



Our position on harmful and controversial products, services or practices

We invest in the shares of companies we consider to be of high-quality and that we believe are well positioned to contribute to, and benefit from, sustainable development.

We believe that fully incorporating sustainability considerations into our investment process is the best way to protect and grow our client's capital. Subject to any exceptions (see below), we do not invest in companies with material exposure to harmful or controversial products, services or practices.

Material exposure disclosures

For instances of companies held across the Stewart Investors' strategies that generate revenue above our set materiality threshold for direct involvement in a relevant activity as outlined in this Position Statement see below.

Thresholds

We appreciate that our clients reasonably expect clarity on their exposure to negative activities. The table below includes information on the products, services and practices we find inconsistent with our investment philosophy.

For those products and services that generate revenue for a company, we have set a materiality threshold for direct involvement in the relevant activities of 5% of revenue (unless otherwise stated in the table below, e.g. production of tobacco has 0% materiality threshold).

For harmful and controversial practices like supply chain or employee issues, revenue thresholds are not possible; therefore, judgement and knowledge of the company are required in order to determine whether a company is materially exposed to such practices.

Monitoring

We employ the services of external environmental, social and corporate governance (ESG) research providers who review our portfolios and provide regular reporting on company involvement in harmful industries and breaches of social norms, like those found in the UN Global Compact. We also receive regular updates from controversy monitoring service RepRisk. These reports are reviewed by the investment team.

Exceptions and transparency

Where we become aware of a material exposure to harmful or controversial products, services or practices prior to a new investment in a company or as part of its ongoing monitoring, we will:

- engage with the company where we require further information or wish to encourage improved practices and an appropriate resolution of the issues identified; and
- review the company research and investment case, noting the company's response where we believe it is adequate.

If, following this review and engagement, we determine that an exception to this Position Statement would not be inconsistent with our assessment that the relevant company contributes to, and benefits from, sustainable development, we may decide to invest in or maintain our holding in the company. In such circumstances, we will disclose this on our website, together with the reasons for our decision.

We may make an exception to this Position Statement in the following circumstances:

- if a company is winding down a legacy commercial activity (in which case the company will be engaged and encouraged to cease the activity concerned); or
- where the company is not increasing capital expenditure in relation to, or if a company is only indirectly exposed to, harmful or controversial products, services or practices; for example, a company making safety products for a wide range of industries may also have customers in the fossil fuel or defence industries.

Where engagement has been unsuccessful or where the harmful activities are part of a pattern of behaviour that raises concerns regarding the quality and integrity of the company's management, we will not invest or will exit the Funds' position in the company in an orderly manner having regard to the best interest of investors.

We will not make any exceptions in relation to our positions on the manufacture of Controversial Weapons (as defined below) or the production of Tobacco Products (as defined below).

Issue

Our approach

Environmental issues

Fossil Fuels

We will not invest in companies that have a material exposure to the exploration, production or generation of fossil fuel energy.

We define fossil fuels as coal, unconventional oil & gas (arctic drilling, oil sands, shale energy), and conventional oil & gas. The Funds consider exploration, extraction, power generation, transportation, distribution, refining or providing dedicated equipment or services as part of the value chain.

Nuclear power

We do not invest in companies materially involved in nuclear energy.

Environmental stewardship (see Further Information below)

We will not invest in companies that we reasonably believe wilfully or persistently neglect their environmental obligations, including their obligations under applicable laws, and the principles outlined in the UN Global Compact and other standards and independent assessments that we adopt from time to time. No materiality threshold applies to this item

Social

Alcohol (production)

We do not invest in companies materially involved in the production of alcohol products.

Tobacco (production)

We do not invest in companies involved in the production of Tobacco Products (this includes any company that owns a 50% or more interest in companies that any revenue directly from the manufacture of Tobacco Products (defined below)). This activity has 0% of revenue threshold. However, for wholesaling, distribution and provision of dedicated equipment and services to companies that produce Tobacco Products, we apply a 5% revenue threshold.

We define Tobacco Products to mean traditional cigarettes and other tobacco products, such as cigars, chewing tobacco, vaping and e-cigarette products.

Gambling (retail involvement and services)

We do not invest in companies materially involved in gambling operations or the provision of gambling opportunities.

