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Policy outreach and company engagement

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Introduction

Our engagement work with companies and in the broader market aims to address governance failures, strategic challenges and other market imperfections, with a view to protecting and enhancing shareholder value. We are pleased to share with you some of our engagements from the last quarter. If you wish to delve into more detail, you will find links to further analysis and presentations below.

Policy and company engagement

Market outreach: Tackling smoke-and mirrors emissions reporting
Accounting for carbon emissions is too often a game of smoke and mirrors, relying on averages, estimates and offsets that can obscure the truth. In this context, efforts by the GHG Protocol to tighten rules around Scope 2 emissions, those linked to power consumption, are highly welcome. These standards matter because they are the most widely used globally and underpin major frameworks such as IFRS Sustainability Disclosure Standards and European Sustainability Reporting Standards.

In 2025, the GHG Protocol proposed changes to better align reported emissions with the actual impact of electricity use, limiting the ability to mask emissions through instruments like virtual power purchase agreements. While carbon is ultimately fungible, and reductions anywhere are valuable, treating renewable certificates as negative emissions risks creating a misleading picture. Renewable energy does not remove carbon from the atmosphere; it simply avoids adding more.

To support these proposed improvements, we joined other investors this quarter in backing a public letter, led by ShareAction, to the GHG Protocol's leadership. The proposals are currently under review following consultation, with final standards expected in 2027.

Market outreach: Promoting a more efficient UK T-bill market
We submitted a response to the UK Treasury consultation on the T-bill market in February.

As a long-term steward of client assets, we see well-functioning public markets as essential to delivering sustainable returns. However, the UK Treasury Bill market has structural and regulatory features that limit participation by asset managers and owners. Despite a strong investment case, we rarely allocate to T-bills and instead use alternatives such as sterling liquidity funds.

In our submission, we identify four key barriers: regulatory constraints on bank intermediaries that restrict balance sheet capacity and liquidity; auction design and limited access that deter end-investors; relatively low market depth compared with peers like the US; and unfavourable tax treatment versus gilts. Together, these factors reduce the attractiveness and efficiency of the market.

We propose targeted reforms, including reviewing capital rules, improving auction structures, reassessing tax treatment, and gradually increasing T-bill issuance. Enhancing liquidity is central, as a deeper and more accessible market would improve options for investors while diversifying the Government's funding base.

Market outreach: promoting climate-aware accounting
This quarter, we supported three investor outreach events to build momentum for integrating climate considerations into financial statements. Since launching this initiative in 2018, investor support has grown globally, with regional efforts now spanning the UK, Europe, the US, Canada and Asia.

As part of this, we shared our experience on advancing more robust, climate-aware accounting and audit practices through the following webinars:

— An Investors for Paris webinar for Canadian pension schemes and other asset owners, focused on engagement and voting for climate-aware accounting

— IIGCC investor training sessions on our updated Investor Expectations for incorporating climate-related risks into financial statements

— US-led Climate Liabilities and Assets Initiative meeting hosted by MSCI in London, chaired by the former Chief Accountant to the Securities and Exchange Commission.

Company engagement: LVMH on human and labour rights

In 2025, LVMH faced a series of controversies, including allegations of labour exploitation in the supply chains of Dior and Loro Piana, following earlier issues identified at Dior in 2024. Loro Piana later entered judicial administration in relation to these concerns. At the same time, Moët Hennessy, part of LVMH's drinks division, was subject to a lawsuit alleging sexual harassment, gender discrimination and unfair dismissal.

In response, we engaged with the Board by voting against the Chair, sending a letter outlining our concerns, and holding a follow-up call. Our engagement focused on strengthening supply chain oversight, alongside improvements to human rights due diligence and disclosure.

In March, we met LVMH during its London roadshow, where the company outlined steps taken, including establishing a Vigilance Committee supported by a Taskforce and creating a new Director of Human Rights role. These developments represent meaningful progress, and we plan to engage further once the new appointment is confirmed.

Company engagement: Moody's on ensuring climate-aware credit ratings

As one of three leading global credit rating agencies, Moody's plays a central role in capital allocation, with its research and ratings influencing investors' decisions, issuers' cost of capital and access to funding.

