

FINDLAY PARK PARTNERS LLP

PRINCIPAL ADVERSE SUSTAINABILITY IMPACTS STATEMENT

This statement explains how we, Findlay Park Partners LLP (“Findlay Park”), consider principal adverse impacts of investment decisions on sustainability factors consistent with Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability related disclosures in the financial services sector (“SFDR”). We would encourage investors to review this document alongside our Responsible Investment & Engagement Policy and Reports and our Sustainability-Related Disclosures Document which provide an overview of our Environmental, Social and Governance (“ESG”) approach and detailed examples of our engagement and voting activities. These documents are available on the Findlay Park website: <https://www.findlaypark.com/responsible-investment/>

About Findlay Park and why responsible investment matters to our purpose

Findlay Park is an independent investment partnership based in London. We invest primarily in US equities on behalf of investors in the Findlay Park American Fund (the “Fund”). Our purpose is to generate compelling compound returns for our investors, measured over decades.

The integration of ESG factors into Findlay Park’s investment process is guided by our Investment Philosophy and is applied to all stocks in the Fund’s portfolio. This philosophy is grounded by the belief that we can generate higher compound returns for investors by taking less risk.

ESG risks are increasingly impacting both corporate and financial performance. Consideration of these issues plays an important role in delivering our purpose. We believe that sustainable businesses are best placed to create compound returns. The financial sustainability of a business increasingly depends on all aspects of sustainability – including environmental and social elements.

Our approach to sustainability impacts

By focusing on one fund we are able to delve into detail and spend time engaging with management on a variety of ESG issues. We recognise that some sustainability factors are not yet fully priced in the real economy, nor adequately reflected in today’s share prices. Some of these have been defined by SFDR as “principal adverse sustainability impacts”. We consider these issues, for instance CDP’s climate, water and forestry programmes in our engagement and voting practices, and encourage companies to appropriately address their salient impacts.¹ More widely, we support CDP’s climate, water and forestry programmes – signalling support for greater disclosure and action on salient environmental issues, including those currently less well reflected in financial markets.²

Identification and prioritisation of principal adverse impacts and indicators

Although we look across a variety of sustainability issues and metrics, we generally prioritise those which are most material, or that may become so in the long-term due to their severity or wide-ranging nature. We see negative impacts – especially those of grave severity or wide scope – as leading indicators of materiality over this time horizon. We may spend more time on areas where evidence is clearer – for instance areas on which there is better corporate disclosure or more reliable estimated data. We are beginning to gather and monitor data on other impacts – covering issues including biodiversity impacts and emissions to water. Reporting against the full range of principal adverse impacts will be available by June 2022.

¹ Salient impacts can include those with the greatest scope of impact, or severest harm to the environment or society – among other factors. Although there is sometimes a distinction between the extent of impact and short-term materiality, we see the two potentially converging in the long-term. For instance, though carbon does not currently have a price in many parts of the world relevant to our investments, we still engage with high emitters, considering this issue to be important in the long-run. This aligns with our long-term approach to investment and thorough consideration of risk.

² For instance we view water, deforestation and biodiversity as issues less well understood by investors, but increasingly important.

Some impacts that we consider particularly material, and which we have monitored for an extended period of time, are outlined below. Actions related to these issues are also noted where relevant.

Climate change

- We voted for all climate related resolutions put before us in 2021
- We led a climate engagement with Berkshire Hathaway and started a dialogue with Warren Buffett on this issue
- 19 companies, representing 47% of equity investments in the Fund, have committed to science based, Paris-aligned, climate targets³
- We do not invest in companies deriving 10% or more of revenue from coal or oil sands (the highest carbon fossil fuels)

UN Global Compact / OECD Guidelines

- None of the companies in which we invest are assessed as being at the highest risk of breaching the UN Global Compact/ OECD Guidelines
- We monitor all controversies using two data providers on a monthly basis

Controversial weapons

- We do not invest in companies assessed as being in contravention of key controversial weapons conventions (covering cluster munitions, antipersonnel mines, biological and chemical weapons).

We commit to measuring and monitoring these impacts quarterly, and explaining key changes. This exercise will guide our engagement with companies where we find meaningful deterioration, or where we expect improvements.

Engagement on sustainability issues

Engagement is essential to our investment strategy. Factors influencing how we prioritise engagement include the extent of our ownership of a company's stock, the size of this position in the Fund, and the importance of an issue to our investment thesis. We also consider the scope and severity of negative sustainability impacts in our engagement⁴. Finally, we respond to short-term events such as upcoming voting decisions, company requests for dialogue around specific issues, management changes, and escalation of ESG risks or impacts.

We engage with a positive mindset, seeking to influence behaviour. Where a sustainability matter undermines our investment thesis, we will exit the position. In less severe cases, a change in weighting or high priority monitoring may be appropriate.

References to international standards

We are a member of the United Nations Principles for Responsible Investment ("UN PRI"), signalling our commitment to ESG issues. We report in line with these principles, including on their climate and sustainable outcomes models which overlap with aspects of principal adverse impact disclosures.

Our Responsible Investment & Engagement Policy notes our support for the Paris Agreement, and we assess companies' alignment with future warming potential with this agreement in mind. Our avoidance of certain

³ Source: Science Based Targets Initiative, as at 13th September 2021. <https://sciencebasedtargets.org/companies-taking-action#table>

⁴ Relevant factors here might include the number of people impacts, whether damage is irreversible, and the probability of future occurrence or reoccurrence.

categories of weapons aligns with the following conventions: Convention on Cluster Munitions, Anti-Personnel Mine Ban Treaty, Biological and Toxin Weapons Convention, Chemical Weapons Convention.

More information on our approach to sustainability impacts, exclusions, engagement and voting may be found in our Responsible Investment & Engagement Policy and in our Sustainability-Related Disclosures Document. Detailed examples and case studies of our engagement and voting activities can be found in our Responsible Investment & Engagement Reports. Please see our website for more information: <https://www.findlaypark.com/responsible-investment/>.