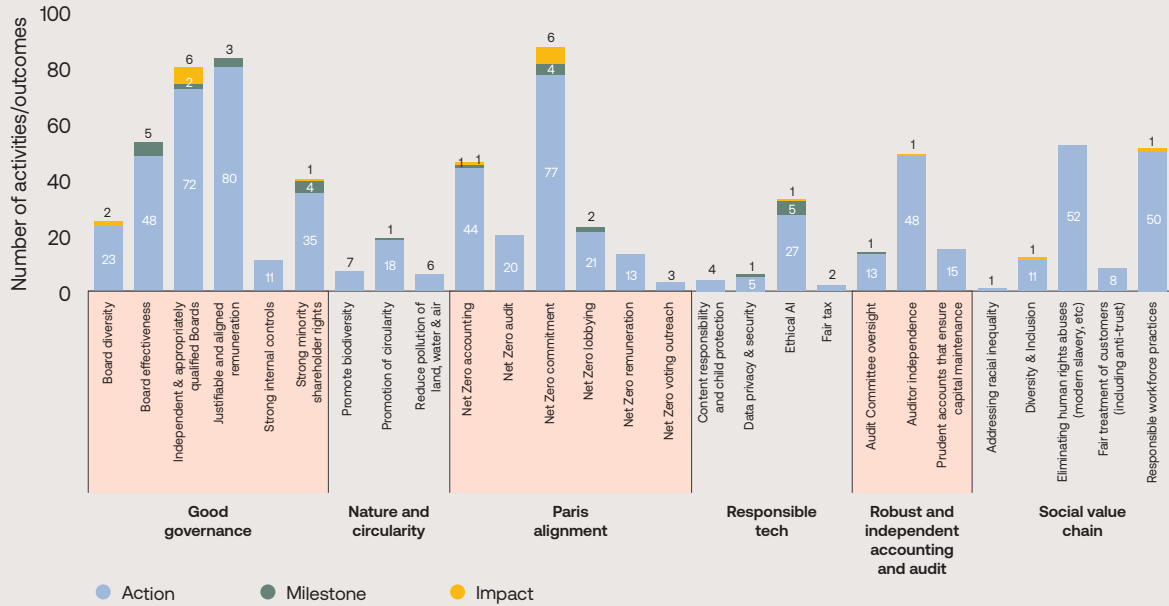
Outcomes

The engagement and analysis improved our understanding of the severity and materiality of the issues at Lincare, providing greater insight into the risks arising from sales practices and control weaknesses. However, we concluded that governance and audit risks remained elevated, and that disclosures did not yet provide sufficient assurance that these issues were being effectively addressed.

As a result, we:

- Downgraded the Reporting & Audit SIM to Red.
- Exited the position in our Thematic Global Equity Fund, reflecting our assessment that the unresolved Lincare-related risks were too significant to continue holding.
- Continue to engage with the company for the other strategies that still hold it.

Figure 1.10: Outcomes of engagement activities



Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.
 Note: These activities are measured using goal-linked activities (GLAs)

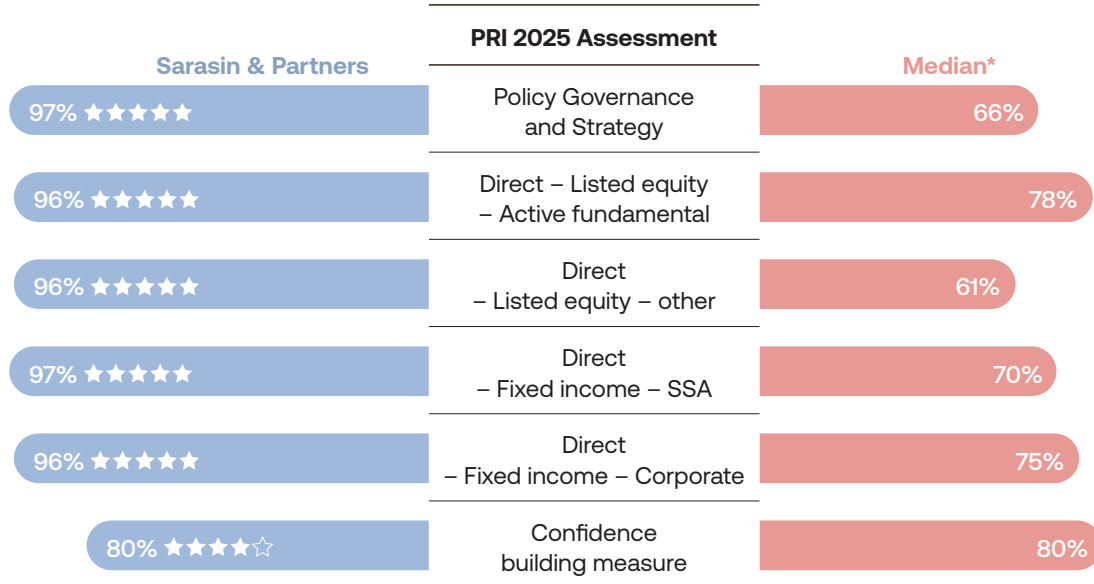
External assessments and awards

While we have received awards and recognition across various aspects of our business, this section highlights those specifically related to stewardship and ESG assessments in 2025.

PRI responsible investment assessment

The Principles of Responsible Investment (PRI) initiative is the largest global reporting project on responsible investment. PRI provides an annual comprehensive assessment of responsible investment practices across asset classes, benchmarking firms against industry peers.

In our 2025 PRI Assessment Report, we received top marks (five stars) in five out of six modules. We were awarded four stars in ‘Confidence building measures’, matching the peer group median. The lower score in this module relates to the breadth of coverage of our internal audit.

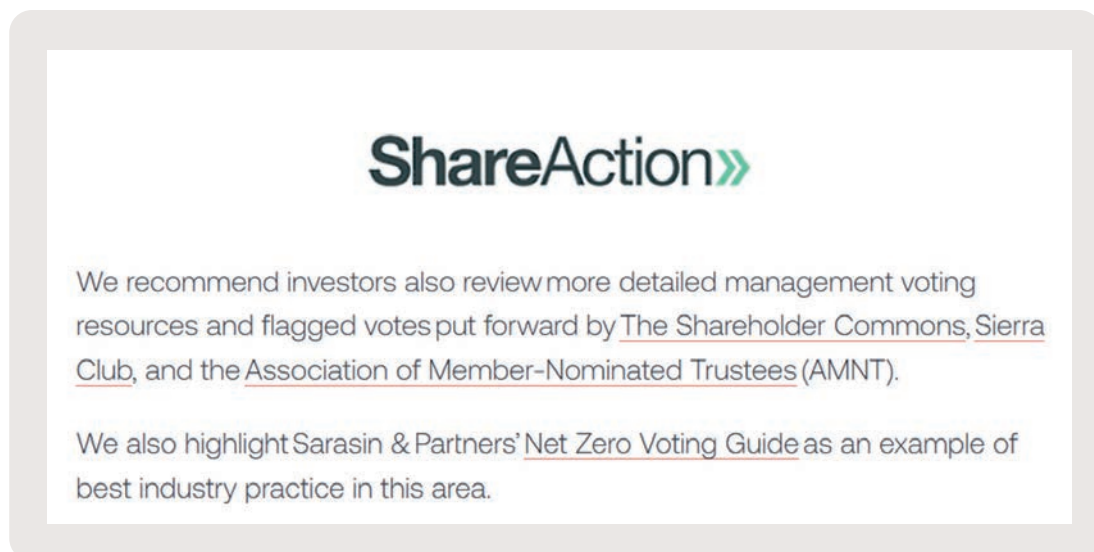


FRC UK Stewardship Code

Sarasin & Partners was once again confirmed as a signatory of the UK Stewardship Code in 2025, reflecting our adherence to the Code’s 12 Principles.

ShareAction 2026 Priority Voting Principles

Published at the end of 2025, *ShareAction’s 2026 Priority Voting Principles*, setting out 11 high-level voting principles for the year, drawing on existing investor policies and guidelines across sectors and jurisdictions, recognises Sarasin & Partners’ Net Zero Voting Policy as an example of best practice within the investment industry, highlighting our leadership and credibility in climate-aligned stewardship and voting standards.



InfluenceMap’s “Finance Map” review of asset manager stewardship on investee company climate lobbying

Sarasin & Partners was recognised in InfluenceMap’s latest review of asset managers’ stewardship work to promote more transparent and climate-aligned lobbying by investee companies.

“Seven asset managers scored within the A-range, demonstrating best practice stewardship on climate policy advocacy: ... Sarasin & Partners.

These managers consistently engaged investee companies not only on lobbying transparency, but also on the alignment of their direct policy engagement and their trade associations’ activities with 1.5 °C-aligned policy pathways. They also filed and supported shareholder resolutions, voted against directors and management resolutions, and raised questions at annual general meetings on climate lobbying grounds.”

Source: InfluenceMap, “The state of asset manager stewardship on climate lobbying”, November 2025

World Benchmarking Alliance’s Collective Impact Coalition on Ethical AI won the 2025 PRI Awards in the Recognition for Action, Human Rights category, and the 2025 ICGN Excellence in Stewardship Award in the “Organisation, Team or Collaboration” category

We are an active member of the World Benchmarking Alliance’s (WBA) Collective Impact Coalition (CIC) on Ethical AI, which brings together investors and civil society to encourage digital companies to develop and deploy artificial intelligence in a responsible and transparent manner, grounded in respect for human rights. The CIC was recognised with a PRI award for its innovative approach to addressing the investment industry’s responsibility to respect, promote and uphold human rights. Further, the award from the International Corporate Governance Network (ICGN) celebrates initiatives that demonstrate real impact and leadership in governance and investor stewardship.

Civil society feedback

We work with various partners, including civil society organisations, to maximise the impact of our collective efforts. We support their advocacy initiatives and frequently work together on research, thought leadership and public policy engagements. Here are some testimonials on our stewardship work.

“Sarasin & Partners has shown true leadership and exceptional diligence in its strategic approach to climate stewardship. Its clear, coherent and cross departmental approach gets results and is an example for others to follow.”

Martin Norman
Director Global Investment Stewardship, ACCR

“Sarasin is an outstanding and vocal leader in efforts to better understand and interpret corporate financial health throughout the energy transition. Their strategic approach spans beyond corporate engagement, taking steps to engage critical actors including regulators and standard setters. This systemic approach cuts to the root of the issue and serves as a leading stewardship practice.”

Andrew Logan
Senior Director, Climate and Energy, Oil and Gas, Ceres

Principle 2

Promoting well-functioning markets

It is essential to engage on broader policy and market failures where these affect our clients' interests and where we can drive positive change. We refer to this as systemic stewardship. In this Principle, we aim to bring our efforts to life through examples from 2025.

In 2025, we undertook 69 market and policy outreach activities relating to our priority initiatives (see **Disclosure C of the Policy and Context Disclosure** for a description of these), with 19% of those being milestones and impacts. Examples are provided below.



Case study

Prudent and reliable accounting

The issue

Reliable accounting is essential for efficient markets. When financial statements mislead, the consequences extend beyond investors deploying capital inefficiently; they can also negatively impact staff, suppliers, customers and the public, all of whom depend on a healthy corporate sector.

Overstating capital strength or performance can:

- Attract excessive capital, diverting funds from alternative, more productive investments.
- Undermine economic resilience and long-term growth.

Confidence in financial reporting relies on objectivity, rigour and transparency. Investors must understand the critical accounting assumptions underpinning financial statements to enable interpretation and the comparison of financial performance across companies.

In 2018, Sarasin published *a paper* highlighting concerns that oil and gas companies were not just failing to disclose key assumptions, such as long-term oil and gas prices used in impairment testing, but that this lack of transparency could be obscuring potential overstatement of assets. Since then, we have led a global investor initiative to promote more transparent and reliable accounting across all carbon-intensive and climate-exposed entities, engaging with audit committees, chief finance officers, auditors and regulators. (For more details, see our work under **Principle 4** of the *2024 Stewardship Report*.)

The goal

Our goal is to drive improved disclosures of how material transition and climate risks are integrated into corporate financial statements and audit reports.

As climate change becomes increasingly politicised, there is a risk that the economic consequences of decarbonisation, whether from technological change, government policy or consumer preferences, are overlooked. Likewise, the implications of more extreme weather events and rising sea levels for businesses and their customers risk being omitted from critical forward-looking assumptions. Ensuring that accountants, auditors and regulators deliver reliable financial reporting is essential for long-term economic resilience.

What we did

Building on eight years of engagement, including substantial public outreach through articles in the mainstream press such as the *Financial Times* and *Reuters*, we have seen positive developments in both the regulatory environment and disclosures among European and UK companies.

Elsewhere, particularly in the US, investors still lack visibility into how decarbonisation or physical risks are reflected in accounting assumptions (see our case study on engagement with the US Securities and Exchange Commission in our *2024 Stewardship Report*). Even in Europe and the UK, where carbon-intensive companies now routinely comment on climate factors, they almost always conclude these are immaterial to their financial statements and require no changes to estimates or assumptions.

In 2025, we maintained outreach to companies, standard setters and regulators, with a particular focus on banks. Our main workstreams included:

- Co-chairing the IIGCC working group on accounting and audit, steering investor engagement across carbon-intensive industries, particularly in Europe.
- Working with IIGCC to publish updated *Investor Expectations* on climate-related risks in financial statements in December 2025.
- *Outreach* to the International Accounting Standards Board (IASB) to support its proposed “Illustrative examples” on climate-related uncertainties under existing International Financial Reporting Standards (IFRS).
- Leading a collective investor *submission* to the US Financial Accounting Standards Board (FASB) requesting enhanced disclosures of critical accounting assumptions, guidance on materiality and greater visibility on asset-retirement obligation assumptions.
- Outreach to the UK Prudential Regulation Authority (PRA), building on a collective letter sent in January 2024, and a *submission* to PRA’s August 2025 consultation supporting enhanced climate disclosures in bank accounts.
- Collective and bilateral engagements with more than 30 companies seeking improvements in climate-related disclosure.

Outcomes

In 2025, we saw several important milestones:

- The PRA published its final *Supervisory Statement 5/25* on enhancing banks' and insurers' approaches to managing climate-related risks, including for the first time expectations that banks' financial statements properly capture material climate risks.
- The Basel Committee issued its final *framework for Pillar 3 climate-related disclosures by banks*, which reflected key asks *Sarasin* and other investors had made in response to their 2024 consultation.
- The IASB published final *"Illustrative examples"* on climate uncertainties in financial statements, now effective across more than 160 jurisdictions. The PRI worked with IIGCC and Ceres to send *letters* to regulators in the UK, Australia and Canada to urge them to ensure implementation of the examples.
- Connectivity between sustainability and financial reporting was embedded into IFRS S1. The European Financial Reporting Advisory Group published a *Discussion Paper* in December to further enhance connectivity.

Alongside these developments, we continued to see incremental improvements in company disclosures, supported by ongoing reminders from the European Securities and Markets Authority and the UK Financial Reporting Council.



Case study

Impactful voting

The issue and the goal

Sarasin's commitment to voting in support of high-quality corporate governance remains central to our stewardship approach. As highlighted in **Principle 4**, we continue to vote against directors, auditors and financial statements more frequently than our peers.

In 2022, we published a stand-alone net zero voting policy to highlight how climate considerations are integrated into routine voting, an area where we have sought to encourage broader investor action. These rules form part of our overall *Corporate Governance and Voting Guidelines*. Our analysis of data provided by Diligent in 2024 showed that for seven oil and gas companies not aligned with a 1.5°C pathway according to the CA100+ benchmark, 97% of shareholders still supported director reappointment and 98% supported auditor reappointments, even where climate-related financial reporting was inadequate.

Until shareholders hold businesses and their auditors accountable, meaningful change will remain elusive. If anything, unfortunately, 2025 saw a further dilution of investor voting practices in the face of concerted efforts by the US administration to weaken shareholder proxy access and proxy adviser voting rules.

What we did

In 2025, we continued to support the IIGCC workstream on proxy advisers, engaging directly with Institutional Shareholder Services (ISS) and presenting our voting approach to peers through webinars hosted by IIGCC, Ceres and ShareAction.

We also extended our engagement with major asset managers, including BlackRock, Vanguard, State Street and Fidelity, to challenge weakening voting practices and encourage the expansion of client voting choice.

In addition, we initiated discussions with the digital voting platform Tumelo, supporting efforts to widen access to voting for underlying assets in third-party funds and ETFs.

Outcomes

Despite a challenging backdrop, including ESG-related pushback in the US, we have seen encouraging signals:

- *UK pension schemes* and other institutions issued collective statements calling for stronger climate-driven engagement and voting, echoed by similar initiatives from *New York pension schemes*.
- ShareAction published its *2026 voting priorities*, shifting towards director accountability and identifying Sarasin & Partners' voting policy as a model.
- ISS continued to enhance its net zero voting offering.
- Tumelo emerged as a credible alternative platform supporting more direct voting control for indirect holdings.

Case study

Net zero banking

The issue

Climate change poses risks to financial stability, as repeatedly highlighted by the Financial Stability Board and central banks. While decarbonisation is essential, it will disrupt some sectors while creating opportunities in others. Investors therefore have a clear interest in *promoting effective climate risk management in banks* to protect capital and support durable economic growth.

What we did

In 2025, we continued to emphasise climate-aware banking through our co-chair role in the Net Zero Bank Engagement Initiative, coordinated by IIGCC. We supported global engagement through webinars and best-practice sharing, and stressed the importance of reflecting climate risks in financial reporting and capital adequacy assessments.

We held follow-up discussions with the Bank of England’s Prudential Regulation Authority (PRA), building on a collective investor *letter* coordinated by Sarasin in 2024. We provided a *submission* supporting PRA proposals to strengthen supervisory expectations on climate risk mitigation by banks and insurers, emphasising the need for consideration of climate risks in banks’ financial statements, particularly in expected credit loss (ECL) assumptions.

We also shared experiences from bank-specific engagements focused on financial statements to provide a model for others to follow (see **Principle 3** outlining progress made with HSBC and ING).

Outcome

In 2025, amid increased political and regulatory pressure in the US under the Trump administration, several global banks reassessed their net zero commitments, contributing to the eventual *dissolution of the Net Zero Banking Alliance* in October. At a government level, in January the *Federal Reserve* withdrew from the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), a collaborative effort to strengthen financial system resilience to climate risk. Despite early progress, the banking system therefore remains vulnerable to climate-related risks and, critically, continues to finance carbon-intensive activities that will generate future risks to financial stability.

Against this backdrop, our efforts to engage with banks and regulators to encourage ongoing vigilance have become more important. We are therefore pleased to report important steps forward in 2025, including:

- The PRA publishing its latest *‘Dear CFO’ letter* in September, outlining ongoing gaps in how banks consider climate risks when determining ECL assumptions in their financial statements, based on a review of confidential bank auditor reports. This reflected a key ask of the PRA by investors.
- The PRA publishing its final *Supervisory Statement 5/25* on enhancing banks’ and insurers’ approaches to managing climate-related risks, including for the first time a section setting out expectations for banks to incorporate climate-related risks into ECL assumptions.
- The Basel Committee publishing its *final framework for Pillar 3 climate-related disclosures* by banks, which also reflected key asks made by Sarasin and other investors in the 2024 consultation.
- The IASB publishing final *“Illustrative examples”* on the treatment of climate uncertainties in financial statements, including a specific example setting out how banks should disclose the integration of climate considerations into ECL assumptions.

Case study

Engagement with UK National Energy System Operator

The issue

Delivering power reliably and safely to millions of UK households and businesses is a complex challenge. Power must be generated, transmitted and distributed, with the National Energy System Operator (NESO) ensuring real-time balance between supply and demand. The challenge is further heightened by the aim to decarbonise the power system while keeping household bills under control.

