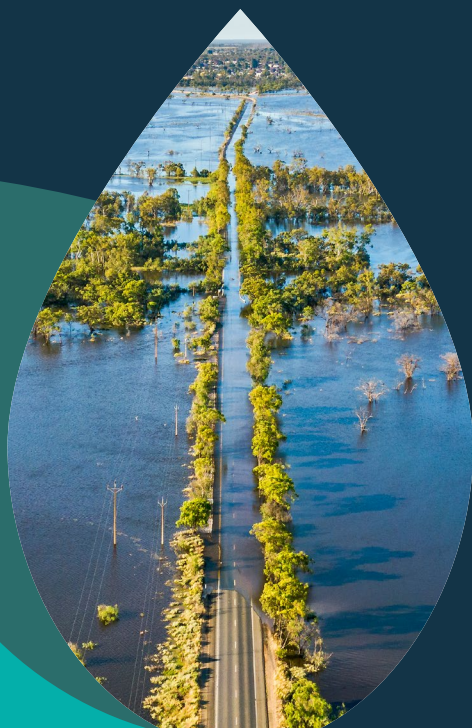




Sustainable Investment Activity Report

Quarter to 30 September 2026

Welcome to our Sustainable Investment Activity Report for the three months to 30 September 2026.

Over the quarter, weather extremes, rapid advances in artificial intelligence (AI) and shifting approaches to climate and stewardship continued to reshape the risks and opportunities facing long-term investors. Our response remains grounded in active ownership and detailed company research. This report highlights our work across a range of topics, including climate adaptation, water stress and hazardous chemicals, financial inclusion, fossil fuel financing and responsible AI.

We hope you enjoy reading our report, and welcome feedback at sustainability@edentreeim.com.

Research and reporting

During the quarter, we published the 2025 Impact Reports for the [EdenTree Green Impact Equity Fund](#) and [Global Impact Bond Fund](#). Together with the [Green Impact Infrastructure Fund](#) report, these provide transparent reporting on the positive environmental and social outcomes supported by our three Sustainability Impact-labelled strategies, alongside our related stewardship activity.

We also published an article exploring [impact investing in public equity markets](#). It considers how listed equities can contribute to positive real-world outcomes through both capital allocation and active stewardship, while recognising the importance of clear

intentionality, robust measurement and transparency around the contribution an investor can credibly claim.

We were delighted to receive four awards at the 2026 Investment Week Sustainable Investment Awards: Sustainable Investment Fund Management Group of the Year (AUM under £20bn), Best Sustainable Investment Portfolio Range, Group of the Year for ESG Integration and Best Sustainable European Equity Fund. The EdenTree Green Impact Equity Fund was also Highly Commended in the Best Impact Fund category, and we were also named Best Ethical Investment Provider at the Investment Life & Pensions Moneyfacts Awards for the 18th consecutive year.



Engagement

As active managers, engagement with investee companies is fundamental to our approach. This section highlights our engagement activity over the quarter across our four core themes: A Just Climate Transition, Water Stress, Social and Financial Inclusion and Good Governance.

A Just Climate Transition

During this quarter, we continued our engagement with our heaviest emitters as part of our Climate Stewardship Plan.

Veolia Climate Change



Issue: Veolia is captured within our Climate Stewardship Plan due to the material emissions associated with its activities as a global environmental services company. Over several years of engagement, we have encouraged the company to strengthen its climate framework, including the development of a credible transition plan and science-aligned emissions reduction targets. Over the years, we have been encouraged by the progress made in these areas, with Veolia now demonstrating a more mature approach to climate governance and transition planning. As a result, the focus of our engagement has shifted from target-setting and disclosure towards the credibility and implementation of specific decarbonisation measures, particularly its coal-related operations in China.

Action: As part of our involvement in the Net Zero Engagement Initiative (NZEI) from the Institutional Investors Group on Climate Change, we continued to engage Veolia collaboratively on priority climate issues during 2026. In September, we met with the working group to review the company's progress on coal decarbonisation in China, with a particular focus on its Harbin asset, as well as developments in Scope 4 emissions reporting.

