



Material exposure disclosures

Q3 2023

We believe transparency is vital for the credibility of sustainable investment approaches. For activities and practices we find inconsistent with our investment philosophy we have set a materiality threshold for direct involvement in the relevant activities of 5% of revenue (unless otherwise stated). The full list of activities is shown below. In the instances, we may make investments where exposure is above the 5% threshold, we are happy to disclose our reasoning for maintaining that holding.

See below for instances of companies held across the Stewart Investors strategies which were above the materiality threshold in any of the relevant activities, as at 30 September 2023.

Philips

Strategies held in: Worldwide Leaders Sustainability

Activity exposure: UN Global Compact Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Reason for exception/holding: The company is facing lawsuits and investigations over alleged health risks associated with their sleep apnoea and respiratory care devices. The affected portion of the business represented 6.5% of group sales in FY2020, the year before the recall.

The company has recalled impacted devices, and has not yet been found liable for these claims. Our external research provider has put the company on a watchlist and we continue to monitor the situation and engage with the management team.

Spirax-Sarco Engineering

Strategies held in: European Sustainability, Worldwide Sustainability

Activity exposure >5% revenue: Supporting Oil & Gas

Reason for exception/holding: The company provides precision heat and control equipment and systems that improve energy efficiency for customers operating in the oil industry.

Revenues derived from oil and gas supporting products and services accounted for 5% of the company's overall revenue in FY2022.

Tata Consultancy Services (TCS)

Strategies held in: Asia Pacific Sustainability, Asia Pacific Leaders Sustainability, Asia Pacific including Japan Sustainability, Global Emerging Markets Sustainability, Global Emerging Markets Leaders Sustainability, India Subcontinent Sustainability, Worldwide Leaders Sustainability, Pacific Assets Trust

Activity exposure: UN Global Compact Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Reason for exception/holding: TCS has no direct involvement in nuclear weapons or energy, however our external research provider considers the company to be involved because its parent company, Tata Sons, owns greater than 50% of TCS.

Tata Sons involvement is due to the company owning Tata Advanced Systems which acquired Tata Power's Strategic Engineering Division. The Strategic Engineering Division provides control systems for the Indian Navy's nuclear missile submarines.

As India has not signed the Treaty on the Non-Proliferation of Nuclear Weapons, the external data provider considers Tata Sons and by extension TCS to be in support of the nuclear weapons programme of India.

We disagree with this assessment and do not see anything in the activities or conduct of the company to question its sustainability positioning or the investment case.

WEG

Strategies held in: Global Emerging Markets Sustainability, Global Emerging Markets Leaders Sustainability, Worldwide Sustainability, Worldwide Leaders Sustainability

Activity exposure >5% revenue: Supporting Oil & Gas, and Supporting Thermal Coal

Reason for exception/holding: The company manufactures and sells renewable energy solutions used in solar and wind power generation, hydroelectric power plants and biomass helping society to shift away from fossil fuel energy production. WEG also manufacture and sell energy efficient electric motors, which help their customers reduce their energy requirements and greenhouse gas emissions.

Revenues derived from oil and gas supporting products and services, and thermal coal supporting products and services accounted for an estimated 2.5% per activity (5% in total) of the company's overall revenue in FY2022, according to our external research provider.

Thermal coal exposure for supporting products and services was added by our external research provider in early 2023 and we contacted the company directly to check the 2.5% revenue estimates provided. Given that coal is not a strategic market segment for their products or customers, the company estimate that <1% revenues to be a more accurate reflection of their exposure.

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