A key prerequisite for decarbonisation is battery storage, which allows excess renewable energy to be stored and released as needed. As renewable energy sources expand, managing intermittent supply becomes increasingly critical. According to *NESO's Advice on achieving clean power for Great Britain by 2030 action plan*, achieving net zero power by 2030 requires battery storage capacity to increase four- or five-fold.

This forms the backdrop to Sarasin's investment in Gresham House Energy Storage Fund plc (GRID) (see case study in **Principle 3**). While battery utilisation improved in 2025, legacy grid control systems continue to limit use. Although recent *data from NESO* suggests that batteries were skipped (passed over in favour of more expensive natural gas) on average 40–50% of the time on a monthly basis, a significant improvement on the 90% levels seen in 2023, market participants question NESO's methodology. GRID, for instance, continues to believe skip rates remain above 80%.

The consequences include:

- Wasted low-cost renewable and battery power, increasing costs for customers and reducing energy security.
- Deteriorating returns for renewables and battery storage, weakening incentives for further investment.
- Increased risk to net zero goals, as continued reliance on fossil fuels slows the energy transition.

An additional risk in 2025 has been the potential exclusion of batteries from government schemes designed to promote Long Duration Energy Storage (LDES), despite improving longevity and the ability to provide storage at lower costs than alternative technologies such as pumped hydro storage.

The goal

Our outreach focuses on tackling the regulatory and policy barriers that prevent the full utilisation of battery energy and storage in the UK power system. Our core asks include:

- Accelerating the transition to the Open Balancing Platform (OBP) to reduce skip rates ahead of the current 2027 target.
- Fast-tracking State of Energy upgrades, enabling NESO to monitor battery charge levels and remove the 30-minute rule that restricts full battery usage.
- Expanding battery participation in reserving mechanisms, which are currently dominated by gas, despite being less cost-effective.
- Enhanced transparency, ensuring full visibility of how batteries are dispatched relative to other technologies.

What we did

We initiated our engagement in late 2024, leading a collective investor outreach to NESO and Mission Control to urge action on outdated computer systems and control room procedures.

In 2025, following a formal response from NESO, we accepted an invitation to discuss our concerns in more detail and visit the National Grid Control Room. Several key policy steps were outlined, directly addressing our concerns listed above.

In late 2025, we were invited to join the Transition Finance Council's (TFC's) Working Group on LDES, and we included participants from GRID to ensure a more informed discussion.

Outcomes

We have seen important steps forward during 2025, including:

- Progress in the roll-out of the OBP, with completion expected by 2027.
- Implementation of the *Quick Reserve service on the OBP*, which has been particularly important in providing an additional revenue stream for battery storage.
- Progress in finalising the Grid Code 0166 standard that will enable look-through to available battery capacity, improving NESO's utilisation. Grid Code 0166 is expected to be operational from the first quarter of 2026.

In terms of battery utilisation, NESO reports that usage increased almost six-fold (measured by average daily MWh used in the Balancing Mechanism) between October and December 2023 and April and June 2025.

Next steps

We are encouraged by the progress made and will continue to support NESO's work plan and the TFC Working Group on LDES to maintain momentum.



Case study

Promoting ethical AI

The issue

AI technologies expanded rapidly in 2025, with heightened investment leading to greater market concentration and faster adoption.

Under our Responsible Tech priority, ethical AI is a critical focus, reflecting our concern about whether this transformation is taking place safely and with proper regard for human rights. The balance of risk and opportunity depends on whether investment builds resilient, safe systems or instead creates bubbles, bias and social harm.

We have identified several key AI-related risks, including:

1. Over-investment in AI, creating the risk of valuation bubbles and long-term uncertainty.
2. Content management failures, including disinformation and misinformation (such as deepfakes, propaganda and election interference), as well as humiliation, hate speech and violent content.
3. Lack of reliability, resulting in hallucinations, errors and biased results.
4. Child safety risks, including child sexual abuse material (CSAM), age-inappropriate content, cyberbullying, excessive screen time, addiction and potential impacts on brain development.
5. Data privacy risks and the use of personal data, including by governments, that may infringe human rights through surveillance, profiling or discrimination.
6. Violations of intellectual property rights.
7. Proliferation of cybercrime through social engineering, phishing, scams, espionage, data poisoning and prompt injection.
8. Environmental concerns, including carbon emissions and the depletion of energy and water resources.

Disclosures by technology companies are inconsistent, making them hard to compare. There are no quantitative measures of effectiveness, such as incident numbers or mitigation rates. Impact assessments for these technologies remain underdeveloped, procedural guidelines lack clarity and governance structures are often ambiguous.

In 2025, following a change in the US administration, we could see how the scope for shareholder oversight of AI governance narrowed, and many companies began to downplay their ethical AI commitments.

While the scope of government regulation remains a key area of debate, investors continue playing a critical role in holding companies and their boards accountable for potential misconduct.

The goal

Our objective is to help establish a global governance and accountability framework for AI to ensure its responsible development and deployment. As more companies commit to ethical AI principles, our priority is ensuring these principles translate into meaningful implementation, supported by relevant tools, targets and standards.

We encourage companies to adopt business model-specific guardrails and assess their effectiveness in mitigating key risks. We believe these measures should include quantitative benchmarking and human rights impact assessments (HRIAs), as recommended by leading civil rights organisations.

What we did

As members of the World Benchmarking Alliance (WBA) Collective Impact Coalition (CIC) on Ethical AI and Global Network Initiative (GNI), we played an active role in corporate engagements on AI ethics.

Within the WBA Ethical AI CIC, we continued to act as lead engager at three companies and as supporting engager at two more, encouraging them to publicly report on progress against their ethical AI commitments. Relevant case studies on Alphabet and Amazon are included under **Principle 3**. In addition, we established a group of 31 investors and progressed collective engagement with Meta, also covered under **Principle 3**.

As members of the Global Network Initiative (GNI), we participated in assessments of Google, Meta and Zoom on their adherence to the GNI principles of freedom of expression and privacy.

In September 2025, Sarasin hosted its second investor seminar on Shaping Corporate Accountability on Ethical AI. The event was attended by c.80 participants (asset managers and asset owners) and explored the most acute risks facing companies developing or deploying AI models, as well as the most effective investor stewardship strategies.

The seminar had two sessions: fireside chat with two academics and an investor panel.

The first session examined emerging risks from general-purpose and open-source AI, approaches to preventing AI failures and how investors can challenge companies on risk management.

The second session focused on evolving investor expectations, how to measure improvements in corporate practice and steps to accelerate progress. Please see an overview of the seminar and its key takeaways on our [website](#).

Outcomes

We continue to engage with tech sector companies on their policies on responsible AI and implementation practices. Some of these engagements show good progress, while others do not. See our case studies in **Principle 3**. Our insights from this work, as well as our 2025 investor seminar on Ethical AI have shaped further calls to action including:

- Companies that claim to have strong safeguards should be able to demonstrate how effective they are.
- Engagement should increasingly extend beyond AI model developers to include deployers of AI systems, such as firms in financial services, healthcare and industrial sectors, where investor leverage may be greatest.
- Strong governance frameworks including human rights impact assessments are essential tools for accountability.
- AI energy consumption is a growing stewardship issue, with best practice shifting towards temporal and spatial energy matching to support net zero commitments.
- Board expertise in, and oversight of, cybersecurity and AI should become a requirement for all exposed companies.
- Voting, escalation, collective engagement and systemic advocacy remain critical levers for driving change, with voting against directors (including chairs where progress on key issues is lacking) viewed as the most effective tool.

Next steps

In 2026, we will continue to support WBA and GNI to ensure shareholder concerns are heard and to help develop industry best practice. We also plan to continue engaging with other investors and academics and may repeat Sarasin's Ethical AI seminar, providing a forum for investors to share perspectives and strengthen stewardship on responsible technology.

Case study

Adoption of Human and Labour Rights Policy

The issue

Human rights risks have become increasingly material for companies and long-term investors alike.

Supply chain complexity, regulatory scrutiny, reputational risk and shifting geopolitical pressures mean that businesses must be able to demonstrate robust human rights practices.

New and expanding legislation is increasing expectations on companies to identify and address risks across their value chains. Non-compliance can result in fines, legal liability, exclusion from procurement contracts and reputational damage.

The goal

We aimed to set a clear framework for ourselves and for the whole industry on how human and labour rights can be addressed in companies' practices.

When engaging with companies, we need to be able to benchmark their practices against recognised best practice. This strengthens engagement by showing how similar issues are addressed by peers and helps set realistic expectations, while clearly explaining the specific steps companies can take to meet them.

What we did

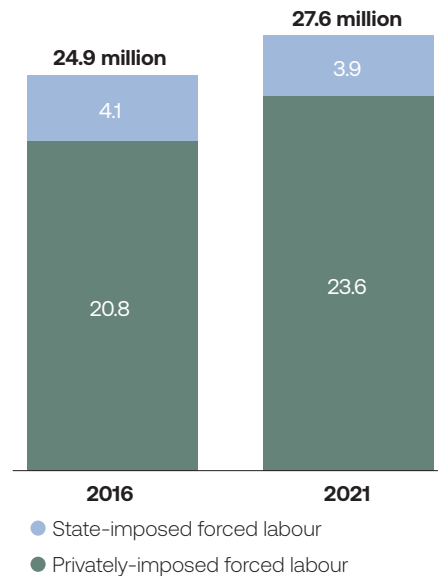
We undertook extensive research and benchmarking in drawing up our *Human and Labour Rights Policy*. The policy brings human and labour rights together within a single framework, reflects in-house expertise and clearly sets out our expectations of companies.

To promote this approach among companies and other investors, we published the policy on our website and supported it with an *Insights article* explaining the policy and illustrating how we apply it through recent engagement examples.

Looking forward

We continually monitor academic research, regulatory developments, civil society scrutiny and client concerns to ensure our systemic stewardship efforts remain well-targeted. Across the initiatives outlined above, our next steps are shaped by progress to date and our commitment to the overarching goal. While these may evolve in the coming months, each initiative is expected to be part of a multi-year programme.

Figure 2.1: Number of people in forced labour
By sub-category, 2016 and 2021



Source: ILO, Walk Free and IOM, 2022

Outcomes and next steps

It is too early to demonstrate outcomes from the introduction of this policy, but we will continue to focus on this subject in our engagement and market outreach activities.

Principle 3

Engagement

Active Ownership is a core pillar of our stewardship approach. We believe it is essential to engage with our investee companies on risky or harmful market behaviours where these affect our clients' interests and where we can drive positive change.

In this section, we set out examples from 2025 of our engagements and their outcomes, covering individual and collective engagements, as well as escalations.

Engagement activities

As outlined in **Disclosure C of the Policy and Context Disclosure**, our engagements are undertaken to encourage positive change.

We prioritise the six topics set out in Disclosure A (reproduced on the next page). Our internal Engagement Tracker allows us to record and track our engagement activities, milestones and impacts¹.

Companies selected for engagement on each of our priority topics form thematic watchlists. In 2025, we had **55** companies on our watchlists.

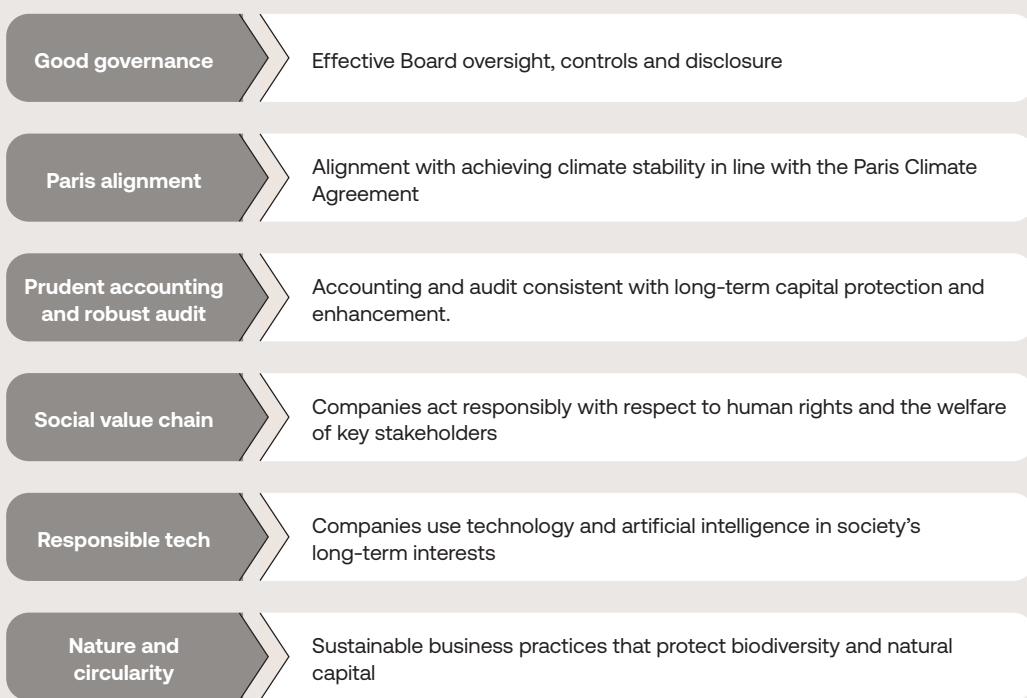
Notable company engagements in 2025 were:

- Climate: HSBC, Equinor, Unilever, AO Smith, Linde, Siemens, ING, Rio Tinto, AIA Group, Prologis, Air Liquide, Ahold.
- Nature & Circularity: Kimberly Clark, Home Depot, Unilever.
- Social: Home Depot, Bridgestone, Compass Group.
- Responsible Tech: Meta, Alphabet, Amazon.
- Governance including robust and independent accounting and audit: Siemens, UnitedHealth Group, Keyence, US Solar Fund, Gresham House Energy Storage Fund, CME Group, Rio Tinto, Deere, Moody's, Eli Lilly, BlackRock, Prologis, Syncona, AO Smith, Otis, Thermofisher.

In what follows, we provide summary statistics for 2025, followed by case studies illustrating our engagement work and impacts.

¹ Milestones represent the achievement of a notable step forward towards a goal and impacts represent significant outcome. Please see more detail in Disclosure C of the Policy and Context Disclosure, section "Impact".

Figure 3.1: Stewardship initiatives



SRD II Disclosure Note One

The Shareholder Rights Directive (SRD) II is a European Union initiative that aims to promote effective stewardship and long-term investment decision making. It imposes the transparency of engagement policies and investment strategies on institutional investors and asset managers. In the UK, SRD II requirements are embodied in the FCA Handbook under COBS 2.2B.

Under SRD II, Sarasin & Partners LLP is required to either a) publicly disclose an engagement policy and annually disclose how it has been implemented in a way that meets specific requirements or b) provide a clear and reasoned explanation of why we have chosen to not disclose.

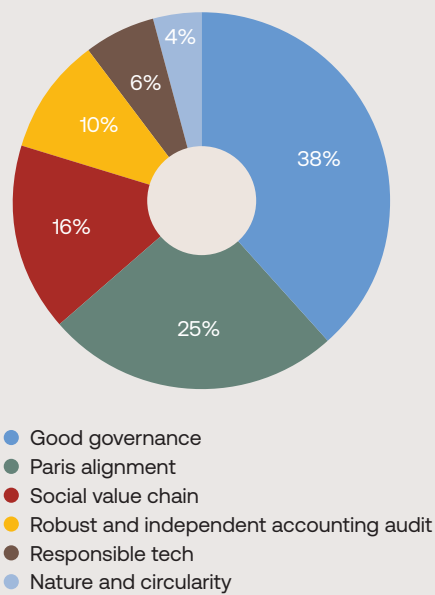
Under this principle, we provide a summary of our engagement activities. Sarasin & Partners LLP's Engagement Policy is published on our website [here](#). An explanation of how we have implemented our Engagement Policy in 2025 is set out in **Principle 4**.

A summary of our 2025 engagement activity

Our engagement activities are tracked as goal-linked activities (GLAs), where each GLA represents a single interaction with a company on a specific goal. If an engagement covers multiple goals, interaction on each goal is recorded as a separate GLA. This approach ensures we maintain an accurate and detailed record of our focused engagements.

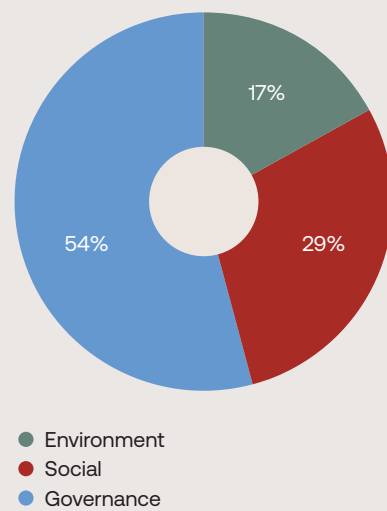
In 2025, we had **763** goal-linked activities with **73** companies on **27** goals.

Figure 3.2: Breakdown of GLAs by initiatives (%)



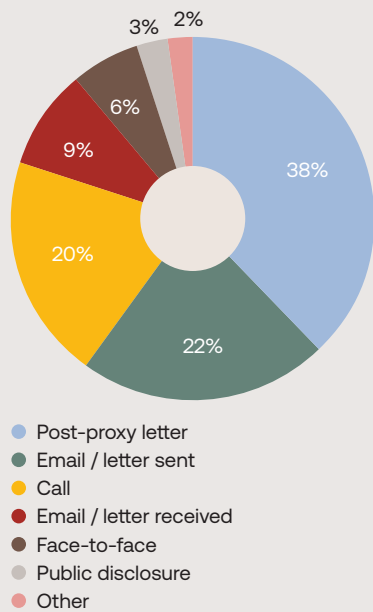
Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Figure 3.3: Breakdown of GLAs by SIM (ESG) pillars (%)



Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Figure 3.4: Breakdown of GLAs by activity type (%)



Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

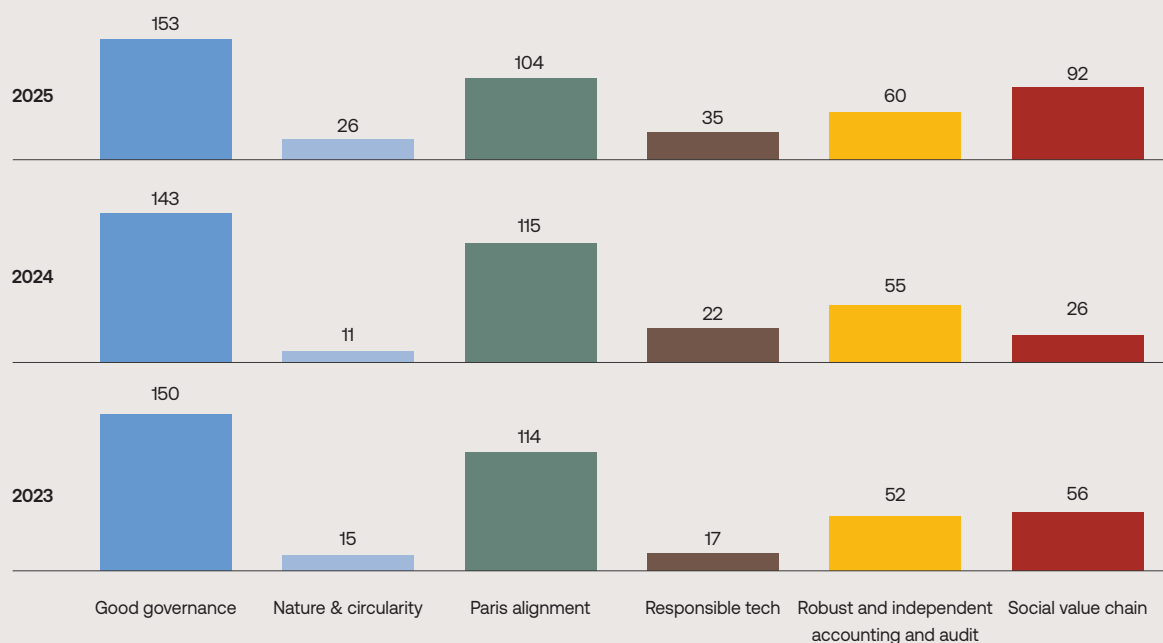
Figure 3.5: Outcomes summary

Outcome types	Goals	Companies	Engagements	GLAs
Action	27	73	390	94%
Milestone	11	19	25	4%
Impact	9	17	19	3%
Grand total	27	73	400	100%

Source: Sarasin & Partners, 31 December 2025
 Note: One goal can have multiple outcomes associated with it. Similarly, engagement with companies can have more than one outcome. An engagement is regarded as a range of activities with a specific company focusing on a specific goal. Where company-linked activities cover two goals, it is recorded as two engagements.