Outcome: More recently, Veolia has enhanced transparency around its Harbin coal power plant in China. However, the working group believe further progress is required to demonstrate a sufficiently ambitious transition pathway for the asset. While we continue to encourage greater progress, we also recognise the practical challenges associated with transitioning an asset that operates within a highly regulated energy system. Attention will now turn to Veolia's assessment and adoption of alternative decarbonisation technologies as part of its transition. In parallel, the working group is exploring closer collaboration with the Powering Past Coal Alliance (PPCA) to strengthen engagement on coal-related issues and bring additional policy expertise into the conversation.

Mohawk Industries Inc Climate Change



Issue: While Mohawk Industries is no longer captured within our Climate Stewardship Plan, we continue to view the company as an engagement priority given its material

carbon footprint within our fixed income funds. During our latest climate monitoring exercise, we identified the absence of a science-based emissions reduction target as an area warranting further engagement. While we welcome the company's commitment to reduce Scope 1 and 2 emissions by 20% by 2030, we continue to regard Science Based Targets initiative (SBTi) validation as the gold standard for demonstrating that decarbonisation plans are aligned with climate science and underpinned by a credible transition pathway. We also sought an update on progress towards establishing a Scope 3 emissions reduction target.

Action: We wrote to the company in September to better understand its approach to climate transition planning and encourage the adoption of more ambitious, science-based emissions reduction targets. In particular, we requested clarification on whether Mohawk had considered seeking SBTi validation of its climate targets, whether it intended to pursue a company-wide science-based target in future and what progress had been made towards establishing a Scope 3 emissions reduction target.

Outcome: Mohawk provided context on its climate strategy, noting that a SBTi-validated target is already in place within part of its 'Flooring Rest of World' business. While the company has not ruled out pursuing Group-wide science-based targets, it highlighted challenges associated with decarbonising its ceramics operations, where commercially viable alternatives to fossil-fuel-fired kilns remain limited. On Scope 3 emissions, Mohawk confirmed that it was continuing to develop its GHG inventory, though it did not provide a timeline for target setting or indicate whether it intends to publish Scope 3 reduction targets in future. We will continue to encourage the adoption of science-based emissions reduction targets and monitor progress closely.

Greencoat Renewables Impact Intentionality and Measurement



Issue: We engaged with Greencoat Renewables as part of our impact engagement programme, with the company held in both our Green Impact Equity and Green Impact Infrastructure Funds. Greencoat Renewables is entering a significant period of strategic capital deployment centred on hybridisation (battery energy storage systems and co-location), portfolio recycling and the development of Drogheda Energy Park, a flexible power and storage joint-venture development to help stabilise the local electricity network and support a data-centre project. While these initiatives have the potential to enhance renewable-energy integration and support the wider energy transition, questions remain regarding how impact considerations are incorporated into investment decisions, disposals, biodiversity management, supply-chain standards and emerging data-centre developments.

Action: We met with the company where we discussed the above points, and followed the call with an email with the following asks: to introduce a simple impact score for hybridisation opportunities alongside financial-return metrics, to consider project-level disclosures that demonstrate adherence to responsible sourcing and human-rights standards in relation to the battery supply chain, to consider applying learnings from the Cloosh Valley biodiversity project to create a standardised assessment process for other sensitive sites, and to consider how the impact case for Drogheda Energy Park can be demonstrated.

Outcome: Management were receptive to the discussion and appeared open to further dialogue on impact measurement, biodiversity enhancement and procurement standards.

Valmont

Impact Disclosures



Issue: As holders of Valmont in our impact strategies, we want to better understand, quantify and report on the positive outcomes its products enable, from supporting renewable-energy integration to improving water efficiency and agricultural productivity. While individual case studies illustrate these benefits, the company's reporting does not yet provide an aggregated view of their scale, limiting the evidence available for our own impact assessment and client reporting.

