



# Sustainable Investment Activity Report

Quarter to 31 March 2026

## Welcome to our Sustainable Investment Activity Report for the three months to 31 March 2026.

In this report, we outline our key engagement activity over the quarter against our four priorities: A Just Climate Transition, Water Stress, Social and Financial Inclusion and Good Governance. A particular focus over the quarter was engaging with banks on fossil fuel financing, as well as expanding our water stress engagement to other high-impact sectors.

We were also proud to announce in February that all EdenTree funds now carry an [SDR label](#) – either Sustainability Impact or Sustainability Focus. In line with this milestone, we've renamed funds across our range, ensuring their names clearly communicate the breadth and depth of their sustainable credentials.

We hope you enjoy reading our report, and welcome feedback at [sustainability@edentreeim.com](mailto:sustainability@edentreeim.com).

## Research and reporting

Every day, millions of UK households navigate sharp trade-offs between paying bills, managing debt, saving and building resilience. Our mature financial ecosystem conceals deep structural inequalities, including declining availability of face-to-face services, reliance on high-cost credit and vulnerability to the impact of financial shocks. With these tensions in mind, EdenTree commenced a long-term stewardship initiative on Financial Inclusion in the UK in early 2025, anchored in three core pillars: Accessibility, Affordability and Resilience (AAR). Our first report on the progress of this initiative was recently published, available [here](#).

We are pleased to confirm that EdenTree has successfully renewed its status as a signatory to the **UK Stewardship Code**, following the approval of our latest submission by the Financial Reporting Council (FRC) in January 2026. The submission marked the final reporting year under the 2020 Code, ahead of the transition to the updated 2026 framework. As we move into the transition year, we are integrating our Stewardship Code reporting into our Annual Sustainable Investment Activity Report, which will be published in April.

## Engagement

As active managers, engagement with investee companies is fundamental to our approach. This section highlights our engagement activity over the quarter.

### A Just Climate Transition

**During this quarter, we continued our focused work on banks' financing activities by encouraging our holdings to limit their fossil fuel financing activities and scale up their green financing.**

#### Santander

##### Fossil Fuel Financing



**Issue:** In July 2025, we identified a potential weakening of Santander's fossil fuel policies, including its coal phase-out framework and the removal of restrictions on new upstream oil and gas financing. Santander also diluted several sector-based decarbonisation targets, including its oil and gas target, by excluding scope 3 and moving away from absolute to intensity-based metrics. In recent years, cumulative fossil-fuel financing has continued to rise, indicating misalignment to Santander's long-term net-zero goal.

**Action:** Noting a deterioration in Santander's oversight of material climate-related financial risks, we chose to escalate by voting against directors with responsibility for climate governance.

**Outcome:** By pre-declaring our voting intentions to Santander, we have opened a dialogue with the bank and are seeking an engagement to better understand the rationale behind these changes and the direction of travel.

#### ING Groep

##### Fossil Fuel Financing



**Issue:** As part of our continued involvement in the IIGCC's collaborative banks engagement, we joined the focus group for ING Groep in 2025. The bank is one of the stronger performers in the European banking sector but still has improvements to make in order to better align with the goals of the Paris Agreement.

**Action:** We met with ING in March to discuss the bank's climate strategy, its approach to disclosing facilitated emissions and how climate and nature considerations are being incorporated into its client transition plan and credit risk assessment processes.

**Outcome:** ING began disclosing facilitated emissions from syndicated loans this year, meeting a long-term engagement objective of the focus group. While the bank declined to quantify the weight of climate indicators in its credit-risk assessment, it confirmed climate remains firmly embedded in its decision-making process and additionally provided detail on how nature-related indicators are considered, reflecting meaningful progress towards the focus group's objective for the bank to strengthen client-transition evaluation.

#### Clean Harbors

##### Climate Stewardship



**Issue:** Clean Harbors specialises in hazardous waste management, high-temperature PFAS destruction and large-scale treatment of complex waste streams. The company also plays a major role in the circular economy through extensive oil and solvent recycling, achieving substantial avoided emissions by re-refining used materials and delivering environmental benefits that significantly exceed its own operational footprint. Our engagement with Clean Harbors seeks to enhance the company's positive impact by requesting that the company aligns executive pay to its own 2030 goal of achieving a 3x ratio of avoided emissions to operational scope 1 and 2 emissions. Our engagement also seeks to encourage Clean Harbors to introduce scope 3 emissions reporting and ultimately set science-based targets for reducing operational emissions.