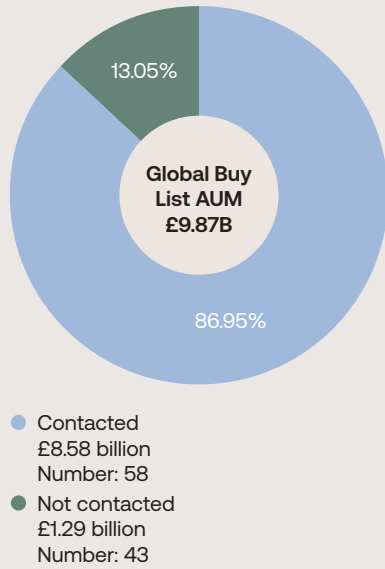
Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Figure 3.6: Year-on-year GLAs per initiative



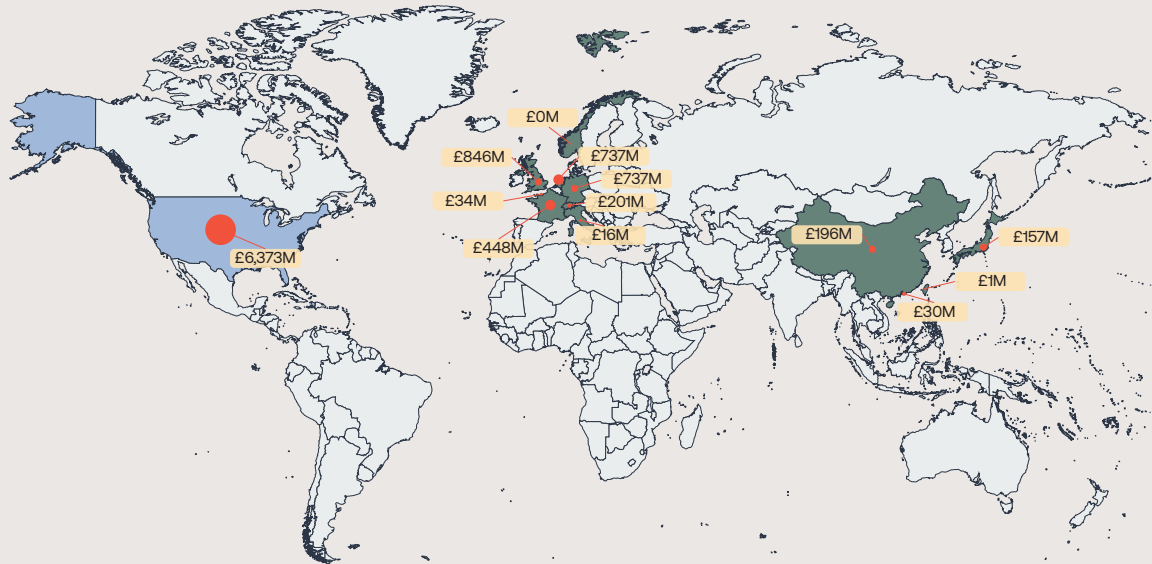
Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Figure 3.7: Percentage of AUM of our buy-list companies engaged



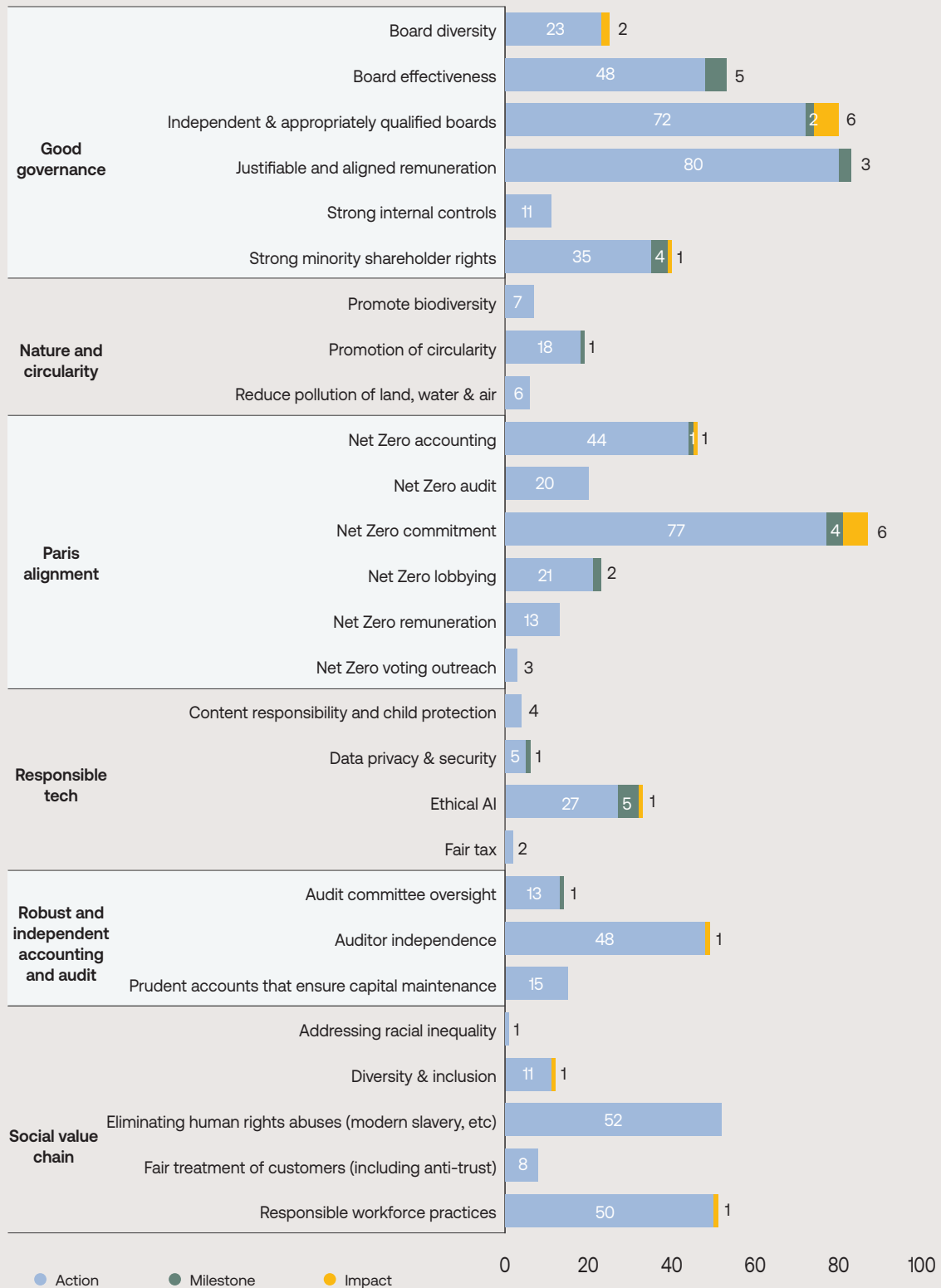
Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Figure 3.8: Countries of companies engaged in 2025



Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Figure 3.9: Goal-linked activities by goal and outcome

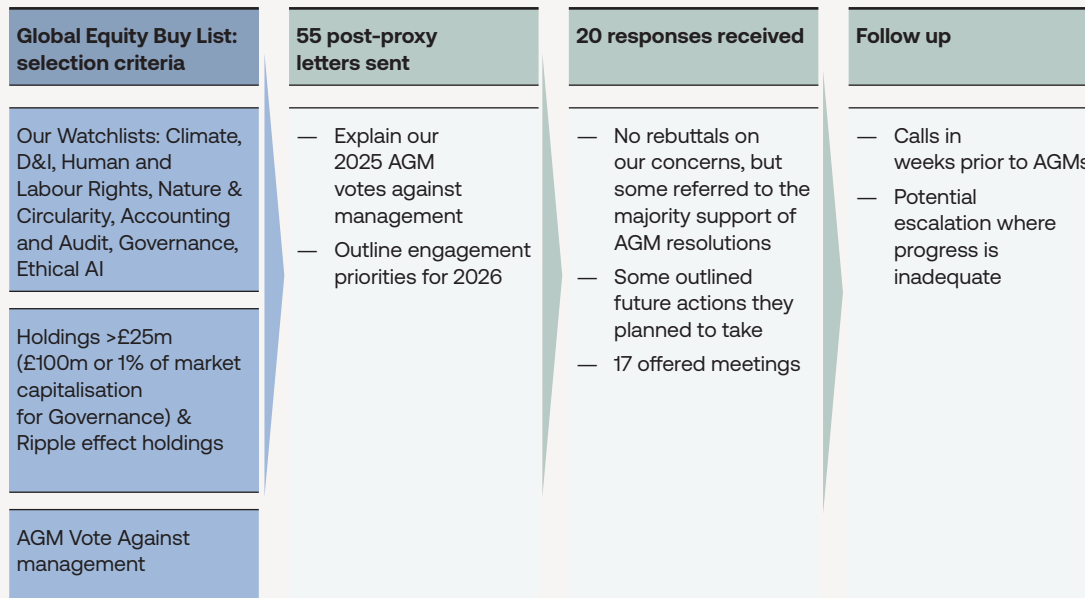


Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Case study

Post-proxy letters

Post-proxy letters are a key part of the engagement cycle, ensuring that companies understand the concerns that influenced our voting decisions. These letters serve as a regular prompt for discussions with Boards of Directors on how companies can take meaningful actions to improve their performance.



Source: Sarasin & Partners. Data as of 15 February 2026

Equity engagements

Climate change

As outlined in our *Net Zero Action Plan*, our goal is to promote real-world emissions reductions consistent with the Paris Climate Agreement through rigorous, purposeful and consistent engagement.

In 2025, we engaged with **37 companies** on Paris-alignment, conducting **192 goal-linked activities** across equity, fixed income and alternatives. In total, we achieved **7 milestones** and **7 impacts**. Figure 3.10 below shows statistics by specific goals.

On the next page we have highlighted our engagement with AO Smith, a global manufacturer of residential and commercial heating and water treatment systems. This case study illustrates that decarbonisation is not just a concern for large fossil fuel companies, but that other industries play a critical role in supporting real-world emission reductions. Our engagement with AO Smith also demonstrates how, more often than not, governance concerns are dealt with alongside environmental or social matters.

In Figure 3.11, we showcase two additional climate engagements undertaken in 2025, one with the global bank ING and the other with a large Real Estate company, Prologis.

Figure 3.10: Engagement activities on the priority initiative 'Paris alignment' broken down by sub-goal

Outcome types	Actions	Milestone	Impact	Total
Paris alignment, total	178	7	7	192
Net zero accounting	44	1	1	46
Net zero audit	20			20
Net zero commitment	77	4	6	87
Net zero lobbying	21	2		23
Net zero remuneration	13			13
Net zero voting outreach	3			3

Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Case study

AO Smith

Initiatives: Climate, Governance

The issue

AO Smith is an electric and gas water heater manufacturer primarily focused on the US market. Its products contribute to energy consumption and emissions from the built environment, making energy efficiency central to its competitive positioning.

Alongside these climate considerations, AO Smith has some problematic long-standing governance practices. These include limitations on minority shareholder rights and insufficient board independence to ensure effective challenge and oversight. Control is exercised by the founding Smith family through a dual-class share structure, allowing them to appoint two-thirds of the board, which also includes one family member and two former executives.

Despite two directors failing to receive majority support from common shareholders at the 2024 AGM, both remained on the board. AO Smith was the only company in the S&P 500 where directors did not receive majority shareholder support.

We also identified concerns with the incentive scheme, including performance targets that are not sufficiently stretching, potential takeover-defence elements and inadequate clawback provisions. In addition, the company's auditor, EY, has been in place since 1917, limiting independent challenge.

The goals

Our engagement covered decarbonisation and governance concerns:

Decarbonisation and energy efficiency

- Reinforce the strategic focus on energy efficiency, particularly through greater promotion of high-efficiency water heaters and heat pumps.
- Update emissions targets and publish a credible transition plan.

Governance

- Replace the dual-class structure with a unitary board elected on a one-share-one-vote basis.
- Appoint an independent Chair, or an independent Lead Director with appropriate tenure.

- Ensure full independence of board committees.
- Strengthen remuneration by making the performance targets more stretching, raising the CEO's share ownership requirement and introducing a meaningful climate or energy-efficiency underpin.
- Run an audit tender with a view to appointing a new audit firm.

What we did

In 2025, we voted against the longest-serving director at the AGM, as well as against the auditor and the remuneration policy. The longest-serving director received a 60% vote against. We also held two engagement calls in October with the Executive Chair, the Chair of the Nominating and Governance Committee, the Chief Financial Officer and other senior executives, followed by a letter in December to the Chair and Lead Director setting out our feedback.

Outcomes

We welcomed the access provided by the board and noted progress in addressing governance concerns. In July 2025, AO Smith announced that Kevin Wheeler would transition from Chair and CEO to Executive Chair, alongside the appointment of a new CEO, Stephen Shafer. While we continue to press for an independent Chair, we view this as a constructive step.

The company also outlined proposals to strengthen board independence and minority shareholder rights, including election of the Lead Director by non-executive directors, formal rotation of directors subject to common shareholder votes, a resignation policy for directors receiving less than 50% support, and the founder representative becoming a non-voting member of the Remuneration and Governance Committee. We have marked this as two milestones.

We were also encouraged by AO Smith's acquisition of Leonard Valve Company in November, which strengthens its smart building management and energy-efficiency capabilities.

Figure 3.11: Examples of other 2025 climate engagements

Company	Engagement goal and latest action	Outcomes, current status and next steps
Prologis	<p>Goal: Clarity on climate risk mitigation plan and financial analysis of exposure, plus lobbying transparency.</p> <p>Actions: We led on a collective letter to Board outlining support for climate efforts and requested stronger action and enhanced disclosures relating to transition, including scenario analysis. We held a call with Head of Sustainability and IR and followed up with detailed questions. We highlighted risks and our requests in the post-proxy letter to the Chair.</p>	<p>Status: Prologis committed to publishing a firm-level transition plan and analysis of advocacy alignment.</p> <p>Milestone: Moderate progress, but remaining concerns on transition and physical risks and their financial materiality, especially regarding data centres and plans for clean power.</p> <p>Next steps: Review Transition Plan when published and follow-up on our 2025 post-proxy letter.</p>
ING	<p>Goal: To ensure the bank reflects climate risks and decarbonisation in its financial statements; provides a 1.5°C sensitivity and capital adequacy reporting.</p> <p>Actions: Sent a post-proxy letter to raise these points in early 2025. Led a collective engagement call as part of the IIGCC Net Zero banking engagement initiative to discuss climate and nature financing progress. Coordinated a letter from seven investors seeking enhanced disclosures on how material climate risks are integrated into financial reporting and capital adequacy assessments.</p>	<p>Status: Constructive engagement with the senior executive team offers a platform for Board level dialogue and escalatory voting in 2026. Climate litigation led by Dutch non-governmental organisation ongoing.</p> <p>Milestone: ING introduced a management adjustment to Expected Credit Losses (ECL) in its financial statements reflecting climate risks.</p> <p>Next steps: Continue engagement, seeking discussion with the Audit Committee chair on capital adequacy & embedding climate (and nature) risks into financing decisions. Monitoring climate litigation and pressing ING to take more proactive steps to strengthen decarbonisation of its financing activities.</p>

Social value chain

Addressing human and labour rights risks is not only a moral obligation but it also impacts investment risk, the sustainability of long term returns and is a key component within our SIM.

Companies with human rights abuses within their operations or supply chains face significant financial and operational risks. Potential fines, legal action and the need to replace artificially cheap labour can lead to higher costs. Reputational damage can further impact revenues through contract losses, customer boycotts and declining sales.

In 2025, we launched engagements with companies in high-risk sectors, encouraging them to take meaningful steps towards best practices. Over the year, we engaged with **35 companies** through **124 goal-linked activities**.

The promotion of diversity and inclusion is another important focus under our ‘Social Value Chain’ initiative. For years, we have incorporated board-level gender and ethnic diversity into our voting guidelines.

Boards that fail to meet these guidelines raise concerns about groupthink and the risk that appointments are not merit-based. Beyond board composition, we also advocate for greater diversity at senior management levels and across the wider workforce, with pay equity as a particular focus. In 2025, we engaged with **21 companies on board diversity** and **10 companies on broader diversity and inclusion** efforts.

Case study

Amazon

The issue

Amazon's workforce practices have attracted negative public attention for several years. Working conditions at fulfilment centres, health and safety standards, and alleged restrictions on freedom of association and collective bargaining have all been criticised by labour unions and civil society organisations. In the US, there have also been allegations of non-compliance with disability laws.

Multiple authorities in the US and UK, including OSHA (Occupational Safety and Health Administration), the US Department of Justice, the US Senate Committee on Health, Education, Labour and Pensions, and the UK Business and Trade Committee, have launched investigations into health and safety practices at Amazon facilities.

While Amazon provides relatively detailed health and safety disclosure in the US, transparency is lacking elsewhere. Concerns persist about underreporting of injuries and reports that workers have been pressured to return to work despite pain or injury. Although Amazon appears to maintain constructive relationships with some European trade unions, there have been allegations in the US, Canada and the UK that the company creates obstacles to unionisation.

Shareholder proposals in 2023, 2024 and 2025 called for greater transparency on working conditions and freedom of association ensured through independent audits. We supported these proposals, believing third-party assessments would provide valuable insight into workforce risks.

The goals

While acknowledging improvements in US health and safety indicators, our engagement focused on:

- improved global disclosure on safety performance, including a global safety report;
- clearer reporting on the role of robotics in improving workplace safety;
- a commitment to independent audits covering health and safety and freedom of association; and
- disclosure of staff turnover rates at fulfilment centres.

What we did

In March 2025, following the closure of seven Amazon facilities in Quebec (reported by unions to be linked to recent unionisation votes), we contacted the company and signed a collective investor letter led by UNI Global Union, representing over \$2 trillion in assets. Amazon stated the closures were operationally driven but did not provide further detail.

In April, we sent a dedicated letter setting out our workforce concerns. In August, we attended a public site visit to Amazon's LCY3 fulfilment centre in Dartford, which informed further follow-up questions. Despite continued correspondence, the company declined to engage in substantive dialogue.

We also engaged with the Interfaith Center on Corporate Responsibility (ICCR) and other investors to explore collaborative approaches.

Outcomes

Amazon disclosed that robotics-enabled sites recorded injury rates 18–20% lower than non-robotics sites in 2022. We encouraged continued reporting of this metric, alongside disclosure of the proportion of sites and workers affected.

During our site visit, we learned that around 67% of Amazon's UK fulfilment centres are robotics-enabled and observed measures including shift patterns, training, stretching exercises and gamified workstations.

Next steps

We aim to escalate our engagement with Amazon to continue pressing the company to undertake independent audits, improve global workforce disclosure and provide more granular data on grievances, health and safety and staff turnover, while pursuing further engagement through investor and stakeholder groups.

Case study

LVMH

The issue

Concerns were raised in July 2025 when Italian authorities identified labour exploitation within the supply chain of the LVMH brand Loro Piana. A Milan court found that some of Loro Piana's garment manufacturing had been subcontracted to unauthorised workshops in Northern Italy, where migrant workers were paid well below the legal minimum wage and required to work extremely long hours in unsafe and unsanitary conditions. Judicial administration was imposed to enforce corrective measures after the company was judged to have failed to exercise adequate oversight of its subcontractors. Loro Piana has since terminated its contract with the supplier in question.