Action: We pressed for greater disclosure of product impacts, asking Valmont to bring together measures such as water savings, avoided emissions and agricultural productivity improvements at product-category or segment level, and link these to its existing sales disclosures. This would help us connect our investment exposure with measurable outcomes and communicate the company's contribution more clearly to clients. Recognising that results depend on customer use and local conditions, we suggested beginning with selected products or markets, supported by transparent assumptions, attribution boundaries and coverage limitations, rather than seeking a comprehensive global figure from the outset.

Outcome: Valmont recognised the value of more aggregated impact reporting and agreed to put our requests to its sustainability team for consideration. Although it has not committed to specific enhancements or timing, we have followed up to seek further detail and maintain the dialogue on stronger disclosure.

Water Stress

Over the quarter, we continued our work on water management, pushing for companies to set more ambitious standards for sites operating in areas of very high-water stress. After the summer of extreme heat experienced across Europe, we have also renewed our focus on broader physical risk to understand adaptation to date and highlight the need for fully costed resilience planning.

Imerys

Water Management



Issue: Following on from our engagement on biodiversity last year, we re-engaged Imerys on water management. We wanted to discuss Imerys' approach to water, given its exposure to highly water-stressed regions, its water intensive processes and shortages that have required emergency supplies at some sites. With site-specific targets still being developed, we see scope to strengthen water management and support longer-term operational resilience.

Action: We encouraged Imerys to establish site-specific, time-bound, science-based water targets, alongside more robust planning for water stress. Our discussion explored how water availability informs investment decisions and site selection, and the potential to strengthen water-quality management beyond minimum local regulatory requirements.

Outcome: We have been pleased to see Imerys improve its water-flow data and monitoring capabilities, providing a stronger foundation for target-setting at priority sites. However, we are pushing for these improvements to translate into measurable, site-specific targets and clearer evidence of resilience to water stress. The company was receptive, and we will continue to engage as its approach develops.

Kemira, Borregaard, Akzo Nobel

Water Management



Issue: We are entering the third year of our thematic engagement with our chemical companies, including Kemira, Borregaard and Akzo Nobel, building on improvements observed over the past few years, including greater recognition of water as a material business risk and stronger management plans. Kemira, for example, has elevated water within its environmental strategy and committed to site-specific targets. Our focus now is on how these developments translate into practical measures to address water stress, reduce hazardous chemical pollution and strengthen operational resilience.

Action: We have reached out to all three companies and are arranging follow-up calls to review progress and renew our expectations. Alongside water management, we will explore PFAS phase-out where relevant and investment in research and development into safer alternatives. We also want to understand how physical risks inform site-level planning and investment decisions, encouraging companies to anticipate water shortages and disruption rather than rely on reactive measures.

Outcome: The upcoming calls will provide an opportunity to assess delivery against earlier commitments and identify where we should press for greater ambition or clearer evidence of progress.

DEFRA

Microfibre Pollution



Issue: Microfibre and microplastic pollution is a significant driver of nature degradation, with consequences for ecological health and economic resilience. The UN Environment Programme estimated that marine plastic pollution cost the global economy between USD \$6 billion and \$19 billion in 2018 through its effects on sectors including tourism, fisheries, aquaculture and clean-up operations¹. If current trends continue, businesses could face up to USD \$100 billion annually in waste management liabilities by 2040². This escalating environmental and financial risk strengthens the case for systemic interventions that prevent plastic leakage at source. Synthetic textiles are an important source of microfibre pollution, with fibres shed during laundering often entering wastewater systems. However, research indicates that microfibre filters fitted to washing machines can capture up to 78% of these particles before they reach wastewater treatment plants³.

Action: In 2025, EdenTree participated in an investor coalition calling on the UK Government, through the Department for Environment, Food & Rural Affairs (DEFRA), to introduce legislation requiring microfibre filters in all new domestic and commercial washing machines. Washing machines were identified as a strategic intervention point through which microfibre pollution could be reduced before it enters wastewater systems. The proposal supports the UK's commitments under the Kunming-Montreal Global Biodiversity Framework and the developing Global Plastics Treaty, which seek to halt biodiversity loss and address plastic pollution across its lifecycle. The coalition's engagement aimed to encourage a regulatory response capable of delivering measurable reductions in microfibre leakage while supporting the UK's wider environmental ambitions.

