



# Material exposure disclosures

## Q4 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 31 December 2023.

### 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 FY2021.

### 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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