This case mirrors similar conditions identified in the supply chain of Dior, which was also placed under judicial administration in 2024. Taken together, these cases raise concerns about whether LVMH and its brands have sufficient oversight mechanisms in place to ensure that garment and leather goods suppliers comply with LVMH's Code of Conduct and Supplier Code.

The goals

Our engagement with LVMH focused on the following objectives:

- Ensuring robust human rights due diligence processes are in place and strengthening oversight of garment and leather goods supply chains, so that labour practices at every tier are aligned with LVMH's Code of Conduct and Supplier Code.
- Full disclosure of supplier lists to promote transparency and demonstrate effective oversight of supply chains.
- Consideration of a binding agreement to improve supply chain oversight and ensure sound working conditions. Such agreements are overseen by joint bodies comprising unions, NGOs and brands, and include accountability mechanisms such as independent factory inspections, public reporting and worker complaint mechanisms. By way of example, brands such as H&M and Inditex have *Global Framework Agreements* in place with IndustriALL covering their garment supply chains. These agreements include provisions prohibiting unauthorised subcontracting and provide a formal route for suppliers and workers to raise concerns with brands.

What we did

To reflect our concerns, we voted against a number of resolutions at LVMH's AGM, including a vote against the re-election of the longest-serving board member. In July 2025, we sent a letter to the Chair explaining our voting decisions and seeking a discussion. We reiterated our concerns in the company's annual investor questionnaire. This led to a call with investor relations in November, during which we discussed supply chain oversight and labour practices in more detail. Following this constructive conversation, we sent a follow-up email to reinforce our expectations and engagement objectives.

Outcomes

Following issues identified at Dior and Loro Piana, LVMH is strengthening supply chain oversight in line with corrective action plans enforced by the Milan court.

Our engagement work, however, has exposed weaknesses in the tools being deployed to assess supplier practices. For instance, we did not see evidence of comprehensive human rights impact assessments.

Nonetheless, we did note some positive steps, including:

- Work to ensure grievance mechanisms are available and accessible to workers across its supply chains.
- An intention to work more closely with European peers to improve human rights oversight in supply chains, including through the sharing of audit findings.

Next steps

We will maintain our engagement with LVMH and continue to press for tangible improvements in supply chain oversight and human rights due diligence. We also hope to engage further with civil society organisations and worker groups on the ground to gain additional insight into effective solutions within garment supply chains.

Governance

Governance remains a key area of scrutiny for us. Effective boards require the right skill sets, strong structures (including audit, remuneration and nomination committees), and a governance mindset that fosters diversity of thought, independence and a willingness to challenge. We also scrutinise broader indicators of good governance, such as robust corporate strategy, capital discipline and operational behaviour.

Ultimately, the board of directors must provide effective oversight of management on behalf of investors to ensure the company's long-term success. In particular, we expect boards to seek business success in alignment with societal interests, rather than at their expense. Strong governance is essential for the responsible management of environmental and social impacts.

In 2025, we engaged with **73 companies on governance, of which 14 resulted in milestones and 9 in impacts** in addressing board independence, skills, executive remuneration, auditor independence and internal controls.

We engaged with **24 companies specifically about board effectiveness**, where concerns were tied to corporate strategy. These engagements were triggered by weak performance, frequent and unexpectedly large acquisitions, ineffective capital structures and poor investor communication, all of which contributed to worsening market sentiment.

Another key area of focus is ensuring that shareholders can vote on each director at every AGM. We believe staggered boards limit shareholder accountability. Our Siemens case study in **Principle 4** provides an example of our work in this area.

Additionally, we prioritise aligning executive remuneration with shareholder interests. Our engagement with Keyence and Syncona highlights our perspective on executive pay structures and their impact on governance.

Case study

Keyence

The issue

Founded in 1974, Keyence is a leader in factory automation and sensing technology, providing sensors, vision systems and related equipment to a wide range of industries. It is one of the five largest listed companies in Japan by market capitalisation.

We have identified several governance concerns:

- Profit distribution. Keyence has generated strong free cash flow in recent years and maintains a capital-to-asset ratio of around 95%, including a cash balance of approximately US\$3bn. Despite this, shareholder returns remain modest.
- Share split. With a share price of around \$400, the highest among Japanese companies, the shares are largely unaffordable for retail investors, limiting liquidity.
- Board independence and diversity. The board comprises only three outside directors out of nine, with only one female director and no geographical diversity.
- Operational transparency. The company provides limited disclosure on key revenue drivers, strategic trends and the integration of acquisitions.
- Executive remuneration transparency. Disclosure is limited to *high-level statements*, with insufficient detail on incentive structures.

The goal

In our engagement, we highlighted the following expectations:

- Increase profit distributions via dividends. Given modest shareholder returns and valuation compression in recent years, we believe a stronger distribution policy would enhance long-term shareholder value and capital efficiency.
- Implement a share split to improve accessibility for retail investors, particularly younger investors, and boost liquidity. We believe this should form part of the company's broader social responsibility.
- Improve board independence and diversity through the appointment of additional independent directors, prioritising female candidates and international industry experts. Our expectations go beyond the minimum requirements of Japan's Corporate Governance Code and Companies Act.

- Enhance operational and product disclosure by providing clearer strategic information.
- Provide full disclosure of executive compensation. While not required under Japanese law, we consider this essential for shareholders and would welcome the introduction of a Say on Pay vote.

What we did

In 2025, we sent two letters to Keyence's leadership, addressed to the Chair and President and to the founder and Honorary Chair. We subsequently held two calls with the Corporate Planning team to discuss our questions and proposals. The company explained its position on each topic and was open to hearing shareholder perspectives, noting that we were not the only investor raising these concerns. We also engaged with other shareholders to ensure our views were aligned.

In our December call, we broadened the discussion to include operational disclosure, executive pay transparency and board diversity. The company was receptive to receiving examples of good practice in these areas as follow-up. We also raised questions relating to human rights risks within the supply chain.

Outcomes

The discussions demonstrated the company's willingness to engage with investors, which is relatively rare in Japan.

In October 2025, shortly after our first call, Keyence announced that it would pay an interim and final dividend for the financial year ending March 2026, representing a 57% increase on the previous year.

While this marked a step forward, the level of distribution remains below what we would consider appropriate given the company's balance sheet strength.

Next steps

We will continue dialogue with the company and pursue further progress in the areas where we have shared best practice examples. If appropriate, we will seek to establish an investor coalition to support engagement.

Fixed income engagement

Just as we engage as equity holders, maintaining a dialogue with debt issuers is essential for communicating concerns and driving improvements in ESG performance. We routinely meet with issuers' management teams to understand any material corporate developments that could impact the entity's creditworthiness. We may also initiate discussions where we have concerns.

Through our engagement, we aim to reduce credit risk by contributing to positive social and environmental outcomes.

Implementing our ownership discipline in fixed income securities differs from equities in one key respect: creditors do not have voting rights at company meetings or the ability to convene meetings. However, they can exert influence in other meaningful ways. Key leverage points for creditors include:

- Before new issuance: when the terms of the security trust and intercreditor deed are set.
- Bondholder votes on corporate actions: providing an opportunity to influence decisions (see Principle 4 for more details).

We also engage outside these formal leverage points and frequently undertake joint engagements with our equity team when we hold shares and debt in the same issuer and have concerns.

Beyond voting-related influence, we apply other elements of our ownership discipline, including collective engagements with peers on shared concerns.

In 2025, we conducted **11 goal-linked engagement activities** with bond issuers, focusing primarily on the banking, real estate/ housing associations (HA), and water sector. These engagements aligned with our key thematic priorities: climate change, social value chain and governance. Examples of these engagements are outlined in the Greensleeves case study and the table below and the HSBC case study under "Escalation".

Case study

Greensleeves Care

Background

Greensleeves Care manages 27 care homes across England (of which 19 are fully owned), providing high-quality care to over 1,000 residents. Greensleeves issues bonds through the Retail Charity Bond platform, which is effectively a special purpose finance vehicle for medium-sized entities to access the debt capital markets. The investment thesis for bonds issued through this platform is driven by i) social impact; and ii) yield pick-up, given the nature of the underlying borrowers (mostly unrated small- to medium-sized entities).

Given the nature of the (Retail Charity) notes and the underlying borrower, investments are typically made on a buy-to-hold basis.

The issue

Historically, the quality of care provided by Greensleeves has been good, with more than 75% of homes being rated “Good” by the Care Quality Commission, and two rated “Outstanding”. However, as of late, five homes required improvement and one was recently closed after being rated “Inadequate”.

Concerns around a deterioration in the quality of care provided partially stem from sector-wide issues. Care providers have faced an increasingly challenging environment owing to higher operating costs. These pressures have been driven primarily by higher energy costs, increased maintenance expenses and greater reliance on temporary staff. The latter, in particular, could have an impact on the quality of specialised care.

For Greensleeves specifically, concerns relate to a shift from an owner-based to an increasingly lease-based business model, alongside what we consider to be fairly aggressive accounting practices. The issuance of a qualified opinion by the external auditor in the latest annual report, as well as a high turnover of trustees, added to our overall concerns.

The goal

The primary goal was to protect our investment in senior unsecured bonds. Engagement was aimed at countering management’s aggressive business model, as well as what we viewed as aggressive accounting practices.

What we did

- We have been long-term holders of bonds (since issuance in 2017) and, as such, have held numerous meetings with management over the years.
- Since the pandemic, our discussions shifted towards raising concerns regarding the lease-based business model, elevated leverage, accounting practices and a vulnerable liquidity position. In 2025, we held calls with the CEO and CFO, on two separate occasions, to raise these issues.

Outcomes

Our engagement resulted in some limited improvements. For instance, management appeared to refrain from including excessive extraordinary items to boost non-GAAP measures such as EBITDA. While this was a positive development, concerns regarding the business model and general accounting practices were not eliminated.

For this reason, the most prudent course of action was to divest ahead of the upcoming refinancing of the notes in March 2026. This decision was also influenced by the risk of an extension, given the legal maturity of the notes in March 2028.

Next steps

We remain invested in other Retail Charity Bonds. It is in our interest that the platform remains investible and continues to provide access to the debt capital markets on reasonable terms for medium-sized entities with social impact. As such, we will continue to engage with other borrowers as well as the platform provider.

We will continue to monitor developments at Greensleeves Care, although the likelihood of reconsidering any position in the foreseeable future is remote at this juncture.

Figure 3.12: Examples of 2025 fixed income engagements and their outcomes²

Company/ group	Engagement goal and latest action	Outcomes and outstanding issues
Realty Income Corporation	<p>Climate Change</p> <p>Realty Income Corporation is a Real Estate Investment Trust (REIT) with a diversified portfolio of commercial real estate properties. Despite real estate being a significant contributor to greenhouse gas emissions, Realty Income does not have a Paris-aligned goal. It argues that emissions associated with property use are the responsibility of its long-term tenants.</p> <p>As holders of the bonds, we have engaged with the company to understand and strengthen its approach to decarbonisation of its property portfolio. For instance, we have encouraged the company to prioritise tenants that are Paris-aligned, and to engage with non-aligned tenants to support lower-carbon property use.</p>	<p>Management highlighted that, as a net lease landlord characterised by long-term tenancies, Realty Income lacks direct operational control and therefore cannot independently implement sustainable practices. Nevertheless, they also accept that they have the ability to work collaboratively with tenants to promote environmental responsibility across their properties.</p> <p>We will continue to encourage further progress on decarbonisation, including exploring ways to strengthen tenant engagement and improve environmental outcomes across the portfolio.</p>
Deutsche Bank	<p>Governance</p> <p>Deutsche Bank is one of several European banks with material exposure to Significant Risk Transfers (SRTs), an area that has grown in scale and remains relatively opaque. SRTs are regulatory-approved transactions that allow banks to transfer a portion of their credit risk to third parties and obtain relief of capital requirements, enabling them to expand other revenue-generating activities.</p> <p>The concern for investors is the lack of transparency over the nature of the risk transfers and potential implications for financial stability. These concerns have been raised by a growing number of prudential authorities, including the International Monetary Fund (IMF).</p> <p>During an investor meeting, we queried Deutsche Bank’s management about the nature of the Bank’s SRT activity, including the types of underlying loan portfolios involved and the extent of investor due diligence when assuming transferred risk. We also requested enhanced disclosures to improve transparency around the Bank’s use of SRTs and related risk management practices.</p>	<p>Management confirmed its intention to continue growing SRTs, subject to regulatory approval. While the bank acknowledged concerns regarding potential financial stability risks associated with the ongoing expansion of this market, it indicated that SRTs are viewed as an important tool for balance sheet management.</p> <p>We will continue to engage with Deutsche Bank, and other banks with material SRT exposure, to encourage greater transparency around risk transfer, and clearer articulation of how SRT-related risks are governed and managed.</p>
Severn Trent	<p>Governance</p> <p>Severn Trent is a large UK water company. Like other water companies in recent years, concerns have been raised regarding the Company’s complex accounting structure. Specifically in December 2024 BBC Panorama ran a story outlining allegations of improper accounting to boost Severn Trent’s distributable reserves, enabling it to pay out dividends to shareholders and thereby weakening the company’s ability to invest in vital water infrastructure.</p> <p>The allegations resulted in investigations by the Financial Reporting Council and the House of Commons Environment, Food and Rural Affairs Committee during 2025. These investigations concluded with no further action taken apart from seeking enhanced disclosure regarding valuation and significant judgements.</p> <p>In light of the allegations and our own concerns over accounting opacity, we engaged Severn Trent, as well as seeking enhanced analysis from Moody’s. We specifically challenged Moody’s reliance on Regulatory Capital Values in determining capital strength, instead of real economic asset values.</p>	<p>In light of the accounting concerns, we divested our holdings in Severn Trent.</p> <p>While we continue to monitor legal changes following the creation of the Independent Water Commission (IWC), we were pleased to see Severn Trent change its auditor (as part of the regular auditor rotation), and replace the CEO at the end of 2025.</p> <p>In terms of our concern over rating agencies excessive reliance on regulatory capital values RCVs, we were pleased to see the IWC recommend the establishment of a new methodology for assessing asset condition and expected life, and considering linking regulatory capital value run-off more closely to economic depreciation.</p>

Alternative investments engagement

In 2025, we engaged with **six board chairs of investment trusts**, focusing on board effectiveness and their oversight of strategic decisions in a challenging environment. Our discussions covered several key areas:

- **Board refreshment, diversity and skills.** We reviewed the composition of boards, identifying where additional expertise or greater diversity was needed.
- **Internal control mechanisms.** We scrutinised the effectiveness of governance structures, ensuring boards were holding external managers accountable.
- **Management incentives.** We advocated for better aligning the external investment managers' incentives with the interests of shareholders through linking them to the market valuation of the company shares, while also introducing a cap.
- **Investor communication.** We emphasised the need for clearer, more consistent engagement with investors, as communication has been weak in certain cases.

For some funds, we escalated our engagement, reflecting the depth of our concerns. We also achieved important milestones and impacts in these more intensive engagements. Our case studies on Gresham House Energy Storage plc and Syncona on the following pages illustrate where we have made significant progress.

A full list of engagements within 2025, along with the number of goal-linked activities per company, can be found in Appendix III.

Case study

Gresham House Energy Storage Fund

The issue

We invested in Gresham House Energy Storage Fund plc (GRID) in 2019, recognising its strategic importance as the largest utility-scale battery provider in the market. Battery storage is critical to achieving the UK government's ambition to decarbonise the power system, providing an affordable and scalable means of smoothing intermittent renewable supply. The government has forecast that battery storage capacity will need to expand four- or five-fold by 2030 to meet these requirements.

Despite these clear investment drivers, GRID's performance deteriorated sharply from 2023, with its share price falling by more than 70% by the end of 2024. Two key factors contributed to this decline: regulatory inertia, as promised reforms to support battery storage were not implemented, and a series of governance weaknesses.

Our engagement with the National Energy System Operator (NESO) is set out in **Principle 2**. This case study focuses specifically on our engagement with GRID's board to address governance weaknesses, which we initiated in 2024 and continued into 2025.

The goals

Our engagement with GRID prioritised four core governance areas:

1. Board effectiveness. Strengthening expertise in battery storage and power markets to improve decision-making.
2. Dividend policy. Adopting a more prudent dividend policy to ensure sufficient capital is retained for growth, debt repayment and resilience amid market uncertainty.
3. Internal controls. Ensuring more conservative third-party forecasts of net asset value (NAV), which directly influence management fees and incentives. We also advocated for the appointment of a chief financial officer.
4. Remuneration. Aligning management fees more closely with shareholder value by linking payouts to share price performance alongside NAV, which we believed had been consistently overstated.

What we did

As governance concerns intensified amid challenging market conditions in 2024, we strengthened our engagement with GRID's board alongside regular discussions with the executive team. During the year, we held two meetings with the Chair and set out our concerns in a detailed letter sent in October.

In 2025, we maintained close dialogue with the company and were encouraged to see the board respond proactively to all of our core asks. In light of this progress, we voted in favour of all GRID directors at the 2025 AGM and wrote to the Chair in December to underline our support.

Outcomes

A number of key governance improvements were implemented between late 2024 and 2025, including:

- Dividend policy update. In late 2024, GRID announced a revised dividend policy, linking payments more closely to performance and shifting the largest portion of distributions to year-end. This change coincided with a material de-risking of the business through the negotiation of long-term contracts with key customers.
- Strengthened internal controls. In late 2024, GRID appointed a second independent NAV forecaster, which we consider to be more conservative, supporting more robust and reliable NAV estimates.
- Remuneration reform. In early 2025, the fee structure was revised to incorporate share price performance into the calculation of management fees.
- Board refresh. In mid-2025, the board announced the appointment of a new non-executive director with battery storage and power sector experience, addressing our final governance concern.

Over the course of 2025, GRID's share price recovered from around 45 pence to 78 pence. While this reflected progress in de-risking the business through the negotiation of a long-term fixed-price contract and steps taken to address regulatory inertia (as outlined in the NESO case study), we believe the governance reforms were also an important factor in rebuilding investor confidence.

Case study

Syncona

The issue

We have been a shareholder in Syncona, the life sciences investment trust, since 2017 and has engaged regularly with the board. In recent years, global life sciences markets have been challenging and investment trusts have faced sustained negative sentiment, resulting in Syncona's shares trading at a discount of up to around 50% to net asset value (NAV).

Syncona has taken steps to reposition its portfolio towards later-stage investments. While we believe the portfolio itself is attractive, we consider the investment trust structure to be a barrier to realising shareholder value.

We are also concerned about two potential conflicts of interest:

- between Syncona's strategic shareholder, a UK science-focused charity, and other shareholders; and
- between the board and the captive manager, Syncona Investment Management Limited (SIML), which may have incentives to maintain the existing structure.

Consequently, we did not support the proposed continuation vehicle (the "New Fund") announced in June, which would have transferred assets to be managed by the same captive manager.

Current remuneration arrangements appear to reinforce these conflicts, as SIML's compensation is linked to expenses and NAV growth rather than shareholder returns.

The goals

Our priority is the orderly realisation of portfolio value, ideally through a single transaction, to return capital to shareholders.

We urged the board to reconsider the continuation vehicle in light of potential conflicts. Any asset transfer should be to a new entity with fresh capital, independent management and arm's-length valuation.

We also seek a more arm's-length relationship with the investment manager, potentially through the sale of SIML, improved alignment of remuneration with shareholder outcomes, and a refreshed board with expertise in capital return and portfolio realisation.

What we did

Our engagement intensified in 2025. We sent a detailed letter setting out our proposals and held two meetings with the Chair to support the board's review of strategic options.

In June, the board announced a new value realisation strategy, which we did not believe fully aligned with shareholder interests. At the 2025 AGM, we voted against three capital-related management resolutions.

