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Corporation

# EQ Investors: Stewardship plan 2026

# Introduction

We are responsible stewards of our clients' capital.



The aim of our stewardship activity is to protect our clients' interests, the value of their investments, and enhance the investable opportunities.

We also apply stewardship activities to improve the sustainability outcomes of our clients' investments, as we believe that supporting a more equitable and sustainable world is aligned with our long-term fiduciary duty to clients.



Taking an active approach to stewardship is a core part of our service to our clients and complements how we manage investments.



Our tools and methods for engagement reflect the most appropriate yet effective approach given EQ's investments are predominantly managed through the selection of externally managed collective investment vehicles (funds).

Our stewardship strategy is updated annually.

## Stewardship strategy: Five key components

We engage with selected fund managers.

Ensure fund managers have engagement and voting ambition



Use portfolio monitoring to engage on emerging flags



Engage proactively on strategic themes across all relevant fund managers



Collaboratively engage with other investors on companies



Practice AGM activism, asking questions directly to company boards



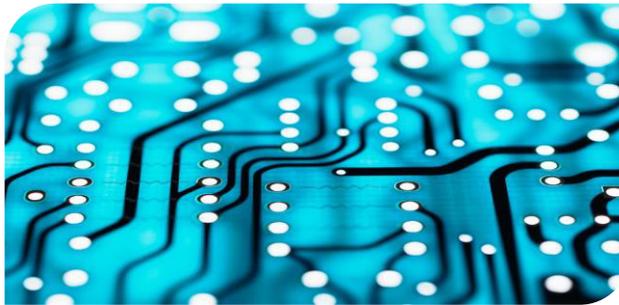
We engage with underlying companies.

# Our strategic engagement themes

Climate change



Artificial Intelligence



Biodiversity risks



Human rights & Modern Slavery



Healthy nutrition



Access to medicine



# Strategic engagement: Theme 1 (I)

## Climate change – Financials

### Why?

Banks have a strategic role in climate change through how they service clients across brown and green industries and businesses.

Financed and facilitated emissions represent the carbon emissions associated with the activities and projects funded by banks through lending, market making and underwriting. As economies move toward net-zero targets, these emissions expose banks to significant transition risks, including regulatory changes, shifting market dynamics, and reputational damage. Momentum in banks setting appropriate targets has reduced, with many leaving the likes of the Netzerobanking alliance over the last two years.

On managing physical risks, central banks are imposing capital requirements to manage their climate-related risks.

Lastly, banks are potentially foregoing the opportunity to grow their green lending and capital market activity.

# Fund manager engagement:

## Climate risk mitigation for financials

We engage with fund managers to encourage more robust evaluation and engagement of banks' climate policies and level of green financing.

This is the fourth year of engaging on this topic. We have a clear set of best practices which we want all relevant managers to adhere to, helping us scale our engagement impact.

**Research from the following independent organisations help us prioritise:**

ShareAction»



BANKTRACK

Collaborative engagement groups that allow EQ direct access to the underlying companies:

Example companies engaged:



ShareAction' raising banking standards group



## Strategic engagement: Theme 1 (II)

Climate change – Physical climate risk

### Why?

Physical climate risks stem from the tangible effects of climate change, such as extreme weather events, rising sea levels, droughts, and heatwaves, which can disrupt supply chains, damage infrastructure and increase costs for companies.

Physical climate risk can directly impact the financial performance, operations, and long-term viability of companies across all sectors. Companies exposed to frequent weather disruptions may face higher insurance premiums, operational downtime, and capital expenditures for repairs or adaptation measures. Industries reliant on natural resources, such as agriculture and energy, are particularly vulnerable to these risks, leading to potential revenue losses.

There are significant improvements in tools and data available to help companies manage and improve resilience to physical climate risk in operations and supply chains, which we want them to implement.

## Fund manager engagement:

### Physical risk mitigation across key regions and sectors

We engage with fund managers to improve how physical risks are integrated into their decision making, engage where risks are present, and build resources/tools developed to do so.

This is the second year of engaging on this topic. We have a clear set of best practices which we want all relevant managers to adhere to, building the basis for ongoing engagement.

Collaborative engagement groups that allow EQ direct access to the underlying companies:

ShareAction' raising banking standards group



Example companies engaged:



Carrefour

RioTinto

## Strategic engagement: Theme 2

### Biodiversity risks

#### Why?

Biodiversity is declining at rapid rates, and the health of ecosystems directly underpins economic activity and business performance. Industries such as agriculture, forestry, mining, pharmaceuticals, semiconductors and tourism rely heavily on natural resources and ecosystem services like pollination, clean water, and fertile soils.

Unsustainable natural capital use, putting strain on biodiversity, threatens these services in the long-run, increasing costs, reducing productivity, and exposing companies to operational and supply chain risks. Additionally, regulatory and reputational risks are growing as governments, investors, and consumers demand stronger action to protect biodiversity.

There are tools and evaluation frameworks that help businesses map their impact on biodiversity loss and we want businesses to act responsibly to maintain a renewable way of using natural capital.

## Fund manager engagement:

### Biodiversity risk mitigation in high-priority sectors

This is the fourth year of engaging on this topic. We have a clear set of best practices which we want all relevant fund managers to adhere to. We engage with fund managers investing in higher-risk companies to help prevent biodiversity risks from materialising. To add most value, we believe more granular sectorlevel engagement is needed. This year we are focusing on fund manager holding semiconductors, and emerging-market banks specifically.

Research from the following independent organisations help us prioritise:



Collaborative engagement groups that allow EQ direct access to the underlying companies:





## Strategic engagement: Theme 3

### Modern slavery

#### Why?

Human rights abuses include forced labour, child labour, unsafe working conditions, and disregard for community rights. Managing these risks is harder in globalised supply chains where oversight is challenging, particularly in regions with weak labour protections.