**Pornography
(production and sales)**

We do not invest in companies involved in the production of pornography or materially involved in the distribution of pornography. Production of pornography has a 0% revenue threshold and distribution of pornography has a 5% revenue threshold.

**Animal welfare
(agriculture)**

We do not invest in companies that are materially involved in:

- the export of live animals;
- cruel production practices (e.g. revenue derived from factory farming); or
- the trade of controversial animal products, such as ivory.

**Animal testing
(cosmetics, chemicals,
household products etc.)**

We do not invest in companies that are involved in animal testing during the production of some consumer, medical, chemical and home and personal care products other than in the following circumstances:

- animal testing is done in accordance with ethical principles, policies, protocols and standards for the responsible treatment and welfare of animals;
- animal testing is required by regulatory agencies to limit risks to human lives and health;
- products require ingredients for which no suitable alternative methods of testing are available.

**Sexual and reproductive health
and rights**

We will not invest in companies that discriminate against or seek to impinge on abortion rights for women. No materiality threshold applies to this item.

Genetic research and stem cells

We will not invest in companies that are involved in research for the reproductive cloning of human beings or animals. No materiality threshold applies to this item.

Human rights

We do not invest in companies with poor records in relation to globally accepted human rights norms and standards, including modern slavery, child labour, capital punishment, indigenous rights and community impacts. No materiality threshold applies to this item.

**Ethical employment practices
including discrimination**

We do not invest in companies where we have formed a view that they undertake unethical or discriminatory employment practices. In forming a view on this, indicators such as employee compensation, gender equity and diversity, employee turnover rates and safety records can be particularly insightful when evaluating people-related risks. No materiality threshold applies to this item.

**Armaments (weapons, strategic
and non-strategic products)**

We do not invest in companies that are materially involved in the manufacture of armaments. This includes both Controversial Weapons and other armaments such as handguns. A 0% revenue threshold applies to Controversial Weapons (this includes any company that owns a 50% or more interest in companies that derive any revenue directly from the manufacture of such weapons).

Controversial Weapons mean anti-personnel mines, cluster weapons, biological and chemical weapons, depleted uranium, nuclear weapons and white phosphorus munitions.

Governance

**Oppressive regimes (companies who have
dealings with oppressive regimes)**

We do not invest in companies where we have formed the view that they may be compromised as a result of their dealing with such governments we consider to be oppressive regimes. No materiality threshold applies to this item.

Bribery and corruption

We do not invest in companies where we have formed the view that there appears to be cultural or systemic weaknesses that we believe can lead to bribery and corruption being perpetrated. No materiality threshold applies to this item.

Tax

We do not invest in companies where we have formed the view that tax practices are persistently and systematically designed to undermine the integrity of tax systems. No materiality threshold applies to this item.

Ethical conduct (customers, employees, suppliers and competitors)

We will not invest in companies where we have formed the view that the company abuses its relationships with its customers, suppliers and competitors, as we believe that such companies are equally likely to treat minority shareholders poorly, as well as carry with them significant risks of regulatory and consumer responses or compromising the sustainability of their supply chains. No materiality threshold applies to this item.

Material exposures disclosures

For instances of companies held across the Stewart Investors' strategies that generate revenue above our set materiality threshold for direct involvement in a relevant activity as outlined in this Position Statement

Further information

Normative screening

Through the services of an external environmental, social and corporate governance (ESG) research provider, we monitor investee companies compliance with the United Nations Global Compact (UNGC), the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises (OECD MNE Guidelines) and the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as their underlying International Labour Organization (ILO) conventions and treaties.

Environmental issues

Environmental stewardship

Sustainable sourcing and environmental stewardship are critical considerations in our company analysis. We consider a range of factors when assessing a company's environmental stewardship (including but not limited to): upstream and downstream pollution; waste management; resource consumption; water use and scarcity; emissions reduction; use of renewable energy; recycling successes; product lifecycles and their circularity; as well as attitudes and actions towards the protection, conservation, and sustainable use of biologically diverse ecosystems and habitats within operations and supply chains.

Forward contracts

While some of our funds have the ability to invest in forward contracts, we do not invest in these and would not purchase forward contracts on agricultural commodities for the funds.

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