

Material exposure disclosures



Stewart Investors

Q4 2024

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 globally which were above the materiality threshold in any of the relevant activities, as at 31 December 2024. Noting, not all strategies are available in all regions and the name of the strategy generally aligns with the equivalent fund e.g. in Australia the Worldwide fund is equivalent to the Worldwide strategy for the purposes of this disclosure.

Air Liquide

Strategies held in: European All Cap, European (ex UK) All Cap

Activity exposure >5% revenue: Supporting Oil & Gas

Reason for exception/holding: The company produces essential gases which are necessary inputs for a variety of end customers including healthcare, chemicals, energy, manufacturing, electronics and food & beverages.

Our external research provider estimates that revenues from products and services supporting oil and gas accounted for 15% of Air Liquide's overall revenue in FY2023.

Oil and gas revenues are within their large industries segment which is c.28% of revenue and includes chemicals, metals and energy.

The most prominent product sold to the oil and gas industry is hydrogen used to remove sulphur from material during refining. This has environmental benefits such as reducing acid rain. They also provide nitrogen to the oil and gas industry for safety purposes.

The company plans to further develop products to support the energy transition, including carbon capture and storage (CCS). They plan to invest EUR8 billion to reduce emissions from hydrogen production.

We will continue to encourage the company to both disclose revenue exposure to the oil and gas industry and expand their offering of products supporting the decarbonisation of the sector.

ESAB Corporation

Strategies held in: Worldwide All Cap

Activity exposure >5% revenue: Supporting Oil & Gas

Reason for exception/holding: The company provides welding and cutting and gas control equipment and systems for a variety of industries including manufacturing, infrastructure, energy, shipbuilding and rail.

Our external research provider estimates that revenues from products and services supporting oil and gas accounted for 20% of ESAB's overall revenue in FY2022, when the company had not yet begun to report revenue split by end market. The company released its inaugural sustainability report in 2023, coinciding with its first year as an independent corporation. We met with the company and based on our analysis of the latest (2023) company data we believe the exposure to products and services supporting oil and gas within the business to be no greater than 9% which is lower than the external estimate but higher than our materiality threshold of 5%. We also believe exposure to oil and gas will continue to fall in the coming years as the economy transitions further away from fossil fuels, and the company continues to focus on growing sales in renewable energy. We will continue to engage with the company on their progress in this area.

ESAB India

Strategies held in: Pacific Assets Trust

Activity exposure >5% revenue: Supporting Oil & Gas

Reason for exception/holding: The company provides welding and cutting equipment and systems for a variety of industries including shipbuilding and wind energy.

The company's parent released its inaugural sustainability report in 2023, coinciding with its first year as an independent corporation, and does not yet directly report revenue by market segment. Our external research provider estimates that revenues from products and services supporting oil and gas accounted for 7.5% of ESAB India's overall revenue in FY2023. We met with the parent company and based on our analysis of their product portfolio within the wider industry we believe the exposure to products and services supporting oil and gas within the India business will be lower than the external estimate. We also believe exposure to oil and gas will continue to fall in the coming years as the economy transitions further away from fossil fuels, and the company continues to focus on growing sales in renewable energy. We will continue to encourage the company to disclose segment revenue data.

Tata Consultancy Services (TCS)

Strategies held in: Asia Pacific All Cap, Asia Pacific Leaders, Asia Pacific including Japan All Cap, Global Emerging Markets All Cap, Global Emerging Markets (ex China) Leaders, Global Emerging Markets Leaders, Worldwide Leaders, Pacific Assets Trust

UN Global Compact Principle 2 (Breach): 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.

Triveni Turbines

Strategies held in: India Subcontinent All Cap, Pacific Assets Trust

Activity exposure >5% revenue: Supporting Nuclear Power

Reason for exception/holding: The company designs and manufactures steam turbines, with a focus on renewable, efficient industrial heat and power solutions.

Revenues derived from products and services supporting nuclear power accounted for an estimated 5% of the company's overall revenue in FY2023, according to our external research provider.

Nuclear power exposure for supporting products and services was added by our external research provider in early 2024 and we contacted the company directly to check the 5% revenue estimate provided. Given their nuclear power exposure is related to servicing old steam turbines within the industry, the company estimates around 1% of revenue to be a more accurate reflection of their exposure.

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