**Action:** We have engaged with Clean Harbors to request the publication of scope 3 data and the consideration of science-based targets since 2024. In 2025, we introduced a request for executive pay alignment with its own carbon goals. Our team has met with the company yearly, with additional informational exchanges and follow-up emails at other times.

**Outcome:** Our engagement to date has been constructive and shows positive signs of progress. Overall, we have been pleased by the additional technical details Clean Harbors has provided about the life-cycle assessments that inform its impact goal. These include assessments of the emissions avoided by the company's circular re-refined base oil compared to the production of linear virgin refined base oil. We have also been pleased to learn that the company is working towards publishing scope 3 emissions data in 2026, although in large part due to regulations in California, rather than on a voluntary basis. We believe this data will help to inform future engagements on setting wider goals for reducing operational emissions. Finally, we have requested that Clean Harbors shares our desire with the board that executive incentive schemes (preferably longer-term schemes) include a link to the company's 2030 emissions ratio goal.

## Water Stress

**Over the quarter, we continued our work with our chemical holdings on the phase-out of hazardous chemicals and water management. We have also expanded this engagement to include other sectors with a high water footprint such as apparel and technology.**

### Kerry Group PLC, Danone, Nestlé, Microsoft Water Stress




**Issue:** Companies within the apparel, beverage, food and technology sectors have a significant water footprint in their supply chains. As growing water scarcity affects communities globally, it also poses a significant financial risk. These companies were targeted for engagement given their potentially large impact and dependency on water.

**Action:** We signed letters sent out by the Valuing Water Finance Initiative, calling on companies in sectors with a high water footprint to strengthen their understanding of where water dependency and impact are greatest across their operations and supply chains. The letters also encouraged greater clarity on how this analysis informs target-setting, what actions are being taken in highly water-stressed basins, how the effectiveness of interventions is assessed and how water risk is integrated into wider business planning, resilience and ecosystem protection.

**Outcome:** The letters reinforced investor expectations that companies should treat water as a strategic business issue rather than a purely environmental consideration. While we await responses, the engagement helped underline the importance of more decision-useful disclosure and stronger alignment with the Corporate Expectations for Valuing Water. We will continue to monitor company progress and support further engagement where water-related risks remain insufficiently addressed.

### Yara



#### Investor Initiative on Hazardous Chemicals

**Issue:** Hazardous chemicals can contribute to water pollution and wider environmental harm, while also creating transition, regulatory and litigation risks for companies with chemical exposure in their portfolios. For investors, transparency around persistent chemicals, PFAS and hazardous chemical revenues is particularly important in understanding both environmental impacts and financial risk.

**Action:** Ahead of Yara's bi-annual investor call later in the year, the IIHC investor group wrote to the company seeking clarification on several outstanding points from prior engagement. These included whether Yara had published, or still intended to publish, a statement confirming that it does not produce or use persistent chemicals, how it assesses and monitors exposure to such chemicals across its operations and products, whether it would improve transparency by

disclosing revenues associated with hazardous chemicals and whether it would continue engaging with ChemSec to support an accurate ChemScore assessment.

**Outcome:** Yara confirmed that it has a PFAS statement available to customers on request, but that the company does not provide a broader public statement on persistent chemicals. Yara stated that it aims to avoid procuring substances of concern and substances of very high concern, rather than reporting specifically on persistent chemicals. Yara acknowledged the request for greater revenue transparency and said this has been passed on internally. However, the company indicated that, given its strong recent ChemScore performance, it is unlikely to prioritise engagement with ChemSec in 2026, focusing instead on ESRS-related requirements.

### Novartis



#### Nature Action

**Issue:** As a global pharmaceutical manufacturer, Novartis' operations interact with nature through its site footprint, water use, waste generation and the sourcing of certain raw materials. These factors can create operational and reputational risks, particularly where sites are located near protected areas or in water-stressed regions. At the same time, evolving disclosure expectations are increasing investor scrutiny of how biodiversity-related impacts, dependencies and risks are assessed and managed.

**Action:** As part of the Nature Action 100 collaborative engagement, we met with Novartis in March 2026 to discuss its approach to biodiversity assessment, disclosure intentions and plans for scaling implementation. Through this dialogue, we encouraged the company to strengthen biodiversity-related transparency through more decision-useful public disclosure and to demonstrate how learnings from its three pilot sites will refine its methodology, governance approach and wider rollout across priority sites.