In a further letter in July, we reiterated our expectations around value realisation milestones, governance changes, remuneration alignment and the need for shareholder approval of any new investment objective or continuation structure.

Outcomes

In August we achieved a milestone in our engagement when the Chair outlined key steps in the value realisation strategy. We took reassurance from the decision to allocate assets proportionally between the existing structure and any new entity, guidance on "significant realisations" and the requirement for shareholder approval before further disposals.

An October update set out clearer near-term targets for realising value from mature assets, including through tender offers, buybacks or special dividends. The board also committed to consult shareholders on a new capital allocation policy and revised incentive arrangements, with the intention of seeking shareholder approval for a revised investment objective and policy.

Collaborative engagements

We collaborate with like-minded investors to amplify our voice in both company engagements and market outreach. As a mid-sized asset manager with global investments, we are not often among the top 10 shareholders or creditors of a company. However, through collaboration, we can amplify the impact of our engagements and enhance our ability to drive change.

To build broader investor support, we focus on delivering high-quality analysis and presenting credible proposals that address risks to capital and therefore enhance the sustainability of returns that others can rally behind. This approach requires substantial analytical effort to ensure our recommendations are well-founded and impactful. As a high-conviction asset manager, we can draw on a deep understanding of the businesses we invest in.

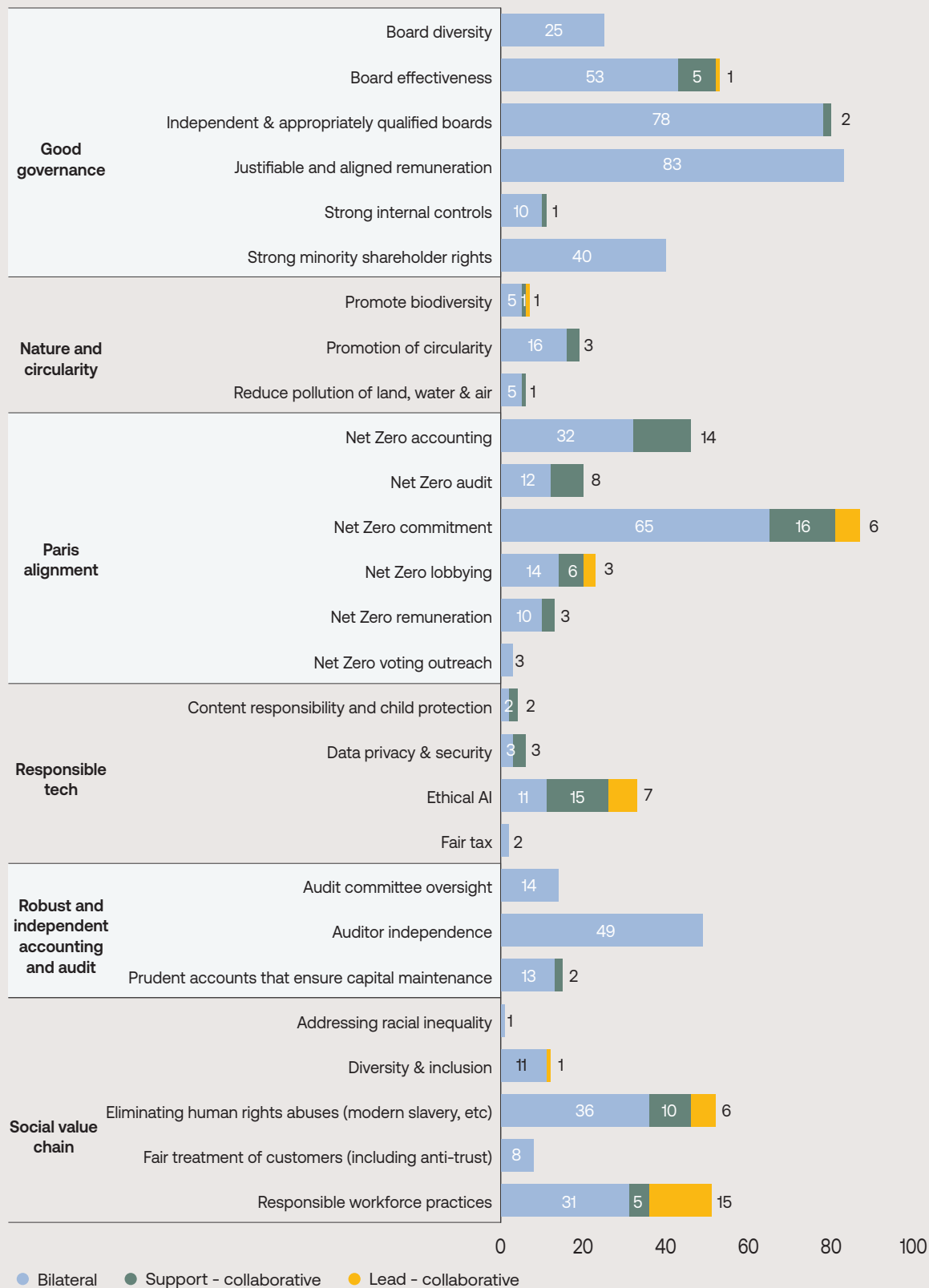
While most of our company engagements are conducted independently, as outlined in the previous section, we collaborate with other investors when we believe it will increase effectiveness or where escalation is required due to resistance from a board or executives. Any collaborative engagement is undertaken in compliance with local laws and regulations.

In 2025, we participated in **141** collaborative GLAs **across 22 companies**. Of these, we led 101 GLAs, typically focusing on stewardship priorities identified in **Disclosure A of the Policy and Context Disclosure** and above in this Principle, where assembling a broader group of investors could enhance our impact. The remaining **40** GLAs involved adding our support to efforts that aligned with our priority areas of concern.

Most of these engagements took the form of collective investor letters or joint calls, often followed by additional exchanges. A significant proportion of the work (particularly in cases where we took a lead role) involved coordination and preparatory discussions with other investors.

Please see below the statistics and examples of our collaborative engagements.

Figure 3.13: Collaborations by Goal (number of Goal-linked activities)



Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Case study

Kimberly-Clark Corporation

The issue

Kimberly-Clark is a global leader in the supply of personal care, hygiene, baby and medical products including popular brands such as Huggies, Kleenex, Kotex and Scott. Founded over 150 years ago, the company has built a reputation for innovation and sustainability, captured in its mantra “Better Care for a Better World”. Kimberly-Clark operates in more than 175 countries. In recent years, the company has been undergoing a strategic transformation aimed at improving efficiency while continuing to innovate.

Given the nature and scale of its business, Kimberly-Clark has several material environmental impacts associated with its plastics footprint, carbon emissions and raw material sourcing. As a result, its efforts to position itself as a sustainability leader are both welcome and, in our view, financially material.

While Kimberly-Clark’s sustainability commitments demonstrate leadership in the sector, we have concerns about the lack of clarity around how these commitments are embedded into the company’s strategy, brand development and allocation of R&D spending.

In 2024, both carbon emissions and total plastics use in products and packaging increased from 2023, reversing earlier progress. A particular area of underperformance is progress towards targets for recycled content in packaging. We also have concerns about the scope and ambition of the company’s plastics targets, which we consider to be limited in several respects.

The goals

Our four objectives for engagement with Kimberly-Clark are:

1. **Plastics.** We would like to see a target to reduce the total absolute volume of plastics used (across both products and packaging), alongside a strengthened target to cut virgin plastics use, supported by clear evidence of R&D and investment.
2. **Climate.** We are seeking a clearer plan for reducing scope 3 emissions, particularly in relation to plastics use and waste treatment.
3. **Nature.** We would like to see a Taskforce on Nature-related Financial Disclosures (TNFD) report, setting out Kimberly-Clark’s nature dependencies and exposure to nature-related risks.
4. **Lobbying.** We expect lobbying activity to be aligned with sustainability goals, supported by an annual review of adherence. A key focus is the company’s position on Extended Producer Responsibility policies.

What we did

In early 2025, Sarasin joined the Nature Action 100+ engagement team for Kimberly-Clark, adding our voice to investor calls for more ambitious action on nature and circularity. Following strategy calls with fellow investors in the spring, we held a collective investor discussion with the Head of Sustainability in July 2025. We followed up in August with a comprehensive set of questions, and held a further call with the sustainability team in September.

In late 2025, Kimberly-Clark announced the acquisition of Kenvue, a large US consumer health company previously spun out of Johnson & Johnson, with well-known brands including Neutrogena, Listerine, Band-Aid and Tylenol. The market reacted negatively, and Kimberly-Clark’s share price fell 15% on the announcement.

If the transaction proceeds (with final approvals expected in the second half of 2026), it would materially shift the company’s business and risk profile away from a relatively stable consumer goods model to a more volatile consumer health business. It would also alter the company’s sustainability profile. In particular, Kenvue is subject to a number of lawsuits linked to harmful side-effects associated with products including Tylenol, talcum powder and Neutrogena.

In response to the proposed acquisition, Sarasin wrote to the board outlining key concerns and held calls with the Executive Chair, Company Secretary and the Lead Director.

Outcomes

Our engagement remains at an early stage and has necessarily been influenced by the announced acquisition of Kenvue. We have nonetheless been encouraged by the openness of the executive team and board in their response to date. We expect to continue discussions in 2026 and hope to see stronger plastics and climate commitments set out in forthcoming reporting, alongside greater clarity on the sustainability and risk implications of the proposed acquisition.

Case study

Unilever

The issue

Unilever is one of the world's leading consumer staples companies, manufacturing food, detergents and other home and personal care products. Iconic brands include Dove, Persil and Hellmann's Mayonnaise. Following a period of deteriorating performance, Unilever became the target of an activist campaign in 2022, resulting in turnover within the leadership team and board, and the adoption of a restructuring plan focused on streamlining the business around fewer, better-performing brands and simplifying the organisational structure.

As a long-term shareholder, Sarasin supports efforts to raise efficiency. We have been clear, however, that Unilever should avoid undermining its reputation for sustainability, which we believe is closely tied in consumers' minds to healthier, less toxic products and underpins the company's premium positioning. Investing in more sustainable supply chains is also important for building resilience, reducing regulatory and litigation risks and maintaining the company's social license to operate.

As part of the turnaround, we are concerned that Unilever has deprioritised sustainability, as reflected in the reduced emphasis placed on sustainability in its revised strategy; weaker circularity commitments; the decision to merge the sustainability team with public relations; and a reduction in the weight of sustainability within incentive schemes. We also note that total scope 1–3 carbon emissions rose by 6% in the most recent reporting period, while in-scope emissions increased by 3% (*Unilever 2024 Annual Report*).

The goals

We have five objectives relating to our environmental concerns:

- Sustainability strategy. We would like to see clearer articulation of how sustainability remains embedded within Unilever's revised strategy, in order to support its premium brand positioning.
- Plastics. We would like Unilever to adopt a target to reduce the total volume of plastics used and to achieve net zero leakage by 2040, supported by appropriate interim targets and stronger efforts to recycle and reuse plastic packaging and products.
- Climate. Emissions rose in 2024, driven by scope 3 emissions, which account for more than 99% of Unilever's total emissions (*Unilever 2024 Annual Report*). We would like greater clarity on how climate considerations are integrated into financial accounting and planning, including through the use of an appropriate internal carbon price and consideration of physical risks, such as those affecting commodity supply chains.
- Nature/deforestation: We would welcome an overarching, independently audited mapping of deforestation risk linked to key at-risk raw materials, including palm oil, paper and board, tea, soy and cocoa.
- Remuneration. We would like to see greater weight given to Unilever's Sustainability Progress Index (including climate targets), and the inclusion of scope 3 targets within this metric. A net zero underpin or moderator would help ensure executives are fully aligned with delivery of the net zero transition plan.

What we did

We have been engaging with Unilever since 2023 and joined the Climate Action 100+ engagement group in early 2025. Alongside our collaborative effort, we have continued bilateral engagement with the company. Key activities in 2025 included:

- A letter from Sarasin to the Chair in January, setting out expectations for clearer integration of sustainability within Unilever's revised strategy; requesting disclosures on how climate is reflected in financial statements; calling for a greater weight to be given to sustainability within remuneration; and seeking a strengthened absolute reduction target for plastics use.
- A meeting between the CA100+ engagement team and Unilever's sustainability team in April.

- An AGM question co-sponsored through CA100+, directed to the Audit Committee Chair, focused on how climate and transition risks are reflected in financial reporting and planning.
- Escalated voting, including votes against the Audit Committee Chair, the auditor, the financial statements and remuneration. We also abstained on the Chair and longest-serving Remuneration Committee Director.
- A meeting with the Audit Committee Chair in May, following our AGM question.
- Letter from Sarasin to the Chair and Audit Committee Chair in December, outlining our voting rationales and expectations.

Outcomes

To date, the company has been responsive to requests for discussion and correspondence, providing a constructive basis for progressing our priorities. As a next step, we will continue follow-up engagement with the board, both bilaterally and through CA100+, and look for enhanced disclosure in forthcoming annual reporting.



Case study

Bridgestone

The issue

Throughout 2025, we engaged with tyre producer Bridgestone on labour standards at its rubber plantations. Concerns were raised when workers, unions and international legal experts *reported* alleged rights abuses at Bridgestone's Firestone Liberia site.

Subcontracted workers at the site were reportedly not granted the same access to on-site hospital and school facilities for their children, despite the remote location of the plantation. Workers also reported low pay and precarious working arrangements for cup washers who were not formally employed (those who clean and maintain the latex collection cups attached to rubber trees). Critically, workers alleged that their right to form a union was not being recognised by their agency employers.

The goals

Our engagement with Bridgestone in relation to human and labour rights covered five main areas³:

- Disclosing the results and protocols of an audit conducted at the Firestone Liberia site, which was reported to have labour violations.
- Reporting follow-up actions relating to the Bridgestone Indonesia Bekasi Tire Plant, where an audit identified a number of “gaps” against International Labour Organization (ILO) standards.
- Making its Implementation Guideline for the Global Human Rights Policy publicly available.
- Reporting on supplier human rights risk mapping, traceability gaps, engagement with non-compliant or high-risk suppliers, and the outcomes of these efforts.
- Reporting on the methodology used to assess the effectiveness of human rights due diligence within supply chains.

What we did

In October 2025, we joined a collective investor engagement led and facilitated by the Shareholder Association for Research and Education, representing approximately \$145 billion in assets. The group wrote to Bridgestone to express concerns about conditions at the Firestone Liberia site and the company's approach to upholding its human rights commitments and due diligence processes. The letter encouraged the company to:

- Report the outcomes of an independent third-party audit conducted at the site.
- Disclose how it implements its human rights policies.
- Encourage the labour agencies to recognise the workers' union and enter into a collective bargaining agreement, in line with the ILO conventions and Bridgestone's own human rights policies.

Sarasin & Partners also sent a bilateral post-proxy letter to the company in November 2025, reiterating our concerns and engagement objectives.

In addition, we participated in dialogue with civil society and labour groups, including workers on the ground in Liberia, to monitor developments and better understand conditions at the site.

Outcomes

In December 2025, following written engagement with the company and parallel union negotiations, it was *announced* that approximately 3,000 contract workers (around 75% of the subcontracted workforce, according to reported figures) had gained union representation and reached a landmark collective bargaining agreement. This agreement included a wage increase, paid positions for cup washers and access to the Firestone hospital and schools.

We understand that Bridgestone intervened to communicate its policy on upholding freedom of association rights to labour agencies, encouraging them to recognise the union. This intervention was an important step towards the agreement being reached. While further improvements are still required at the site, and in Bridgestone's reporting on its implementation of its human rights commitments, we view this outcome as a positive step forward and a meaningful improvement in conditions for workers at the Liberia site. We marked this as an impact.

In response to our post-proxy letter, we have also secured a bilateral dialogue with the company in 2026.

Next steps

In 2026, we will continue to engage with Bridgestone on human rights and labour conditions, alongside other engagement priorities touching on decarbonisation, deforestation and governance points, beginning with a meeting scheduled for early 2026.

³ We also engage with Bridgestone on climate and governance points, not covered here

Case study

Costco

The issue

Seafood supply chains are multi-layered and complex, with commingling commonplace (where fish from different vessels or farms are mixed before processing). As a result, traceability of seafood products is challenging, creating difficulties for human rights due diligence. Once companies can identify where each product or species they source originates, they can more effectively work with suppliers on labour and human rights conditions, and monitor progress.

The seafood sector faces labour risks at all levels, from fishing vessels, where workers may be at sea for months without the ability to contact land, to processing facilities, where workers can face poor labour standards and reports have highlighted risks of forced labour.

Costco sources hundreds of seafood products and is an active member of the Seafood Taskforce, an industry initiative aimed at improving supply chain oversight.

Nevertheless, the Company has been the target of allegations of links in its seafood supply chains to Uyghur forced labour, as set out in reporting by the *Outlaw Ocean Project*. In 2023 a public letter on the topic was sent to Costco by the US Congressional-Executive Commission on China, to which there has been no public response. We also find limited disclosure from Costco on how it is ensuring traceability across its seafood supply chains.

The goals

Our engagement with Costco has focused on three objectives:

1. Traceability reporting. Improve disclosure on progress towards traceability, including supplier mapping for seafood (initially private-label tuna and shrimp), descriptions of oversight mechanisms and identification of any remaining gaps.
2. Uyghur forced labour. Address Uyghur forced labour explicitly in human rights reporting, particularly in light of the Outlaw Ocean investigation and the Congressional letter, and provide greater insight into how Costco is managing the unique challenges associated with state-imposed forced labour.
3. Worker voice at sea. Include vessel-based Wi-Fi and communication access within supplier standards, with a time-bound commitment or pilot to advance this critical enabler of worker

voice and access to grievance mechanisms.

What we did

We have been raising concerns about forced labour risks with Costco's board since December 2024. Since then, we have led a collaborative investor engagement through the Interfaith Center on Corporate Responsibility (ICCR). In June 2025, we sent a letter to the Chair, signed by 13 investors representing approximately \$67 billion in assets, outlining our concerns.

This outreach led to a collective engagement call with the company's human rights leads during the summer, followed by subsequent email exchanges.

We reiterated our concerns and recommendations in our 2025 post-proxy letter to Costco, in which we explained our vote against the re-election of the Chair, citing human rights risks within the company's supply chains.

Outcomes

Our role as lead investor in this collaborative engagement enabled us to benefit from other investors' existing engagement with the company, connect with responsive contacts within Costco and, for the first time, secure a dedicated call with the company's stewardship team.

In terms of the impacts from our engagement, we would point to some early progress:

- agreement to consider adding Wi-Fi and communication access on vessels to its supplier standards. However, no time-bound commitment has been set.
- confirmation that it is working on seafood traceability on a species-by-species basis, and that it has already achieved full traceability within its own label tuna and shrimp supply chains.

We view these as positive first steps in what we expect to be an ongoing engagement.

Next steps

In 2026, we will continue to highlight our concerns with Costco and resume the collective investor engagement through further dialogue. We also plan to establish a network of subject-matter expert contacts working on seafood traceability to inform and strengthen our engagement with the company. Our voting will reflect progress in our engagement.

Case study

Meta

The issue

Meta, one of the world’s largest social media and AI companies, faces significant concerns relating to content moderation and governance. Following announcements in January 2025 indicating an easing of certain content-related restrictions on its US platforms, content management appeared increasingly politicised.

We identified particular weaknesses in Meta’s decision to replace professional fact-checking with Community Notes, a tool that has shown limited effectiveness since its adoption at X (previously Twitter).

The consequences of relaxed restrictions were highlighted in a June 2025 *survey* of approximately 7,000 users of Instagram, Facebook and Threads conducted by three NGOs. 17% of respondents reported experiencing gender-based or sexual violence, 66% reported witnessing harmful content, and 92% expressed concern about increased exposure to harmful material.

Child safety is a particular concern. Research published in 2025 by six civil society organisations, *Teen Accounts, Broken Promises: How Instagram Is Failing to Protect Minors*, documented failures to prioritise child safety. A *Reuters* investigation also revealed that internal policies governing Meta’s chatbot allowed provocative or “sensual” conversations with children. Additional *reporting* cited *allegations* that internal child-safety research had been suppressed.