We have engaged with the company since 2022 to encourage consistent integration of climate risk into issuer-level credit ratings. In our view, failing to do so risks flawed assessments and misallocation of capital. Despite significant investment in ESG analytics, there is limited evidence that these insights are systematically reflected in Moody's credit ratings.

Following a post-proxy letter to the Chair in late 2025, we held two calls this quarter with senior executives. Moody's acknowledged the need to better embed climate analysis into credit assessments, and we look for tangible progress in the months ahead. Separately, we welcomed the appointment of Lisa Sawicki in January 2026, which improves board diversity and strengthens Audit Committee independence.

Company engagement: ING Group – climate resilience

ING, a systemically important global bank, faces significant physical and transition risks from climate change, with clear implications for financial stability and its own balance sheet. Through our net zero banking work, we have engaged the company on the need to better integrate these risks into financial reporting and capital adequacy. In December 2025, we led a collective investor letter to the Audit Committee Chair highlighting concerns that climate risks are not being meaningfully embedded or quantitatively assessed.

Following discussions this quarter and a review of ING's Annual Report, we note some progress, including a small adjustment for transition risks in expected credit losses. However, this remains limited relative to the bank's exposure to high-risk sectors, with physical risks excluded and climate uncertainties absent from sensitivity analysis. With its auditor offering no challenge and a large share of financed emissions still uncovered by targets, we continue to press ING to demonstrate that climate risks are properly reflected in core decision-making.

Company engagement: Meta

We decided to reach out to the company in the wake of two significant jury verdicts handed down against Meta at the end of March – the $375 million ruling in New Mexico over the company's failure to protect children from sexual predators, and the finding of negligence in Los Angeles over the addictive design of Instagram. Together, these decisions represent a watershed moment, not only legally, but in terms of public trust, and look like highly material for our ESG integration and stewardship.

Child safety concerns had been among the priority topics highlighted in our letters to Meta's leadership sent in October 2025 and November 2025, as well as during our preliminary call in February where we set the agenda for future calls.

We understand that Meta is going to appeal both verdicts. We also recognise that Meta has introduced safety features in recent years and that online harm is a complex, evolving challenge. We do not underestimate those efforts. However, the scale of pending bellwether Multidistrict litigation (MDL) by the State of North Carolina to be heard in June 2026 – over 10,000 individual cases, nearly 800 school district lawsuits, and actions by attorneys general from more than 41 states - suggests that voluntary measures to date have been insufficient.

The evidence presented in both trials - including internal documents, whistleblower testimony, and Meta's internal research - raised serious questions. Juries in two separate states have found that Meta made misleading representations about platform safety, that its algorithms can facilitate harm to the most vulnerable users, and that warnings raised internally were not acted upon.

We wrote to our contact at the company, copying the investor group of 31 investors including our clients, asking for a call to discuss the recent or planned changes in Meta's policies, algorithms or safeguards.

Company engagement: US Solar Fund - governance

US Solar Fund is a London-listed renewable energy investment company with a portfolio of solar assets based in the US and managed by Amber Infrastructure Investment Advisor. Despite the compelling long-term opportunity in solar energy, the Fund has traded at a persistent and significant discount to Net Asset Value (NAV), reflecting investor concerns about operational underperformance and inadequate transparency.

We have engaged with the Board since 2022, coalescing an investor group including Fidelity, Metage Capital and Staude Capital. Together, we persuaded the Board to appoint a new director and commit to quarterly calls with investors. We have been pressing for granular asset-level disclosure, including investment plans.

While we were pleased to see enhanced asset disclosures in the latest Annual Report, we were disappointed that portfolio generation for 2025 was 11.7% below budget, mainly due to increased grid outages, supply chain issues and theft-related incidents. The disclosure of remediation plans has remained insufficient. We intend to continue our engagement, ultimately to ensure attractive asset sales and capital distributions to investors.

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For further information please contact

Natasha Landell-Mills
Head of Stewardship

Sarasin & Partners LLP
50 George Street
London W1U 7DY

020 7038 7000
sarasinandpartners.com

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