**Outcome:** The meeting provided useful additional insight into Novartis' evolving approach. The company outlined a location-based process used to identify 11 priority sites, with 3 pilot sites assessing habitat, species, water stress and other local pressures to inform biodiversity management plans. Novartis also described executive and Board-level oversight, the use of site-specific action plans and its intention to develop SBTN-aligned water targets. This provided greater confidence that biodiversity considerations are becoming more systematically embedded within the business, while reinforcing the need for improved public disclosure and clearer evidence of how pilot learnings will be translated into broader implementation.

## Apple

### Valuing Water Finance Initiative



**Issue:** As part of the Valuing Water Finance Initiative, we identified water risk as a material but under-disclosed issue for Apple, particularly within its supply chain. While Apple has made progress through its water stewardship strategy and Supplier Clean Water Program, we saw limited transparency on how its Board oversees water-related supply chain risks, including water availability, wastewater quality management and basin-level resilience.

**Action:** In the first quarter, we signed a collaborative investor letter to the Chair of Apple's Nominating and Governance Committee, seeking dialogue on board-level oversight of water-related risks. The engagement focused on how Apple identifies and mitigates supply chain water risks, how its water quantity goals contribute to resilience at facility, supplier and basin level, and how wastewater quality is monitored and assessed across the supply chain.

**Outcome:** This engagement escalated investor expectations on water governance to board level and set out clear asks for greater transparency on how Apple manages a material operational and supply chain risk. At quarter end, the engagement remained ongoing, with investors seeking further dialogue to better understand how board oversight supports long-term resilience and value creation.

## Social and Financial Inclusion

**Over the quarter, we continued our thematic engagement exercise focused on financial inclusion with our building society holdings. We also engaged with a selection of holdings on ethical AI and joined a collaborative engagement on mandatory human rights due diligence.**

### UK Government

#### Human Rights Due Diligence



UK Government

**Issue:** Human rights abuses in global supply chains, including forced labour and modern slavery, pose material risks for companies and investors. Weak due diligence can result in legal and regulatory exposure, operational disruption, reputational damage and impaired long-term value. In this context, mandatory Human Rights Due Diligence (HRDD) is increasingly viewed as a mechanism to strengthen corporate accountability, improve risk management and support resilient, competitive business practices. We therefore support the introduction of mandatory HRDD legislation in the UK, aligned with international standards and emerging regulatory expectations.

**Action:** In December 2025, we co-signed a collaborative investor letter coordinated by CCLA and Rathbones, alongside 25 investor organisations, calling on the UK Government to introduce mandatory HRDD. The letter emphasised the

economic case for legislation and the benefits of due diligence for long-term competitiveness and value creation.

**Outcome:** In the first quarter of 2026, the Government responded to the letter, stating it is actively considering how to strengthen the UK's HRDD framework, including options for mandatory human rights and environmental due diligence. The Government noted extensive stakeholder engagement to date and committed to providing further updates as the review progresses, while acknowledging that significant reform will take time. We welcome this continued consideration and will remain engaged to encourage timely, credible legislation that improves supply chain resilience and protects long-term value.

### UK Treasury Committee

#### Financial Inclusion in the UK



**Issue:** Access to fair, affordable financial products and services remains uneven across the UK, with certain groups and communities more exposed to financial exclusion and its knock-on impacts (e.g., higher costs of credit, reduced resilience to shocks and barriers to saving and wealth-building). As part of EdenTree's long-term engagement on financial inclusion, we sought to ensure that investor perspectives and practical recommendations, including the role of banks, fintechs and policymakers, informed the UK Government's new financial inclusion strategy and the Treasury Committee's scrutiny of it.

**Action:** We responded to the Treasury Committee's call for evidence by submitting written evidence to support its inquiry into the UK Government's new financial inclusion strategy. Our submission set out investor-relevant insights and recommendations intended to strengthen the strategy's ambition, implementation and accountability. We also attended the Committee's oral evidence sessions to follow the inquiry proceedings, track emerging themes and questions, and identify where our engagement could most effectively contribute.

**Outcome:** The Treasury Committee formally accepted EdenTree's submission as written evidence, ensuring that our perspectives are on the record as part of the Committee's inquiry materials. This strengthens our ability to reference our recommendations in future discussions with policymakers, industry stakeholders and investee companies, and provides a clear evidence trail linking our engagement objectives to public policy development.