Broader concerns also exist around AI governance. Meta has provided limited public disclosure on human rights impact assessments (HRIAs). While internal due-diligence processes may exist, we lack evidence of their scope or effectiveness.

The goals

Our objective is to ensure Meta is addressing these risks. In particular, we seek clarity on the effectiveness of its content moderation systems, protections for children and vulnerable users, adherence to privacy principles, and support for the mental health of content moderators. We also seek greater public disclosure on Meta’s approach to HRIAs and the methodology used.

What we did

We began engaging with Meta in September 2024 through its first investor call on ethical AI. As key questions remained unanswered, we assembled an investor group and coordinated a collective letter to Sir Nick Clegg, then Head of Global Affairs. Initial engagement with Investor Relations was positive, but progress subsequently stalled.

At Meta’s 2025 AGM, we voted against five of the 15 directors standing for election, including the Chair and CEO, key committee chairs and one newly appointed director, citing concerns over his expertise and potential conflicts of interest. We also supported eight of nine shareholder resolutions, including five related to ethical AI, and *publicly pre-declared our votes*.

We participated in the Global Network Initiative assessment of Meta’s adherence to freedom of expression and privacy principles. This facilitated renewed engagement with Meta’s human rights team and led to a commitment to hold a collective investor call. We subsequently shared a refined set of priority questions. The investor group now represents 31 investors with approximately \$3.9 trillion in assets under management.

Outcomes

While no immediate outcome has been achieved, sustained engagement has helped clarify investor expectations and establish a clearer benchmark for accountability on ethical AI and content governance.

Next steps

We expect the collective call with Meta to take place in early 2026 and will continue working with the investor group to strengthen disclosure, oversight and accountability in relation to ethical AI and user protection.

Figure 3.14: Examples of other collective engagements on ethical AI

Company	Investor collaboration, our role	Engagement goal and latest action	Outcomes, current status and next steps
Amazon	World Benchmarking Alliance (WBA) Ethical AI Collective Impact Coalition, co-lead	<p>Goal: Improve transparency on the effectiveness of safeguards applied to proprietary and third-party AI models, including audits and human rights impact assessments (HRIAs).</p> <p>Action: We coordinated and sent two collective letters, in June and October, raising targeted questions on the most pressing areas of concern.</p>	<p>Impact: Amazon’s response received in August contained links to recent publications, such as its <i>Frontier AI Model Safety Framework</i> and <i>scientific blogs</i>, indicating progress in the adoption and implementation of responsible AI policies. Amazon also signed the Code of Practice for the EU AI Act, signalling a commitment to a harmonised compliance approach.</p> <p>Current status and next steps: We are awaiting a response to our sixth engagement letter on ethical AI and will continue the dialogue.</p>
Alphabet	WBA Ethical AI Collective Impact Coalition, co-lead. Newly formed coalition of three investor groups on responsible technology, co-lead	<p>Goal: Obtain evidence on the effectiveness of safeguards, including HRIAs, and establish regular dialogue with subject matter experts on ethical AI.</p> <p>Action: We coordinated and sent a collective letter in March. Despite attempts to follow up we received no substantive response. In November, we coordinated an escalation letter on behalf of three investor coalitions.</p>	<p>Milestone: Alphabet published reports, including <i>Adversarial Misuse of Generative AI</i>, the <i>Report of Systemic Risk Assessment</i> and its 2024 Responsible AI Progress Report, which provided new details on the implementation of its AI safety policies.</p> <p>Current status and next steps: We are awaiting a response to the escalation letter and an opportunity for substantive engagement. If this does not materialise, we will consider further escalation.</p>
Microsoft	WBA Ethical AI Collective Impact Coalition, supporting role	<p>Goal: Assess whether the company continues to demonstrate leadership in the application of AI safety tools and mechanisms, and to discuss progress in evaluating the effectiveness of AI model safeguards.</p> <p>Action: We participated in seven engagement activities on ethical AI during 2025, including two calls: one with investor relations and one with the Chief Responsible AI Officer.</p>	<p>Three milestones:</p> <ul style="list-style-type: none"> — Microsoft’s <i>2025 Responsible AI Transparency Report</i> provided new insight into how red-teaming has improved safety. — Completed a HRIA for its generative AI products, with publication pending. — Confirmation that the Responsible AI team is involved in product development and that work is under way to standardise measures of safeguard effectiveness. <p>Current status and next steps: We would like to see publication of the 2025 HRIA and will continue active dialogue with the company.</p>

Escalation

We escalate engagements when we fail to gain traction on key issues. This is critical to company dialogues and market outreach work. Escalating engagement when we fail to gain traction on key issues is critical, both in our company dialogues and market outreach work. It reinforces our commitment to stewardship and strengthens our chances of success. However, we do not escalate in all situations: costs, holding size, likelihood of success and reputational risks must be carefully considered.

Escalation tools that we deploy include:

- Collective shareholder engagements.
- Voting against directors.
- Filing shareholder resolutions/proposing directors.
- Voting against the auditor and/or annual report and accounts.
- Public statements.
- Submitting formal complaints to regulators.
- Litigation.

Further details on our approach to escalation can be found under **Disclosure C of the Policy and Context Disclosure**.

Collective shareholder engagements

A common escalation step is to join with other concerned shareholders in a joint engagement effort. While rules around collective engagement vary across markets, meaning this approach is not always viable, it is widely used in jurisdictions like the UK, Europe and US to foster better dialogue and stronger governance.

Notable examples of collective shareholder engagements in 2025 included **Bridgestone, Kimberly-Clark, Meta, Alphabet, and US Solar**. Case studies are provided above on our collaborative engagements and below in this section.

Voting against directors

A fundamental pillar of good governance is that individual directors can be held personally accountable for shareholder outcomes.

While the legal power of the vote varies by jurisdiction, votes against directors can be highly influential, particularly when more than 10% of votes oppose an individual resolution.

Understanding board dynamics and tailoring votes to reflect ongoing engagement is key. For this reason, we avoid rigid rules in applying our voting to ensure that we reinforce and support progress, while challenging obstruction.

Our voting record in 2025

- We voted against **814 company directors (22% of director election votes)** for various governance concerns, primarily due to lack of board independence (see Figure 3.15).
- We held key board committee chairs accountable, particularly the chairs of remuneration, audit and nomination committees, where we identified weaknesses in oversight.

For example, if we voted against a company's remuneration policy or report or auditor for two consecutive years without seeing positive change, we typically escalated by voting against the committee chair.

In 2025, this escalation approach resulted in votes against **269 directors (8% of director election votes)**. Notable examples include **Amazon, Alphabet, Siemens, Meta, Apple, Accenture and Deere**. For more detailed examples, please refer to the **Linde** and **Microsoft** case studies included in the examples of key votes section under **Principle 4**.

- For the first time, we applied our **Further Escalation Rule**, where we vote against board chairs in situations when we have voted against a resolution relating to independence, audit matters or executive remuneration, articulated our concerns to the board (and potentially also voted against the relevant committee chair) for four years in a row without seeing any progress. We applied our Further Escalation Rule in **20 votes**.

Beyond highlighting governance concerns, we also use our votes against directors to advance our priority engagements, particularly where we see inadequate action (see Equinor and US Solar Fund case studies below).

Diversity-related votes

We also escalated votes due to board diversity concerns:

- We voted against **111** directors, primarily nomination committee chairs, due to insufficient gender diversity. In 84 cases, gender diversity was the sole reason for our opposition. Some of these votes escalated previous engagements where we saw insufficient progress. Examples include **Emerson Electric, Ferrari, Bridgestone, Ross Stores and Alphabet**.
- We extended our diversity-related voting rules to cover ethnic diversity in UK and US companies. As a result, we voted against **21** nomination committee chairs due to insufficient ethnic diversity. In **16** cases, this was the sole reason for our opposition.

Figure 3.15 shows a detailed breakdown of our 2025 director voting decisions.

Figure 3.15: Votes against directors in 2025

Rationale for voting against company directors	Number of directors
Lack of independence, including:	401
Lack of majority independence of the board	159
Non-independent directors on key committees	290
Board diversity, including:	111
Gender diversity	84
Ethnic diversity	21
Overboarding	94
Escalation	269
Climate concerns	83
Staggered or classified boards	79
Total	814

Source: ISS and Sarasin & Partners. Data for 2025. The total number of director votes was 3674. The numbers show where this factor was mentioned in the voting rationale, either on its own or alongside other factors. There is often more than one driver for a vote against.

Filing shareholder resolutions / proposing directors

Shareholders often have the power to file resolutions, including proposing independent board directors. This can be an effective tool to ensure the board has the right leadership or to push for specific actions the board might otherwise resist. Even when shareholder proposals do not pass, they can send a strong signal that action is required, particularly if they receive significant support.

We did not file shareholder resolutions or propose directors in 2025, but at Siemens, following no progress with engagement on staggered board, we made a statement at the 2025 AGM (see case study in [Principle 4](#)).

Voting against the auditor and/or annual report and accounts

Sarasin has been a long-standing advocate for prudent accounting and robustly independent audit (see a description of our market outreach under [Principle 2](#)).

Shareholders often have a binding vote on the appointment of the auditor, but even non-binding votes can be powerful. The auditor plays a critical role in ensuring a company's financials accurately reflect risks and capital strength.

Shareholder voting (alongside engagement with auditors) helps ensure that auditors:

- Remain vigilant on behalf of investors.
- Are not overly influenced by company executives.
- Uphold audit quality and financial transparency.

Failure to hold auditors accountable has been a key contributor to weak audit quality and investor scepticism about the reliability of company accounts.

Our 2025 voting record on auditors

- Voted against **144 auditor appointments (22% of total auditor votes)** due to concerns over independence or audit quality.
- Voted against **7% of all company annual reports and accounts** due to a lack of transparency.

Climate risk and auditors

An ongoing focus in 2025 was ensuring that auditors assessed and disclosed climate-related financial risks, particularly for carbon-intensive companies. For companies on Sarasin's Climate Watch List, we:

- Voted against **68% of auditor reappointments** due to insufficient evidence that climate risks had been properly considered.
- Voted against the approval of **60% of annual reports and accounts** for the same companies.

For details of our 2025 votes against management proposals on climate grounds see [Principle 4](#).

Public statements

In certain cases, public statements by shareholders can increase market scrutiny and prompt company action. For example, following engagement in 2025, we publicly escalated proxy actions for Meta and Siemens. We also added our support to public questions posed to the Boards of Rio Tinto, Unilever and HSBC.

Submitting formal complaints to regulators

Where a breach occurs (such as inadequate shareholder disclosure, misrepresentation or poor stakeholder treatment), we may escalate by submitting complaints to regulators to drive corrective action.

In 2025, we filed a complaint with Norway's Financial Services Authority seeking a review of the accuracy of Equinor's Paris-alignment claim (see case study below in this Principle).

Litigation

Legal action carries high hurdles but can be appropriate in extreme cases, such as directors failing to adhere to their fiduciary duties. Even the threat of litigation can influence board decisions.

In 2025, Sarasin has not been involved in any litigation.

Considerations

We do not take escalation lightly. At every stage we:

- Conduct internal debate and challenge.
- Carefully weigh up the benefits and risks.
- Seek approval from the Stewardship Steering Committee in cases that involve more high profile outreach.
- Seek legal guidance where necessary.

Our effectiveness depends on our reputation for accurate analysis, long-term value creation and integrity. We remain firm in holding directors and auditors accountable, speaking out against poor governance, and embracing necessary challenges when required.

Geographical differences in our approach

While we apply universal ESG principles, our implementation strategy accounts for regional differences.

Regional prioritisation

- Initially, we focused our Say on Pay votes on markets where they are already established, such as the US, Canada, UK, Australia and Europe.
- From 2025, we extended escalation voting to markets without Say on Pay votes to promote global best practices.

Executive shareholding requirements

- We believe senior executives should retain significant shareholdings during employment and beyond.
- Our CEO shareholding threshold is 400% of base salary in UK, Europe and Australia; 600% in the US, where variable pay is higher and fixed salaries are lower; and reduced to 300% in markets outside the US, UK and Ireland.

Director sequencing and staggered boards

- In markets allowing staggered boards (such as Germany, France and the Netherlands), we escalate concerns by voting against relevant directors when committee chairs are not up for election. In Germany, if director elections are not available at all, we vote against the discharge of specific directors.
- In Japan, where boards lack key committees (audit, nomination and remuneration), we escalate by voting against top executives when governance concerns arise.

Case study

Equinor

The issue

Equinor, Norway's national oil and gas company (67% state-owned), faces the challenge of aligning with the Paris Climate Agreement while remaining financially viable. The Paris Agreement requires a steady decline in fossil fuel production, yet Equinor's earnings remain heavily dependent on oil and gas. As it maps out its future, the company must decide whether to expand its low-carbon business to replace fossil fuel revenues or return capital to shareholders.

Sarasin held shares in Equinor from 2020 to early 2025. We considered Equinor to be one of the best-positioned oil majors to navigate decarbonisation, given its low-cost reserves, investments in wind, hydrogen and carbon capture. Critically, its largest shareholder, the Norwegian government, was committed to the Paris Agreement. Despite these features, however, we believed it lacked a strategy aligned with a 1.5°C pathway.

The goals

Our objective was to persuade Equinor to adopt a Paris-aligned strategy supported by appropriate capex plans, consistent with the IPCC's 1.5°C emissions pathways and supported by climate-aware accounting assumptions and disclosures.

What we did

We initiated our engagement with Equinor in November 2020. In early 2021, Sarasin became a lead investor in the CA100+ initiative, working with the co-leads to push Equinor towards a more ambitious climate strategy. A key element of our engagement was direct dialogue with the Norwegian government, Equinor's largest shareholder.

Over time, we escalated our engagement through the following actions:

- Coalition building. Alongside bilateral dialogue with Equinor, we led collective investor engagements advocating for climate-related financial statement disclosures. In parallel, we played a co-lead role within CA100+, working with other investors to push for more ambitious climate action.
- Public policy engagement. We sent a public *letter* to Norway's Prime Minister seeking support, followed by meetings with the Government Ownership Department responsible for administering the State's 67% shareholding.
- Vote escalation. We escalated pressure by voting against the annual report, the remuneration policy and report, and the auditor's remuneration due to climate-related concerns. We also supported a shareholder resolution calling for greater climate expertise on the board. We pre-declared key votes against management on our website ahead of Equinor's 2022 and 2023 AGMs.
- Filing shareholder resolution. In 2024, we led a *shareholder resolution* alongside three other investors, calling on the board to align capital expenditure and strategy with the goals of the Paris Agreement. This resolution secured over 30% support from non-state shareholders.
- Governance proposals. We proposed the appointment of an external advisory panel to support Equinor's Energy Transition Plan review.
- Board nominations. We nominated a non-executive director (NED) to Equinor's board.

Despite these efforts, in early 2025, we decided to exit our position, as it became clear that Equinor was planning to weaken its climate commitments and expand investment in new reserve development. We made our letter to the Chair *public* to draw attention to Equinor's strategic decisions.

Although no longer shareholders, we considered Equinor's actions to warrant further scrutiny. In particular, we had long been concerned that Equinor's claim to be Paris-aligned was not supported by clear analysis. Our own assessment that Equinor's strategy was not Paris-aligned was set out in detail in our 2024 shareholder resolution. Nevertheless, Equinor's claim underpinned shareholder support for its Transition Plan. This was especially significant for the Norwegian government, which is bound by a *Parliamentary White Paper* to ensure its company holdings are aligned with the Paris Agreement.

We believe that, if Equinor's claim were found to be misleading, the company would be compelled to adopt more robust decarbonisation measures. In September, we decided to *write* to Norway's Financial Services Authority to seek a review of the accuracy of Equinor's Paris-alignment claim. Our letter was supported by investors representing over \$1.3 trillion in assets.

Outcomes

We believe our engagement with Equinor contributed to meaningful progress through 2024, including industry-leading scope 1 and 2 emissions reductions, ambitious commitments to expand renewable energy investment and enhanced climate-related financial disclosures. In 2025, however, the company took a step back.

Equinor’s updated strategy extended its fossil fuel production profile, with planned production in 2030 around 10% higher than today, including ongoing development of new reserves. The company also abandoned its renewable investment commitments

and weakened its scope 1–3 net carbon intensity targets for 2030 and 2035. For these reasons, and given our assessment of rising risks to long-term capital, Sarasin exited its position and initiated a complaint to Norway’s FSA concerning the potential misrepresentation of Equinor’s climate credentials.

We are hopeful that Equinor will revise its claim of Paris alignment in 2026, triggering further action by the Norwegian government.

The timeline in Figure 3.16 outlines the key actions we took since we initiated our engagement, alongside the milestones and impacts achieved.

Figure 3.16: Escalation at Equinor

Engaging since 2020: board and Norwegian government

2020–2023

Key actions

- Intensive engagement with Equinor, auditor and Government
- **Letter to Norway’s PM seeking support**

Key Impacts/ Milestones

- **2022 Transition Plan** with 2050 net zero commitment
- Target for **50% gross capex** to renewables
- **Enhanced visibility** on financial consequences of climate risks
- Govt 2023 **AGM statement**

Jan–May 2024

Escalation to AGM

Actions

- **Outreach to Ministry and Board on draft resolution**
- Outreach to investors and proxy agencies
- Market outreach including financial press

May 2024 Shareholder resolution

Actions

- Media coverage: FT and Reuters
- **Received 32% non-state vote and a question in Norwegian Parliament**

Aug–Dec 2024 Transition plan review

Actions

- **Proposed Advisory Panel** - Rejected by Chair
- **Nominated Non-executive director to Board:** rejected
- Sent Post-proxy letter outlining votes against directors

Jan–Oct 2025 Exit and FSA complaint

Actions

- **Published exit letter to Chair**
- Media coverage, e.g. Reuters
- **Coordinated collective letter to Norwegian FSA** outlining concerns over climate misrepresentation

Key Impacts/ Milestones

- 10% stake in Orsted

Next steps

- Ripple effect from FSA letter

Case study

HSBC (fixed income)

The issue

As HSBC is one of the world's largest banks, climate risk is increasingly material to its resilience and capital adequacy. Scientists continue to *warn of the severe consequences* of global warming, and the insurer Allianz has *stated* that at 3°C of warming, “irreversible climate impacts lock in, rendering insurance unworkable, public intervention unaffordable, and financial stability unattainable”. Beyond direct exposure to transition and physical risks, HSBC influences future warming pathways through its financing decisions, thereby amplifying the risks it faces.

Regulators and standard setters have emphasised the need for banks to assess, manage and disclose climate-related financial risks.⁴ The Bank of England's Prudential Regulation Authority (PRA), in its proposed *Supervisory Statement* on climate risk mitigation in April 2025, noted that many firms do not consider climate-related risk to be material and that such conclusions are often not supported by adequate assessment.

HSBC appears to exemplify this challenge. In its most *recent financial statements* (p.361), management stated that climate-related risks did not have a material impact on critical judgements and estimates in the short to medium term. However, scenario analysis in *HSBC's 2024 Annual Report* raises questions about the robustness of this conclusion. As global temperatures *exceeded the 1.5°C threshold* over a 12-month period for the first time in 2024, a more precautionary, forward-looking approach to climate risk management appears warranted. Instead, in 2025 HSBC stepped back from the Net Zero Banking Alliance and weakened certain operational and targets on financed emissions.

The goals

Our objective is to encourage HSBC to adopt a more credible and comprehensive decarbonisation strategy aligned with the Paris Agreement.

In 2025, we focused particularly on ensuring that material physical and transition risks are integrated into financial accounting and planning. In our view, reflecting climate risks in financial statements is fundamental to aligning management incentives with effective risk mitigation.