Outcome: DEFRA responded to the coalition's letter and provided further information on the Government's work concerning microplastic pollution, including its commissioned research: Option Appraisal for Intentionally Added Microplastics⁴. Whilst this provides useful context on the Government's wider consideration of microplastic pollution, it does not directly assess the coalition's proposal for microfibre filters in washing machines. DEFRA also clarified that requirements relating to washing-machine product standards fall within the remit of the Department for Business and Trade. The coalition will therefore engage with that department to seek further consideration of mandatory microfibre filters in new domestic and commercial washing machines. It will also continue to monitor the development of DEFRA's UK Circular Economy Strategy, although no publication date has yet been confirmed.

¹ [UNEP. From Pollution to Solution: A Global Assessment of Marine Litter and Plastic Pollution.](#)

² [UNEP. Comprehensive assessment on marine litter and plastic pollution confirms need for urgent global action.](#)

³ [University of Plymouth. Study shows devices can reduce fibres produced in laundry cycle by up to 80%.](#)

Social and Financial Inclusion

Over the quarter, we continued our thematic engagement exercise focused on ethical AI and engaged on the topic of responsible product use and human rights due diligence.

Places for People

Impact Disclosures and Customer Outcomes



Issue: We hold Places for People across our fixed income funds, and while we have been pleased by improvements in Places for People's labelled bond framework and reporting, we have identified several topics for engagement. This includes improved disclosures on bond-level impact attribution, as well as concerns about persistent service challenges that are common across the housing association sector.

Action: We emailed Places for People with requests for improved instrument-level allocation and financing/refinancing disclosures, alongside requests for further information on complaints, operational planning and vulnerable-customer outcomes.

Outcome: Places for People responded constructively and agreed to consider enhanced bond-level allocation and financing/refinancing information for its next allocation report. It also provided detailed information on complaints improvement, vulnerability identification, outcome monitoring and workforce planning. A follow-up call has been arranged to deepen our understanding of operational challenges and their strategy for addressing difficult to resolve issues and improving tenant satisfaction.

Carrefour Human Rights



Issue: Carrefour's extensive global supply chain makes protecting human rights a significant and ongoing responsibility. Building on earlier engagement, we sought greater understanding of the company's human rights due diligence framework, particularly its approach to managing potential forced labour risks linked to sourcing from the Xinjiang region.

Action: Over a call we explored how Carrefour combines desk-based methods, such as supply-chain mapping, with unannounced site audits to mitigate its labour risks. This multi-method approach ensures that Carrefour has excellent visibility of its supply chain and robust due diligence mechanisms to monitor compliance. Whilst recognising its strong existing framework, we encouraged Carrefour to formalise a responsible exit strategy with the rightsholder in mind, recognising that supplier termination should be considered only as a last resort. We also requested clarification on outstanding Brazilian beef sourcing alerts and discussed how Carrefour had been strengthening resilience to exacerbating physical climate risks; for instance, by developing adaptation plans for priority agricultural commodities.

⁴ [DEFRA. Option Appraisal for Intentionally Added Microplastics.](#)

Outcome: The engagement provided reassurance that Carrefour has continued to strengthen its human rights controls including updated supplier requirements, enhanced monitoring and regular reviews of purchasing rules. We welcomed confirmation that the company prioritises corrective action and supplier remediation, with termination generally viewed as a last resort, although a formal responsible exit strategy remains an area for improvement. Carrefour also agreed to follow up with an update on the Brazilian sourcing investigation, though it has historically managed these risks thoughtfully. Looking ahead, we will continue engagement on supply-chain resilience to physical risks, with a focus on how adaptation plans translate into practical action and measurable outcomes.

Governance

We vote at all meetings in all territories for which we have a shareholding. The only exception is where meetings are 'share blocked', where we would otherwise have to waive our right to trade in the stock for a period prior to the meeting.