## Sanofi

### Product safety and responsible cyber and AI

**Issue:** Sanofi operates in an environment shaped by historic product safety controversies, increasing scrutiny of cybersecurity and data governance across the healthcare sector and the growing use of artificial intelligence in research and operations. At the same time, pharmaceutical companies are facing a more challenging geopolitical backdrop, particularly in the United States, where anti-vaccine sentiment, regulatory unpredictability and debate around diversity, equity and inclusion are creating additional reputational and operational pressures.

**Action:** We engaged with Sanofi to discuss how the company is managing these evolving risks across product safety, cybersecurity, AI governance, vaccines and inclusion. The discussion covered the status of legacy legal matters, oversight of cyber risk, the governance and environmental implications of AI deployment and how Sanofi is responding to declining vaccine confidence and a more contested policy environment in the US.

**Outcome:** Sanofi emphasised that it has not faced any significant new product safety issues over the past year and highlighted positive progress in resolving legacy product safety litigation. We also discussed the company's established internal governance structures for both cyber oversight and AI use, including Board-level training, executive reporting and employee awareness measures, and were pleased to hear that there have been no cybersecurity controversies in recent periods. In response to the more challenging US environment, Sanofi pointed to ongoing community-based vaccine outreach through its DRIVE programme and reiterated its commitment to inclusion, while adapting external language and public target-setting. Overall, the meeting provided reassurance that these issues remain under active management, while highlighting areas for continued monitoring, including litigation developments, AI oversight and the evolution of vaccine and inclusion-related strategy.



## Good Governance

**Over the quarter, we continued to engage with companies on good governance principles. This included discussions on the oversight of material sustainability issues, participating in shareholder consultations and advocating for shareholder access.**

### Randstad

#### Oversight of Health and Safety Risks



**Issue:** Given the nature of Randstad's business, health and safety remains a material issue, particularly where talent is placed across a wide range of client sites and operating environments. Although the company has strengthened its approach over the past twelve months, including updating its health and safety policy, appointing a global health and safety lead and establishing a dedicated community to share best practice, the occurrence of six fatalities highlighted the need for sustained oversight, stronger accountability and clear evidence that these improvements are translating into better outcomes.

**Action:** Following earlier engagement in 2025, we continued our dialogue with Randstad in 2026 to better understand how these governance enhancements were improving the management of health and safety for both employees and placed talent. In particular, we sought clarification on how fatal incidents are escalated and reviewed, how lessons are identified and embedded across markets, how client health and safety is assessed before placement and how the Board oversees serious incidents and the effectiveness of remedial actions over time.

**Outcome:** We were pleased to see enhancements made to the company's health and safety process in 2025, and Randstad were able to provide more detailed insight into its health and safety framework. This includes mandatory escalation of fatalities to Global Legal within 24 hours, Executive Board notification, quarterly dashboard monitoring, internal audits and efforts to strengthen worker feedback and near-miss reporting. Taken together, these measures provided greater confidence that oversight is becoming more structured and consistent across the business. In recognition of these governance improvements, and a modest improvement in performance, we chose to abstain the ratification of the Board rather than vote against it. This was intended as a signal of support for the progress made, while recognising that continued improvement remains essential.



**Siemens AG**  
**Health and Safety in**  
**executive remuneration**

**Issue:** As part of our research process ahead of the AGM in February, we reviewed the company’s latest disclosures on workforce health and safety. We noted an increase in reported employee fatalities in the most recent reporting year, rising to 10 from 2 in the full year 2024. However, the company shared little detail on additional context, including the nature of the fatalities, any shared commonalities or remediation plans. In addition, we noted Siemens does not include health and safety metrics within executive remuneration, despite the company already using non-financial metrics in its remuneration framework.

**Action:** We wrote to the company seeking additional context to help investors understand the drivers of the increase in fatalities. This included a request for a high-level breakdown of the fatalities, such as by geography or business area, and the nature of the incidents, as well as any identified commonalities, contributing factors or key learnings from these incidents. We also asked whether the Board has considered incorporating explicit safety-related measures, such as leading indicators, serious incident rates or safety culture metrics, into executive incentives.