What we did

As a long-term bondholder, we have engaged with HSBC on climate risk management since 2018. In 2021, we co-filed a *shareholder resolution* led by ShareAction, which was withdrawn following HSBC's net zero commitment. As concerns grew regarding weakening ambition, we intensified engagement in 2024, shifting focus towards financial accounting.

In 2025, we escalated dialogue with HSBC's Audit Committee Chair, the Group Financial Comptroller and the lead audit partner at PwC. In October, we coordinated a collective letter requesting that the board:

- review its methodology for assessing the materiality of climate risks;
- ensure prudent forward-looking modelling;
- incorporate climate risks into critical accounting assumptions, notably Expected Credit Losses (ECL); and
- provide sensitivity analysis aligned with more severe climate pathways.

We also emphasised that PwC should clarify how climate risks were assessed in forming its audit opinion and how it gained comfort that the accounts present a true and fair view. A group meeting with senior HSBC representatives and PwC was held in November.

Outcomes

We welcome HSBC's constructive engagement, particularly regarding financial statements and Pillar 3 disclosures. Our engagement remains in its early stages, with no substantive progress to date.

Next steps

We expect enhanced climate-related disclosures in forthcoming reporting. If climate risks are more clearly reflected in ECL assumptions, this should support stronger borrower due diligence and more disciplined capital allocation decisions.

We will continue to engage with HSBC and PwC to ensure these commitments translate into meaningful disclosure in the next Annual Report and Accounts. We are also considering broader discussions with bank auditors on this topic, and may escalate our engagement through a complaint to the Financial Reporting Council.

⁴ The Financial Stability Board started drawing attention to this matter in 2015, when it set up the Taskforce for Climate-related Financial Disclosures (TCFD). Since then it has published numerous papers and guidance, helped to set up the central banking Network for Greening the Financial System (NGFS) and helped catalyse action by other regulators like the Basel Committee on Banking Supervision and national prudential authorities.

Case study

US Solar Fund (alternative investment)

The issues

US Solar Fund (USF) is an investment trust in which we are one of the largest shareholders. We have engaged with USF since its listing in 2019, with our involvement becoming more intensive from 2022 onwards. Following a prolonged period of weak share price performance, we called on the Board to develop a clear strategy to realise portfolio value and return capital to shareholders, as we believed the company had limited growth prospects.

In response, USF undertook a strategic review in 2022–23, setting out a plan to sell the company or its assets. A new investment manager was appointed, with a focus on improving the operational performance of the portfolio, including reducing outages and ensuring a stable supply of spare parts.

However, progress under this programme has been slower than expected. In addition, unfavourable regulatory conditions in the US solar market have restricted asset disposals. While investor communication has improved over time, it still does not provide sufficient detail on asset quality or a fully costed plan for refurbishment.

The goal

Our primary objective this year was to ensure the Board acted in the best interests of shareholders by:

- improving transparency and communication with investors; and
- implementing a strategy to unlock asset value.

What we did

We have engaged with the Board of USF since 2022. Over this period, we helped establish an investor collaboration comprising six to eight of the company's largest shareholders, with the aim of encouraging greater transparency and more decisive strategic action.

As an escalation step, we voted against the Chair and the Chair of the Audit Committee, publicly disclosed our voting intentions and attended two AGMs to articulate our concerns. We also organised several joint investor calls with the Board. In addition, we nominated a candidate for election to the board, who was subsequently approved by shareholders. This individual became Chair of the Management Engagement Committee and strengthened the

board's expertise in the US solar market.

In 2025, we further expanded the investor group and participated in four collective calls with the Board. These discussions covered the completion of debt refinancing, efforts to improve asset quality and progress with market soundings for potential asset sales.

We continued to raise our concerns that the pace of change remained too slow, with generation from the company's portfolio still lagging behind targets, and that transparency remained inadequate. In particular, we sought clearer disclosure on asset upgrade plans, associated costs, and operational and cash flow forecasts. We also pressed for improved financial reporting on a quarter-on-quarter basis, rather than on a cumulative basis.

Outcomes

We reached several milestones in the first half of 2025, including a commitment from the Board to hold quarterly investor engagements and clearer evidence of increased Board focus on value realisation, particularly through asset quality improvements and monitoring of market opportunities. This progress was supported by the enhanced Board expertise following the appointment of the shareholder-nominated director.

In light of this progress, we did not vote against the board members in 2025.

Next steps

We will continue to follow up on the requested operational and financial disclosures and maintain ongoing dialogue with the board on progress towards unlocking portfolio value.

Principle 4

Exercising rights and responsibilities

Active ownership is a core pillar of our stewardship approach. This includes exercising our rights and responsibilities at investee companies to reinforce our core engagement messages and thereby underpin long-term value for our clients.

In this section, we explain how we exercised key shareholder and bondholder rights and responsibilities on behalf of our clients in 2025. In keeping with the bulk of our clients' assets, we focus on shareholder rights associated with voting at annual general meetings (AGMs).

In 2025, we voted on behalf of 80% of our AUM. Clients who delegate voting to us cannot override our policy, but they may request that we apply an alternative policy on their behalf. Only two clients representing £12.4 million have opted for an alternative policy.

Our voting policy supports our approach to stewardship

As discussed in **Disclosure C** of the **Policy and Context Disclosure**, our approach to governance and voting is outlined in our *Corporate Governance and Voting Guidelines*, which incorporate the UK Corporate Governance Code and international governance standards.

Looking ahead, the **key changes in our voting policy for 2026** following our 2025 review included:

New rule on nature and biodiversity concerns

In 2026, alongside holding directors accountable for material human or labour rights weaknesses, we will also consider such voting action when a company on our Nature & Circularity watchlist is failing to respond adequately. Biodiversity loss and resource mismanagement pose material financial and systemic risks, and effective board oversight is essential to ensure that these risks are properly identified, managed and mitigated. We will review each case individually to determine whether a vote against the director responsible is appropriate and proportionate, taking into account prior engagement with the company. In cases where we view the matter to be sufficiently strategic or material, we will consider voting against the Chair.

New rule on ethical AI concerns

Similarly, we will consider voting against the responsible director when a company is on our Ethical AI watchlist and fails to meet our expectations, despite prior engagement. This list includes companies where AI strategy is central to their business model. We expect such companies to maintain robust policies and rigorous implementation frameworks to ensure AI safety and responsible use. Depending on the specific business model and product profile, this includes strong data privacy and security, reliable content moderation, protection of children and other vulnerable groups, and effective safeguards against the misuse of products for cybercrime or other malicious activities. Where we identify material concerns, or where we do not receive sufficient assurance of strong AI governance and oversight at board level, we will consider voting against the Board Chair.

New rule on shareholder rights

We have implemented several enhancements to our voting rules to address insufficient protection of minority shareholder rights. For example, where the right to call an extraordinary shareholder meeting is absent, or where the required ownership threshold exceeds 15% of outstanding shares, we will vote against the re-election of the Governance Committee Chair (or the Nomination Committee Chair). We consider a 10% threshold to be best practice, as it provides meaningful access for minority shareholders; however, we will use the 15% level as an initial standard.

We have also strengthened our rule on anti-takeover defences by treating not only the adoption but also the renewal of such measures as grounds for voting against incumbent directors, recognising that these mechanisms can entrench management and weaken accountability.

Further, we have decided to vote against any proposed amendment to the articles of association that would allow closed-door shareholder meetings in any jurisdiction it occurs (currently that is only Italy). We will also vote against the financial statements item if the company holds its meeting in a closed-door format, as such practices reduce transparency and restrict effective shareholder participation.

Highlighting poor performance through voting

To foster stronger management accountability for company performance, we have expanded our rule to vote against all executive directors globally when both the average return on equity (ROE) over the past three years and the ROE in the most recent year fall below 5%. Sustained weak profitability indicates strategic or operational shortcomings requiring board-level intervention. This rule was previously limited to Japan and is now applied globally to promote consistent standards of performance oversight.

Strengthening equity-based compensation for executives

We have strengthened our rule emphasising the importance of equity-based compensation in aligning the interests of management and shareholders. We will vote against the Say on Pay item if long-term incentive plan (LTIP) compensation is not structured entirely in equity. Equity-based incentives support long-term value creation and reduce the risk of short-term decision-making. This rule will initially apply to US companies.

Integrating CEO to average employees pay ratio

We have introduced an “against” voting rule on remuneration policy and remuneration reports in response to excessively high CEO-to-average-employee pay ratios. We believe that excessive pay disparities can damage organisational cohesion, increase reputational risk, and undermine employee engagement and loyalty. This rule will be implemented in the UK and US markets, where there is a consistent market standard for calculating total CEO pay, particularly with respect to share-based compensation. We intend to apply this rule to approximately the top decile of companies by CEO-to-employee pay ratio within each market.

In keeping with our *Governance and Voting Policy*, all our rules are subject to review in proxy season to enable adjustments to take account of specific circumstances or ongoing engagements, as appropriate.

SRD II Disclosure Note Two

The Shareholder Rights Directive (SRD) II, requires Sarasin & Partners LLP to publicly disclose on an annual basis how we have implemented our *Engagement Policy*. This includes providing a general description of our voting behaviour, an explanation of the most significant votes and a report on our use of proxy advisers.

Under this principle, we outline our voting activity for 2025, highlight the key votes (including an explanation of the most significant ones), and detail our use of the proxy advisory firm ISS.

Sarasin & Partners LLP considers the most significant votes as those where a) the company is on our Global Equity Buy-List, as well as one of our Stewardship watchlists, b) we have voted against management and c) where we are either putting forward a shareholder resolution, or hold 3% or more of the company’s voting rights.

During the period, the most significant votes pertained to AO Smith, Meta, Syncona, LVMH, Unilever, Costco, Microsoft, Linde, Zoetis and Siemens covered in **Principle 3 & 4**. Examples of other key votes during the period are included on page 122.

Many voting decisions are made on a case-by-case basis, particularly on shareholder resolutions. Our stewardship specialists and analysts jointly review these, ensuring decisions reflect the company’s business model, practices and our engagement experience.

Net zero voting policy

In 2025, we continued to apply our *Net zero voting policy*, as part of our stewardship efforts to align with the Paris Climate Agreement goals.

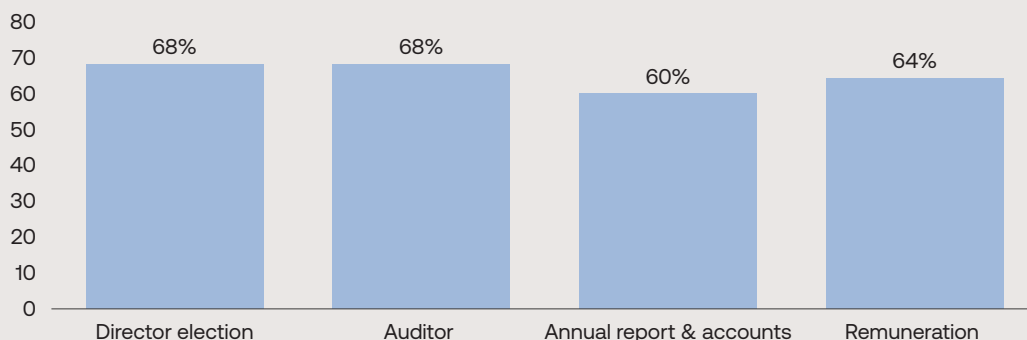
As outlined in **Disclosure C** of the **Policy and Context Disclosures**, this policy embeds climate considerations into our routine voting decisions on directors, auditors and other items for our Climate Watch List. These are entities where we expect boards to enhance physical and transition risk resilience by adjusting their strategy, capital expenditure and governance structures. Furthermore, we expect financial reporting and remuneration to reflect climate consequences and decarbonisation goals.

Figure 4.1 provides a summary of our 2025 votes at Climate Watch List companies. In 2025, we voted against **83** directors on climate grounds, where we identified material climate risks and saw insufficient progress.

Beyond our own voting, we continued to advocate for more meaningful climate voting among our peers in 2025 through public statements, webinars and our involvement in the IIGCC proxy adviser engagement workstream (see **Principle 2**).

Figure 4.1: Climate-related voting

Proportion of Climate Amber List companies where we voted against or abstained from voting on climate considerations (%)

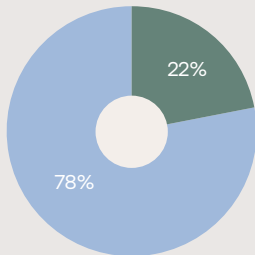


Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

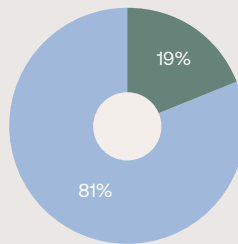
Key features of our 2025 voting

Thoughtful voting policy

22% of resolutions were voted differently from ISS during the 2025 proxy season



16% were manually determined and sometimes overrode our own voting rules



Voting informs analysis and engagement



Email alerts are sent to analysts, portfolio managers and the stewardship team on all 'against' votes for core holdings, ensuring they inform stock analysis



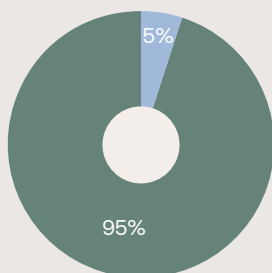
Voting decisions contribute to the investment case, for example, if we vote against an auditor, we factor accounting risks into our analysis



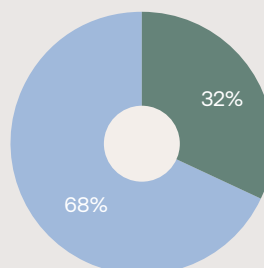
Votes reinforce our engagements, ensuring that concerns raised with management are followed through with voting action, rather than being overlooked

Willingness to voice concern

During the 2025 proxy season, we voted against management on at least one item in 85 out of 88 company meetings



We opposed management in 32% of total resolutions



Voting records are published quarterly on our website, with rationales for 'against' votes sent to 55 companies in post-proxy letters.

Source: Sarasin & Partners. Data for 01.01.2025 to 31.12.2025.

Note: Data reflects the Global Equity Buy List as of 22 January 2025 (88 companies that were voted in 2025) for the 2025 proxy season (1 January to 31 December 2025).

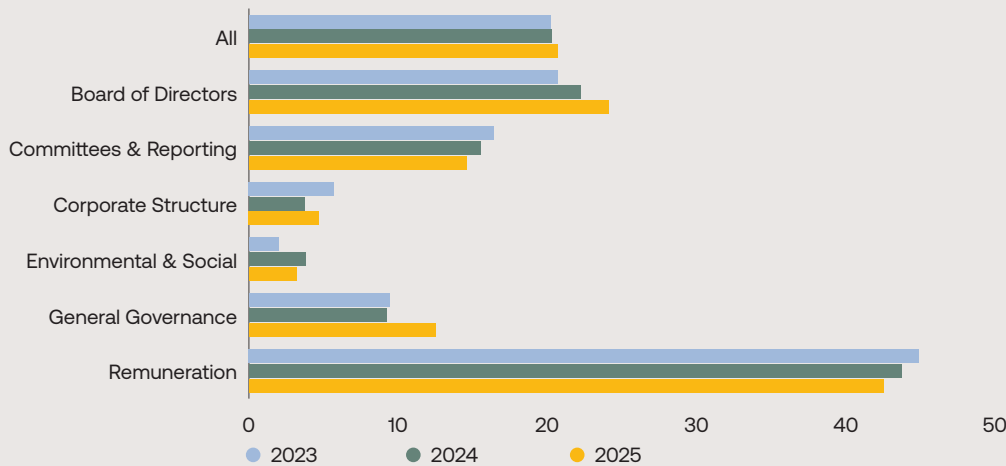
Our voting activities 2022–2025

We aim to vote on all shares held by our clients, except where clients have not delegated voting rights to us, or where impediments make this too costly (see note below). We do not engage in securities lending, which could inhibit our ability to vote. In 2025 we voted:

- At **91%** of company meetings and on **95%** of our resolutions.
- Against management (including abstentions) in **21%** of resolutions, compared with **20%** in 2024, and **21%** in 2023.
- Against management on our buy-list companies in **32%** of resolutions (85 companies).

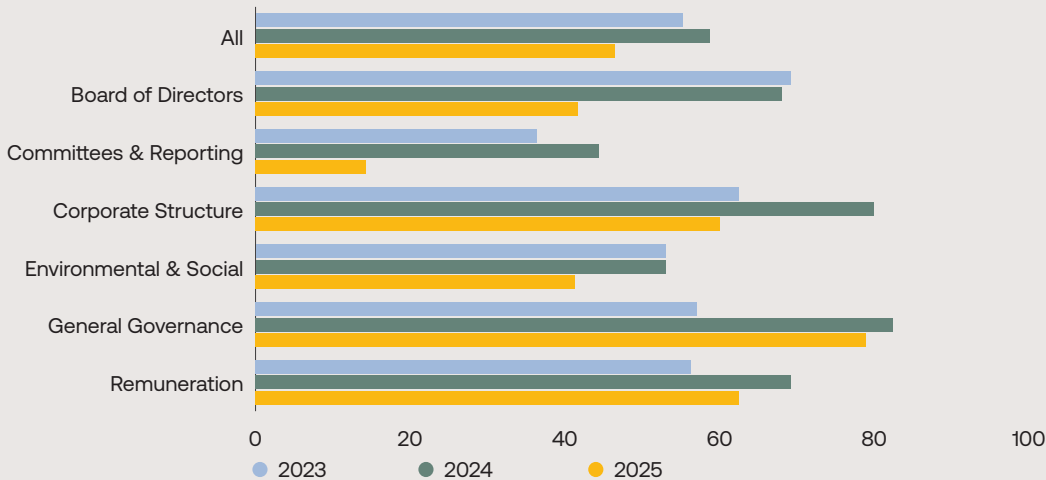
Figures 4.2 and 4.3 provide a breakdown of how we voted across each category of resolutions.

Figure 4.2: Against and abstain votes on management resolutions, %



Source: Sarasin & Partners, ISS. Data for 01.01.2025 to 31.12.2025.

Figure 4.3: For votes on shareholder resolutions, %



Source: Sarasin & Partners, ISS. Data for 01.01.2025 to 31.12.2025.

Notes: the votes we did not implement were primarily due to power of attorney and share-blocking arrangements in certain markets, which impose additional costs and limit trading during the share-blocking period. In these cases, we assess the costs and benefits of voting. Where we have an ongoing engagement and believe the vote is a key lever for change, we may take the necessary steps to exercise our voting rights.

We supported 46.5% of shareholder resolutions in 2025, down from 58.7% in 2024, reflecting the number of ‘anti-woke’ shareholder resolutions proposed in the year.

Voting implementation and review

While our voting policy is implemented by ISS, the stewardship team (working with analysts) manually review a significant number of votes, especially those on our Watch Lists. As the charts in the Box ‘Key features of our 2025 voting’ show, during the 2025 voting season, **19%** of voting items at our buy-list companies were reviewed manually. Of those, **16%** were ‘refer items’ where our policy required a case-by-case assessment.

Our voting principles tend to be more robust than ISS’s default policy, leading us to vote against board proposals more frequently, particularly on director elections, remuneration, accounting and audit resolutions. We are also more likely to support shareholder resolutions than ISS. During the 2025 voting season, we voted against management on at least one resolution in **95%** of companies on our core buy lists and deviated from ISS’s default policy on **22%** of cases.

Our review of ISS’s performance in 2025 found their service remained strong. Of 6,771 votes cast, we identified 17 voting errors (0.25%), a deterioration from 2024’s 9 errors (0.13%) but on par with 2023’s 17 errors (0.23%). Our voting record is available via our interactive *Proxy Voting Dashboard*.

Voting as a tool for engagement

As highlighted in **Disclosure C** of our **Policy and Context Disclosure**, voting is a key element of our ownership discipline, reinforcing the priorities we raise with companies. It is also a tool for escalation (see **Principle 3**). Where a company’s response to our engagement is inadequate, we may vote against specific directors or other resolutions.