During the quarter, we voted against management's recommendation on 9% of proposals. Our voting activity over the last quarter is summarised below:

Q3 2026 Voting Summary [*] :	
No. proposals eligible to vote on	793
Supported	89%
Opposed	9%
Abstained	0%
Other ^{**}	1%
Proposals voted against management's recommendation	9%
Proposals voted against GlassLewis' recommendation	7%
No. meetings voted at	66

^{*} Within the Voting Summary, figures for Supported, Opposed, Abstained and Other may not total 100% due to rounding.

^{**} "Other" includes alternative voting actions including frequency vote options and "withhold" votes in markets with restricted voting instruction.

Remuneration

The 2026 proxy season was characterised by rising global executive pay but comparatively strong support from shareholders. In the US, median CEO pay reached record levels and say-on-pay failure rates fell to a historic low of 0.8%⁵. In the UK, competitiveness with US peers continued to drive higher opportunity with wider adoption of hybrid incentive plans. This was particularly prevalent among small-cap companies. However, investors were generally cautious in these cases, evidenced by new hybrid plans receiving less than 80% support. Over the period, we voted on 67 remuneration-related items, voting against 49% of these.

Colruyt Group Remuneration Structure



Issue: Colruyt Group's remuneration framework continues to fall short of accepted Belgian market practice. The company provides limited explanation of significant increases in executive fixed pay, including the benchmarking and rationale used to determine these changes. The structure also lacks a performance-based long-term incentive plan and executive share ownership guidelines, weakening the alignment between remuneration, long-term performance and shareholder interests. These concerns are compounded by insufficient evidence that the company has meaningfully responded to the material opposition remuneration proposals it has received from unaffiliated shareholders at recent annual general meetings (AGMs).

How we voted: We voted against the remuneration report and remuneration policy. Ahead of the AGM, we pre-declared our voting intentions directly to the company as part of a broader engagement, encouraging the Remuneration Committee to strengthen the link between pay and long-term performance, introduce appropriate share ownership expectations, and improve transparency around benchmarking and significant salary increases. We also asked the company to demonstrate more clearly how shareholder feedback and previous voting dissent have informed its approach to executive remuneration. Our vote reflected both the weaknesses in the framework and the limited response to shareholder concerns.

⁵ ISS Stoxx. 2026 US Proxy Season Review: Compensation.

Board and oversight

Over 2026, board structures have continued to evolve in response to emerging risks. Positively, cybersecurity oversight is now in place in the vast majority of large UK, European, and US companies. Formal AI oversight developed more quickly in the UK, where around 4 in 10 companies had adopted an AI policy, compared with roughly 21% of the US Russell 1000⁶. In contrast to this, US board refreshment among S&P 500 companies slowed to its lowest level in 10 years, raising questions around whether board composition is evolving quickly enough to address new strategic and oversight demands⁷.

Prysmian Shareholder Rights



Issue: Prysmian sought approval for a single bundled resolution covering amendments to eight articles of its Articles of Association. While several changes reflected developments in Italian law, the package also removed the requirement for the board's proposed general meeting regulations to be approved by shareholders. It also replaced detailed provisions governing participation with a broader framework under which participation arrangements could be determined internally on a case-by-case basis. In our view, this reduced direct shareholder oversight and certainty over how shareholders may participate in general meetings. Bundling these changes with separate amendments prevented shareholders from evaluating and voting on each substantive change independently.

How we voted: We voted against the amendments to the Articles of Association. Although we recognised that parts of the proposal were intended to align the Articles with new legislation, we did not consider the bundling and two of the amendments to be sufficiently aligned with shareholder interests. The resolution ultimately passed, although approximately 19% of votes cast opposed it, indicating notable wider shareholder concern⁸.

Shareholder proposals

Shareholder proposal activity declined significantly in 2026. In the US, submissions fell to their lowest level in a decade. Governance-related proposals increased, including those concerning independent chairs and shareholder rights, whereas environmental and social-related proposals fell by 31%, and none secured majority support⁹. Shareholder proposals have also declined in the UK. However, in response to this, investors are more commonly expressing concerns through escalation votes. Positively, shareholder proposals have increased in other regions, such as Korea, and have remained an important channel for activism across Asia more generally.