**Outcome:** Siemens clarified that the apparent increase was largely the result of a reporting change under the CSRD, which now requires fatalities from work-related injuries and occupational ill health to be combined within a single KPI. The company explained that most of the fatalities related to long-latency occupational illnesses in Germany, including asbestos-related cases linked in some instances to previously owned businesses, rather than a deterioration in current operational safety conditions. Siemens agreed that additional explanatory context would improve future sustainability disclosure, but indicated that, at this stage, remuneration discussions remained focused on a smaller number of broader non-financial KPIs rather than the introduction of a specific safety metric.

**SIEMENS** Proxy Voting

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 11%\* of all proposals voted. These voting actions most commonly reflected concerns relating to remuneration, board composition and the oversight of material sustainability-related topics such as climate and health and safety. Our voting activity over the last quarter is summarised below:

Q1 2026 Voting Summary*	
No. proposals eligible to vote on	835
Proposals voted on**	100%
Proposals supported	87%
Proposals opposed	11%
Proposals abstained	1%
Proposals voted against management’s recommendation	11%
Proposals voted against Glass Lewis’ recommendation	8%
No. meetings voted at	54

\* Figures are considered as provisional at the time of reporting

\*\* 1% of meetings fell into “other” voting decisions, including frequency vote options and ‘withhold’ votes in markets with restricted voting instruction.



## Compensation

Over the period, we continued to oppose poor pay practices and weak compensation disclosures, voting against 50% of all remuneration-related items tabled. Key drivers of these votes included pay for performance misalignment, structural concerns and poor response to shareholder dissent.

### Applied Materials

#### Poor Remuneration Structures



**Issue:** As reflected by our vote against the remuneration report at the company's 2025 AGM, our 2026 review highlighted that Applied Materials' remuneration structure was still poorly aligned with long-term shareholder interests. Key concerns included excessive overall pay opportunity, overly generous termination benefits and a lack of appropriate alignment with the wider workforce. Taken together, these features pointed to a remuneration framework that, in our view, remained overly generous and insufficiently disciplined, despite the company's otherwise strong financial performance.

**How we voted:** We voted against the remuneration report as we did not believe the structure demonstrated adequate alignment with long-term shareholder interests. Given our continued concerns and what we regarded as notably weak remuneration structures, we also voted against the Chair of the Remuneration Committee as an escalation measure, signalling that stronger board accountability was warranted.

## Board and oversight

Over the period, we opposed the re-election of directors serving at 17 companies, predominantly due to concerns around independence, director commitment and board composition.

### GCP Infrastructure

#### Board Composition



**Issue:** GCP Infrastructure does not currently meet the UKLA/FTSE Women Leaders Review expectation for FTSE 350 companies to have a minimum of 40% women on the Board.

**How we voted:** In line with our voting policy, this shortfall would ordinarily lead us to vote against the re-election of the Chair of the Nomination Committee. However, following engagement, GCP Infrastructure acknowledged that it has not met the target and confirmed that improving Board diversity remains a priority going forward. The company also noted that, during its most recent recruitment process, it had the opportunity to appoint Ian Brown, bringing significant sector expertise, and did not consider it appropriate to forgo this appointment solely to meet the diversity threshold. In light of the company's explanation and stated intent to improve, we supported the Directors' re-election this occasion.

## Shareholder proposals

### Q1 2026 Shareholder Proposals

No. shareholder proposals voted on	7
Social voted on	2
Governance voted on	5

### Analog Devices

#### Shareholder Proposal



**Issue:** At Analog Devices' AGM, shareholders were asked to consider a proposal relating to the right to call a special meeting. We place a high value on shareholder rights of this kind, as they can provide an important protection where investors need a mechanism to respond to material governance concerns between annual meetings. In this case, Analog Devices had already reduced the ownership threshold required to call a special meeting from 80% to 25% following shareholder engagement, with the Board presenting this change as a means of balancing shareholder access with protection against disruption from a small minority of investors. The company also had a number of positive governance features in place, including annual director elections, majority voting, proxy access and no poison pill. However, given the company's size and shareholder base, we considered a 10% threshold could still be appropriate and would offer shareholders a more practical route to exercise this right if needed.

**How we voted:** We voted in favour of the shareholder proposal. While we recognised the company's move to a 25% threshold as a positive step, we did not consider it sufficiently accessible for a company of this size and ownership structure. In our view, a lower threshold would better support shareholder accountability without being unreasonable, particularly given the company's existing governance framework and the fact that the proposal could be implemented within the bounds of applicable securities laws.

## 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.



**Carlota Esquivillas**  
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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