To ensure boards understand the rationale behind our votes, we have a post-proxy letter programme directed at chairs or lead independent directors. In 2025, we wrote to **55 companies**, selected based on the materiality of our holdings, significance of the voting issues and the company’s inclusion in one of our watch lists.

In some cases, companies may seek our input ahead of a vote, particularly if they anticipate it will be contentious. Where we have concerns or recommendations, we aim to engage with the Chair, senior independent director or the relevant board member (e.g. the remuneration committee Chair for executive pay matters or the audit committee Chair for accounting concerns).

We do not typically attend AGMs, as we have sufficient channels to communicate with companies. However, if a particular issue requires public scrutiny, we will attend general meetings to raise questions and concerns directly. In 2025 we attended the Siemens AGM to make a statement on the staggered board structure. More details are provided in the case study below. We also supported public questions asked at AGMs for Rio Tinto, Unilever and HSBC.

We also pre-declare votes on our website as an escalation tool, highlighting key concerns ahead of an AGM. In 2025, *we pre-declared our votes for Meta*.

As voting is one of several tools that we use to advance our stewardship work, we cannot isolate the stewardship outcomes from voting alone. Moreover, we often work alongside other investors to drive change, so it would not be appropriate to claim sole credit for changes that we are pushing for. Taking our stewardship work overall, including voting, we provide summary statistics and case studies in **Principle 3** of where we believe we have contributed to positive steps forward against our identified goals (recorded either as a Milestone or Impact).

Case study

Implementation of our shareholder rights: Siemens

The issue

We do not believe that the staggered structure of the Supervisory Board serves shareholders' best interests. Voting on directors' appointments is a fundamental investor right. Where shareholders have concerns about a board member's performance, for example in their role as chair of a board committee, they should be able to express those concerns by voting against that director's appointment. This is a well-established global principle of board accountability.

Empirical research supports the importance of such accountability for company performance, with evidence suggesting that staggered boards are associated with lower firm value.

At Siemens, members of the Supervisory Board are elected for four-year terms at different intervals. For instance, at the 2024 AGM, no directors were up for election. As a result, we used a discharge vote on the Chair, who also serves as Chair of the Nomination and Governance Committees and is responsible for the current structure. However, while a discharge vote is often interpreted as signalling approval of a director's actions, international investors do not view it as an appropriate proxy for an appointment vote. The appropriate mechanism for expressing concerns is a vote on appointment.

At the 2025 AGM, five out of ten shareholder-appointed Supervisory Board members were up for election, with most directors standing to serve four-year terms. This means shareholders will be unable to vote against these directors for the next three years, even if concerns about their performance arise.

The goal

We urge the Supervisory Board to review its current structure and move towards annual director elections, in order to reduce board insulation and improve accountability.

What we did

We raised this issue in our post-proxy letters in 2022, 2023, 2024 and 2025, as well as during our annual engagement calls with Siemens' Investor Relations team.

At the 2025 AGM, we made a statement, which we also published on our *website*, highlighting this issue and setting out several supporting points:

- Board stability is not a valid argument. True stability comes from a well-functioning board that shareholders actively support through their votes. Shielding directors from regular elections does not enhance stability.
- Longer director terms can still be maintained. Directors' contractual terms can remain at four years, provided shareholders are required to approve their continued service on an annual basis.
- Regulatory guidance does not require staggered boards. Neither the German Corporate Governance Code nor the German Stock Corporation Act (Aktiengesetz) explicitly recommends staggered board terms, while both permit alternative structures.

We voted against the Chair, Mr Snabe, due to the continued use of a staggered board structure. We hope this issue can be resolved.

Outcomes

The company has not yet adopted our recommendation.

Next steps

We will continue to press for the removal of the staggered board structure. We have established a Collaboration on Staggered Boards on the *PRI Platform* and have seen encouraging interest from other investors.

Reporting to clients and significant votes

Every quarter, we publish a full record of all our company votes on our website, including the rationale for all votes against management, in addition to the *Proxy Voting Dashboard*, an online voting disclosure tool that allows users to view all our voting activity nearly in real time and filter votes by time period, fund or company.

We provide a quarterly summary of our most significant votes to clients, with additional updates on request (see **Disclosure E** in the **Policies and Context Disclosures**). These disclosures are also available on our website and through our online client portal.

Examples of key votes in 2025

Company	Date	Resolution	How we voted for you	Result
Microsoft	05 Dec 2025	Elect Director Satya Nadella	Abstain	Passed For: 93.5%

Microsoft is on our Human and Labour Rights watchlist due to its exposure to high-risk supply chains and conflict minerals. While we recognise the strength of the company’s Human Rights Statement, Human Rights Report, and comprehensive Supplier Code of Conduct, we encourage greater transparency on how supplier audits are conducted in practice. In particular, clearer disclosure on audit coverage, identified cases, and remediation outcomes - especially within hardware manufacturing supply chains - would better demonstrate the effectiveness of these processes.

We also note Microsoft’s Conflict Minerals Report and encourage more detailed disclosure on how the company engages with non-conformant suppliers to bring them into line with expectations.

In light of these concerns, we chose to abstain on the re-election of the Chair & CEO Satya Nadella in order to signal the need for improved oversight and disclosure.

Linde	29 July 2025	Elect Director Stephen F. Angel	Against	Passed For: 97.7%
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We voted against the reappointment of the Chair at Linde, diverging from our typical practice of abstaining in cases where a non-independent Chair (noting Angel served as CEO until 2022) is supported by a Lead Independent Director. This decision reflects ongoing concerns around internal controls.

Our concerns have been heightened by recent U.S. Department of Justice (DoJ) sanctions related to fraud and bribery at Lincare, Linde’s healthcare subsidiary. These latest penalties follow previous fines for similar misconduct, and Lincare remains under a Corporate Integrity Agreement. We are seeking further assurance that meaningful corrective steps are being taken, particularly regarding the independence of Lincare’s new leadership, whistleblower protections, and reform of incentive structures. We also encourage improved disclosure in the 10-K, especially regarding subsidiary-level risks and recent regulatory actions.

Additionally, we note deficiencies in Linde’s climate-related governance. These include below-median climate targets, minimal integration of climate goals into executive pay (5% weighting in short-term incentives), and a continued reliance on time-based equity awards. We have recommended that the Remuneration Committee consider adopting a climate performance moderator to reflect the cross-cutting nature of climate risks.

Since this vote Linde has replaced the CEO but continued with combined Chair and CEO role which we believe is disappointing to see. We will continue to engage with the company.

Zoetis	21 May 2025	Advisory Vote to Ratify Named Executive Officers’ Compensation	Abstain	Passed For: 90.5%
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At Zoetis, the current remuneration policy includes a “golden parachute” provision under which all named executive officers may receive more than two years’ compensation upon termination. While this is not a severe structural weakness, we believe this misaligns pay with performance by potentially rewarding failure. Such arrangements can create perverse incentives, for example, encouraging support for mergers that may not serve the company’s long-term interests simply to trigger a pay-out. In the absence of other issues, we decided to abstain.

Apple	25 Feb 2025	Report on Ethical AI Data Acquisition and Usage	For (Shareholder resolution)	Failed Against: 88.4%
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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.

Fixed income

While shareholders have the most significant rights to influence issuers through AGM votes, creditors also have rights and can encourage more sustainable behaviour.

As we discussed in **Disclosure C** of the **Policies and Context Disclosures**, creditors can vote on major corporate actions, which serves as a key point of influence. In 2025, we faced 17 corporate actions requiring votes, consenting to those where the terms were beneficial to bondholders.

Beyond these formal voting rights, we seek to influence issuers through less formal routes, such as through discussions prior to a new issuance, where companies may be seeking creditor perspectives. We also tend to be more influential with smaller issuers in our focus sectors, where our views carry more weight. This is especially true where we join together with other investors to engage with companies, as we have done in the UK housing association sector. We have found these interactions to be of mutual benefit to both issuers and our investments.

Principle 6

Monitoring service providers

It is essential to be diligent in selecting and evaluating third party services.

We select our ESG and stewardship service providers through a competitive process. Our evaluation criteria include the robustness of their analytical methodology and its ability to support our ESG integration. We assess providers twice a year through a formal feedback process, alongside continuous monitoring.

Research providers

Under MiFID II, asset managers must assess the quality and value of research they purchase and ensure it supports their investment decision-making process and delivers value to clients. We apply the same rigorous qualitative and quantitative reviews to ESG services and data as we do to traditional investment research, recognising the vital role they play in our decision-making.

To support our ESG initiatives, in 2025 we leveraged multiple specialist providers. We also draw on a broader network of expert sources and specialist services. As the landscape evolves, we increasingly prioritise financial analysts and brokers who integrate sophisticated ESG data and analysis into their offerings.

Case study: technology solutions supporting the investment process and governance

In 2025, we strengthened our partnerships with an expanded set of technology providers. Technology solutions are increasingly embedded in the investment workflow and have become a key component of the investment governance framework. Tools such as MSCI ESG Research, ISS Proxy Research, Omaha, AlphaSense, Diligent and Bloomberg ESG data support investment teams by providing controlled and consistent access to market data, research, and analytics from trusted sources.

These platforms promote standardisation in how information is sourced, analysed, and referenced, helping to reduce key-person dependency and improve transparency across the investment process.

By enabling robust documentation, auditability of inputs, and ongoing monitoring of risks and exposures, these tools support informed, well-evidenced investment decisions throughout the full investment lifecycle, from idea generation and due diligence to portfolio construction, risk oversight and post-investment review. The use of these technology solutions is strictly governed and applied in accordance with our internal policies.

Oversight of outsourced services

Sarasin takes full responsibility for all outsourced functions, supported by a rigorous oversight framework. We focus on contingency planning and business continuity, particularly mitigating risks such as reputational damage and service failures.

Our monitoring process includes:

- Verifying compliance with contractual obligations.
- Assessing business continuity and disaster recovery plans.
- Ensuring appropriate exit strategies are in place.

Through these initiatives, we maintain high service quality and robust risk management while upholding sustainable and ethical business practices.

Comprehensive assessment framework

We assess quality at the point of use to ensure each service meets our standards. Every six months, we conduct department-wide surveys to evaluate the value delivered by each provider. By combining survey results with detailed usage data, we make well-informed decisions about each provider's contribution. When discrepancies arise between expectations and outcomes, we take steps to address them, including providing feedback for improvement or, when necessary, terminating agreements. These reviews also provide an opportunity to consider new providers and expand coverage in areas that are particularly sensitive to market conditions.

Engaging service providers

An example of how we engage service providers to encourage higher quality inputs is our post proxy season review with ISS. This review addresses outstanding issues with their custom proxy research and helps ensure the service aligns with our expectations. Please see the outcome of the 2025 assessment of ISS in [Principle 4](#).

Networks and initiatives

Further details on our involvement in third-party initiatives and industry-wide collaborations can be found under [Disclosure C](#) of the [Policies and Context Disclosures](#). These partnerships may include formal memberships and signatory commitments that support our company and market-wide outreach. Examples in 2025 include:

- The International Corporate Governance Network.
- The Institutional Investors Group on Climate Change.
- The Collective Impact Coalition for Ethical Artificial Intelligence of the World Benchmarking Alliance.
- Find It, Fix It, Prevent It: Modern Slavery Initiative.

Our stewardship team conducts an annual review to determine whether continued support for these initiatives remains appropriate.

Appendix I: List of companies engaged in 2025

Company	Goal-linked engagement activities (GLAs)	Company	Goal-linked engagement activities (GLAs)
Accenture	15	London Stock Exchange	10
AIA	8	L'Oreal	3
Air Liquide	13	LVMH Moët Hennessy Louis Vuitton	34
Alphabet	24	Mastercard	6
Amazon.com	26	Medtronic	10
Amgen	3	MercadoLibre	4
Apple	16	Meta Platforms	34
ASML	2	Microsoft	12
Barclays	1	Moody's	10
BlackRock	17	Morgan Stanley	8
Bridgestone	13	Netflix	8
Broadcom	3	Nike	2
Chipotle Mexican Grill	5	Nvidia	5
CME Group	18	Otis Worldwide	3
Colgate-Palmolive	6	Partners Group	8
Compass	10	Prologis	22
Costco Wholesale	9	Rio Tinto	11
Deere	13	Ross Stores	5
Eli Lilly	5	Sequoia Economic Infrastructure Income Fund	10
Emerson Electric	5	ServiceNow	1
Equinor	6	Severn Trent Utilities Finance	3
EssilorLuxottica	4	Shell	7
Ferrari	6	Siemens	13
Givaudan	4	Siemens Healthineers	5
Gresham House Energy Storage Fund	8	Smith (A.O.)	16
Harbourvest Global Private Equity	2	Syncona	7
HgCapital Trust	12	Taiwan Semiconductor Manufacturing Company	5
Home Depot	10	Takeda Pharmaceutical	5
HSBC	8	Tencent	4
ING	11	Thermo Fisher Scientific	6
Intertek	5	Uber Technologies	7
J.P. Morgan Chase	20	Unilever	22
Keyence	15	United Utilities	2
Keystone Law	6	UnitedHealth Group	24
Kimberly-Clark	29	US Solar Fund	9
Koninklijke Ahold Delhaize	29	Zoetis	2
Linde	33	Total	763

Appendix II: Abbreviations

AAF 01/06	Audit and Assurance Faculty Technical Release 01/06	GNI	Global Network Initiative
AGM	Annual General Meeting	HR	Human Resources
AMC	Asset Management Committee	HRIA	Human Rights Impact Assessment
AMNT	Association of Member- Nominated Trustees	IAASB	International Audit and Assurance Standards Board
AUM	Assets Under Management	IAHR	Investor Alliance on Human Rights
BIS	Bank for International Settlements	IASB	International Accounting Standards Board
CA100+	Climate Action 100+	ICAEW	Institute of Chartered Accountants in England and Wales
CAL	Climate Amber List	ICCR	Interfaith Center on Corporate Responsibility
CEO	Chief Executive Officer	ICGN	International Corporate Governance Network
CFA	Chartered Financial Analyst	IESBA	International Ethics Standards Board for Accountants
CFO	Chief Financial Officer	IFRS	International Financial Reporting Standards
CIC	Collective Impact Coalition	IIGCC	Institutional Investors Group on Climate Change
CMG	Conflicts Management Group	ILO	International Labour Organization
COBS	Conduct of Business Sourcebook	IMF	International Monetary Fund
CSAM	Child Sexual Abuse Material	IPCC	Intergovernmental Panel on Climate Change
CVaR	Climate Value-at-Risk	IR	Investor Relations
DDQ	Due Diligence Questionnaire	ISS	Institutional Shareholder Services
DEI	Diversity, equity and inclusion	IWC	Independent Water Commission
DoJ	Department of Justice	KIID	Key Investor Information Document
ECL	Expected Credit Loss	LDES	Long Duration Energy Storage
ESG	Environmental, social and governance	LID	Lead Independent Director
ESMA	European Securities and Markets Authority	LTIP	Long-term Incentive Plan
ETF	Exchange Traded Fund	M&A	Mergers and Acquisitions
EU	European Union	MiFID II	Markets in Financial Instruments Directive II
FASB	Financial Accounting Standards Board	MLM	Machine Learning Model
FAIRR	Farm Animal Investment Risk and Return	NAV	Net Asset Value
FCA	Financial Conduct Authority	NESO	National Energy System Operator
FRC	Financial Reporting Council		
FSB	Financial Stability Board		
FV	Fair Value		
GLA	Goal-linked activity		

NGFS	Network for Greening the Financial System	UCITS	Undertakings for Collective Investment in Transferable Securities
NGO	Non-Governmental Organisation	USF	US Solar Fund
NED	Non-Executive Director	WACC	Weighted Average Cost of Capital
NZAA	Net Zero Alignment Assessment	WBA	World Benchmarking Alliance
NZAM	Net Zero Asset Managers Initiative		
OBP	Open Balancing Platform		
OECD	Organisation for Economic Co-operation and Development		
OSHA	Occupational Safety and Health Administration		
PCAOB	Public Company Accounting Oversight Board		
PRA	Prudential Regulation Authority		
PRI	Principles for Responsible Investment		
R&D	Research and Development		
RCV	Regulatory Capital Value		
REIT	Real Estate Investment Trust		
RFP	Request for Proposal		
RSH	Regulator for Social Housing		
S&P	Standard & Poor's		
SBTi	Science Based Targets initiative		
SEC	Securities and Exchange Commission		
SIM	Sustainability Impact Matrix		
SIML	Syncona Investment Management Limited		
SRT	Significant Risk Transfer		
SRD II	Shareholder Rights Directive II		
SSC	Stewardship Steering Committee		
TCFD	Taskforce on Climate-related Financial Disclosures		
TFC	Transition Finance Council		
TNFD	Taskforce on Nature-related Financial Disclosures		
TPI	Transition Pathway Initiative		
TSR	Total Shareholder Return		

Appendix III: Find out more

We publish a wide range of information about our stewardship approach on our website, including our policies, voting activity, disclosures and insights into how we exercise ownership responsibilities on behalf of clients. This information is available at <https://sarasinandpartners.com/stewardship/>

Policies and guidelines

Stewardship Framework

Explains what stewardship means to us and how we implement it.

https://sarasinandpartners.com/wp-content/uploads/2023/05/00114_Framework-for-implementing-responsible-stewardship.pdf

Principles for Engaged Company Ownership

Presents the rationale behind, and key principles of, responsible stewardship.

<https://sarasinandpartners.com/wp-content/uploads/2023/05/00278-SARASIN-Principles-of-Engaged-Ownership.pdf>

Our Ownership Discipline

Sets out how we identify, assess and manage conflicts of interest to support independent, consistent investment, voting and engagement decisions.

<https://sarasinandpartners.com/wp-content/uploads/2020/05/ownership-discipline.pdf>

Corporate Governance and Voting Guidelines

Provides an overview of our corporate governance standards and the voting guidelines that underpin our stewardship activities.

<https://sarasinandpartners.com/wp-content/uploads/2020/05/corporate-governance-and-voting-guidelines.pdf>

Engagement Policy

Outlines our engagement policy under the Shareholder Rights Directive II, explaining how we monitor investee companies, conduct dialogue, exercise voting rights and manage conflicts of interest to support long-term value creation.

https://sarasinandpartners.com/wp-content/uploads/2023/05/00183_Engagement-Policy-SRD-II-disclosure.pdf

Human and Labour Rights Policy

Sets out our Human and Labour Rights Policy, explaining the standards we expect from companies, how we assess risks across supply chains and operations, and how we use engagement and voting to promote stronger protections for workers.

<https://sarasinandpartners.com/wp-content/uploads/2025/12/Sarasin-Human-and-Labour-Rights-Policy.pdf>

Making Net Zero a Reality

Summarises our progress under the Net Zero Asset Managers initiative, detailing our portfolio emissions targets, engagement priorities and the actions we are taking to align investments with the goals of the Paris Agreement.

<https://sarasinandpartners.com/wp-content/uploads/2025/10/NZAM-action-plan-2022.pdf>

Activities

Stewardship in Practice

Highlights our most notable engagements with investee companies and our systemic stewardship work.

<https://sarasinandpartners.com/stewardship/engagement-and-policy-outreach/>

Proxy Voting Dashboard

Offers a transparent view of our proxy voting decisions and how they support our stewardship approach.

<https://sarasinandpartners.com/stewardship-how-we-vote-for-you-proxy-voting-dashboard/>

Publications

Compendium of Investment

Brings together our stewardship policies, reports and disclosures in one place, providing a clear view of our approach and activities.

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

Quarterly House Report

Explores our views on the key themes shaping markets, economies and investment, and how these inform our thinking and stewardship priorities.

<https://sarasinandpartners.com/sarasin-house-report/>

2024 Stewardship Report

Provides a detailed account of our stewardship activities in the UK, setting out our engagement priorities, voting approach and the outcomes achieved in support of long-term value creation.

https://sarasinandpartners.com/wp-content/uploads/2025/04/00102_Stewardship-Report_UK.pdf

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