Q3 2026 Shareholder Proposals

No. shareholder proposals voted on	5
Environmental voted on	2
Social voted on	1
Governance voted on	2

Nike

Climate Targets



Issue: Several matters came up at Nike's 2026 AGM. One shareholder proposal requested a report explaining how the company intends to achieve its existing science-based emissions reduction targets, including the pathways and resources required. This followed a reduction in the detail of Nike's sustainability reporting, despite supply-chain emissions remaining materially above the level required to meet its 2030 target. We also remained concerned by Nike's dual-class share structure, which limits the influence of public shareholders over board composition and weakens the principle that voting rights should be proportionate to economic ownership. On remuneration, although annual incentive outcomes were reduced through negative discretion and the 2024-2026 performance share units paid out at zero, the overall framework and use of retention awards are not well aligned with shareholder interests.

How we voted: We supported the shareholder proposal requesting greater transparency on how Nike intends to meet its emissions-reduction targets. The proposal did not seek new targets or prescribe the company's strategy but asked for a credible implementation roadmap against commitments already made. We considered this proportionate given the reduced visibility over climate initiatives and the execution risks associated with emissions in the value chain. Regarding management proposals, we voted against both the compensation report and the Chair's re-election, with the latter serving to signal our concern over unequal voting rights and the resulting limitations on shareholder influence. Both management resolutions passed, while the shareholder proposal did not.

⁶ Glass Lewis. 2026 Proxy Season Global Trends Part 2: Boards of Directors.

⁷ The Corporate Council. Board Refreshment: 10-Year Low for New Director Appointments.

⁸ Prysmian. Shareholder's Meeting September 2026.

⁹ Glass Lewis. 2026 Proxy Season Global Trends Part 4: Shareholder Proposals, Activism and Sustainability.

Climate votes and escalation

National Grid



Climate-related Incentives

Issue: National Grid weakened the climate-related performance conditions within its long-term incentive plan, having also done so in previous years. We viewed this repeated adjustment as a means to reduce the accountability embedded in executive pay at a time when the company's emissions performance was weakening. Over 2025/26, Scope 1 and 2 emissions increased to 7.5m tCO₂e, compared with 7.4m the previous year, while Scope 3 emissions rose from 28.4m to 29.5m¹⁰. Performance against several underlying targets also weakened. Although National Grid attributed part of the deterioration to greater use of its New York generation assets to maintain system reliability, the continued relaxation of performance measures risks insulating executives from underperformance and undermines the credibility of climate targets within remuneration.

How we voted: While recognising that elements of National Grid's emissions performance are affected by external regulatory and system reliability requirements, we voted against the remuneration report as we did not consider these dependencies sufficient to justify weakening the climate-related performance measures again. With emissions increasing and performance misaligned with the pathway set out in the company's Climate Transition Plan, we expected the targets to retain meaningful stretch and accountability. The remuneration report nevertheless passed with 95% support.



¹⁰ [National Grid. FY2026 Full Year Results Statement.](#)

Our Sustainability Specialists

We have an in-house team of sustainability and impact specialists who carry out thematic and stock-specific research on sustainability topics.

The team is also responsible for creating an ongoing dialogue with companies, allowing us to engage on a wide variety of issues.

Our sustainable investment process is overseen by an independent Advisory Panel, comprised of industry and business experts appointed for their specialist knowledge.



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Head of SI



Hayley Grafton
Senior SI Analyst



Cordelia Dower-Tylee
Senior SI Analyst



Aaron Cox
Impact Strategist



Ross Albany-Ward
SI Analyst

Why EdenTree?

Partnering with us can empower your clients with a suite of investment strategies designed to help address pressing environmental and social challenges, while seeking to deliver competitive rates of return.

Contact us today to explore our innovative investment solutions and discover how we can support your clients' sustainable investment objectives.

Further information and support

We serve the professional investment community across the entirety of the UK, with our Business Development Team consisting of dedicated and experienced regional representatives, who are on hand to provide exceptional levels of client support.

For additional information, please contact your EdenTree relationship manager, or get in touch with us at:

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