Furthermore, we note the risk that comes from consumer-use of a company's products/services for human rights violations, which can be linked to the company but effectively out of its control.

When uncovered, any of these human rights abuses can significantly impact a linked company's reputation, operational continuity, and financial performance.

Unmanaged human rights risks also signal poor governance and expose companies to long-term financial liabilities, including lawsuits and regulatory fines as laws like the [EU Corporate Sustainability Due Diligence Directive](#) become stricter.

## Fund manager engagement:

### Human rights risk mitigation in key supply chains

Instilling preventative approaches to protect from human rights abuses is key, moving beyond controversy screening.

This is the second year of engaging on this topic. We have a clear set of best practices, which we want all relevant managers to adhere to, building the basis for ongoing engagement.

Research from the following independent organisations help us prioritise:



Collaborative engagement groups that allow EQ direct access to the underlying companies:

Example companies engaged:



# Strategic engagement: Theme 4

## Ethical AI

### Why?

There is a rush for companies across all sectors to make use of artificial intelligence (AI) to improve efficiencies.

However, the rapid deployment of artificial intelligence (AI) systems without adequate governance and oversight can result in unforeseen consequences. If AI systems are biased, lack transparency, or are used in ways that harm individuals or society, companies face legal, operational, and reputational risks. This is particularly material for industries like finance, customer service, healthcare, and recruitment, where AI decisions have direct consequences on individuals.

Additionally, public backlash against unethical AI practices can erode consumer trust and brand value, reducing revenue. Investors must also consider the risk of stranded investments in AI systems that become unusable due to future regulatory requirements or public disapproval.

## Fund manager engagement:

### Establishing strong AI governance for companies utilising AI

It's crucial to establish a strong set of ethical AI principles and ensure that they are operationalised in the business to mitigate against potential negative human rights outcomes. We engage with fund managers with exposure to companies utilising AI to help prevent these risk materialising.

This is the third year of engaging on this topic. We have a clear set of best practices, which we want all relevant managers to adhere to, building the basis for ongoing engagement.

#### Research from the following independent organisations help us prioritise:

Collaborative engagement groups that allow EQ direct access to the underlying companies:

Example companies engaged:



# Strategic engagement: Theme 5

## Access to Medicine

Why?

While healthcare companies are responsible for researching and developing treatments that help address needs of patients globally, there is disparity between how these businesses work on equal access to these.

Access to medicine is a financially material area for healthcare companies. Companies that fail to ensure equitable access to essential medicines or clinical trials risk facing reputational damage, and loss of market share, particularly in emerging markets where unmet medical needs are significant. Emerging market inclusion also opens up new revenue streams, builds trust with governments and communities, and strengthens a company's social license to operate.

# Fund manager engagement:

## Improving access to medicine to meet global health needs

Global health challenges remain a persistent issue. We engage with fund managers with healthcare exposure to encourage greater practices when it comes to ensure fair access to medicines and medical R&D needed globally.

This is the second year of engaging on this topic. Using the findings of the Access to medicine Index 2024, and upcoming Antimicrobial Resistance Benchmark 2026, we will encourage fund managers to engage on shortcomings within their holdings.

**Collaborative engagement groups that allow EQ direct access to the underlying companies:**

access to  
medicine  
FOUNDATION



## Strategic engagement: Theme 6

### Healthy foods and consumer health

Why?

Food and beverage manufacturers and retailers have a strong influence on public health, including the obesity crisis. However, many do not provide sufficient disclosure on the nutritional profile against scientific and government-endorsed methodologies, nor do they develop strategies that align with public health responsibilities.

Growing awareness of the links between diet and health, combined with regulatory pressures and shifting preferences, is driving changes in market dynamics. Companies that fail to adapt risk losing market share or become subject to regulatory restrictions that they are not prepared, which may impact their financial performance. Companies with a focus on healthy options are better positioned to capture growth opportunities and enhance brand loyalty. Moreover, poor nutritional offerings can contribute to broader societal costs like obesity and chronic diseases, prompting tighter regulation and taxes on unhealthy products, which could erode profit margins.

## Fund manager engagement: Support investor pushes to enhance nutrition disclosure and sales targets

Public health is significantly underengaged across the asset management industry. We aim to push fund managers assess risks from unhealthy foods & beverages and to join collaborative efforts to push companies to mitigate negative impacts.

We have engaged on this issue with companies and fund managers for 6 years.

Collaborative engagement groups that allow EQ direct access to the underlying companies:



Example companies engaged:



## Ongoing engagement activity through AGMs

EQ uses AGM attendance to engage on number of topics



### EQ's annual AGM attendance

We align with a number of sustainable outcomes, depending on the identified weakness of the target company. Last year that included:

- Climate plans
- Renewable energy targets
- Living wages
- Remuneration links to sustainability achievements
- Ethnicity and gender paygaps

## Asset manager level

We go beyond the fund. Asset managers need to improve their processes across all their investments and points of influence.



Focus 1: Push asset managers to use their voting & influence to drive positive change with ambition.

### Why?

- Less shareholder resolutions pass every year
- Asset managers are hiding behind nondisclosure or opaque summaries
- A lack of escalatory action means that engagement has “no teeth”
- Asset managers are not acting as responsible longterm stewards of capital

**We have a voting monitoring project to differentiate ambition and effectiveness.**



Focus 2: Lift the net-zero targets and implementation strategies of asset managers to align with best practice.

### Why?

- Net-zero commitments are plentiful but incomparable
- Net-zero strategies don't cover all assets
- Stewardship is not always aligned with commitments
- Sciencebased targets are the gold standard

**We engage on net-zero commitments and disclosure, including by collaboration and peers.**

## Get in contact...



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