

**STEWARDSHIP
REPORT
Q3 2025**



THE THOUGHTFUL INVESTOR

EXECUTIVE SUMMARY

Our stewardship highlights this quarter include:

External Advisory Committee September Meeting:

Our External Advisory Committee met in September to review fund changes, global voting practices, and provide input on evolving topics including defence and nuclear energy.



Voletx Metrics Engagement:

We engaged with Voletx – held within the UK Smaller Companies Fund– to discuss performance across key E.S.T. metrics, gaining valuable context behind reported figures and encouraging the company to continue to make progress on areas such as health & safety, emissions, and carbon target validation.

ASML Conflict Minerals Engagement:

We engaged with ASML, held in the World Equity Fund, to understand how it manages the risks linked to sourcing minerals from conflict-affected regions, and encouraged stronger supply chain oversight and transparency.



ICCR Collaborative Engagement with Merck & Co:

We engaged with Merck & Co., held in the World Equity Fund, through a collaborative initiative to understand how recent US policy developments are influencing the company's commitments to diversity and access to medicines.

Investor Sign – on statement:

This quarter, we signed on to an investor statement Supporting Mandatory Reporting on Healthy Food.



INSIGHTS FROM THE EXTERNAL ADVISORY COMMITTEE

Written by
Ita McMahon



Our External Advisory Committee met in September. They were given a briefing on the recent changes to the fund range. This included the launch of the Castlefield Thoughtful World Equity Fund, adjustments to our portfolio funds and the exit of a number of holdings from our UK Smaller Companies fund, mainly due to acquisition.

As shareholders, we have voting rights and we have extended our voting practices to the global companies that we hold in our World Equity and portfolio funds. This is the first time that we have voted on stocks outside the UK and Europe and we provided the Committee with an update on our findings to date. The UK is a key market and our report to the Committee focused on the differences between UK and US practices on executive pay, audit rotation and director tenure. We discussed with the Committee the options we can take to ensure that our voting guidelines remain relevant in a global context.

Next, the Committee discussed the changing nature of the defence industry and the increasing use of technology in defensive and offensive military situations. The Committee reviewed our current screening policy, which excludes companies that derive more than 10% of revenue or profit from weapons manufacturing. It raised some valid questions about whether the policy is broad enough to reflect the evolving nature of warfare. We will take this feedback and review this internally.

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We also sought the Committee’s views on the topic of nuclear power generation, which is excluded from our fund range. The debate on nuclear power has shifted in the past few years and it is seen by policymakers as a necessary part of the energy mix in a low carbon world. We wanted to assess whether Committee members were of the view that the positives of nuclear power now outweigh the negatives, but the general consensus was that the current exclusionary approach remained correct, given concerns around nuclear waste and safety.

As ever, the meeting proved to be a useful sounding board for us, helping to shape our views on new and emerging topics that are of interest to our clients.

ENGAGING VOLEX ON E.S.T. PERFORMANCE

Written by
Ffion Spencer



SUMMARY: We engaged with Volex, held within the UK Smaller Company Fund, as part of our broader metrics engagement programme.

As part of our ongoing efforts to improve performance across key environmental, social, transparency and governance (E.S.T.) metrics, we recently engaged with Volex, a manufacturer of electrical power cabling serving the automotive, medical and consumer electronics sectors.

This meeting formed part of our metrics engagement programme, which targets companies scoring seven or below on the Impact Cubed platform, in hopes of improving their scores. Impact Cubed benchmarks performance across fourteen E.S.T. metrics, enabling us to assess how companies compare with their industry peers on issues carbon, waste, water use and board diversity.

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Ahead of the meeting, we were encouraged to see that Volex’s most recent reporting showed notable improvements in disclosure across several E.S.T. metrics. Our discussion focused on health and safety, scope 3 emissions, operational efficiency and waste management.

Volex explained that recent acquisitions had influenced performance in several areas. For example, one newly acquired business had previously been family run and the owners had placed little emphasis on health and safety. Initial steps included providing PPE, inspecting machinery and installing safety guards. The company’s priority was to bring health and safety up to standard, with broader E.S.T. performance improvements now becoming a focus at that site. This context helps explain the recent increases in reported waste and emissions, and highlights why direct dialogue with companies is so important – figures alone rarely tell the full story. Through engagement, we can better understand the underlying drivers of change and encourage meaningful progress.

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We were particularly encouraged to learn that Volex’s carbon targets have now been validated by the Science Based Targets initiative (SBTi), a globally recognised framework for setting credible climate goals. This validation reflects a serious commitment to reducing emissions in line with climate science and marks a positive step towards improving environmental performance.

Volex also expressed interest in engaging with us further on conflict minerals, an issue we are actively exploring with other companies in our portfolio. We welcome this openness and look forward to continuing the dialogue. You can read about our recent engagement with another investee company, ASML, on the topic of conflict minerals on page 7.

Outcome: Overall, we were encouraged by Volex’s transparency, its recognition of areas for improvement, and its willingness to act. We see this engagement as a constructive step in supporting better performance across E.S.T. metrics and will continue to monitor progress in future reporting cycles.

TRACING THE SOURCE: ASML'S APPROACH TO CONFLICT MINERALS



Written by
Ffion Spencer



SUMMARY: We engaged with a company in our World Equity Fund, ASML. The firm manufactures the machines used to produce semiconductors and we met with them to discuss its conflict minerals due diligence programme.

Turbulence in the mineral-rich region of Central Africa has increasingly gained the attention of governments, activists, and the media. This is due to growing awareness of the human rights and environmental risks associated with mineral extraction in the region. Minerals sourced from this area- such as tin, tungsten, tantalum, and gold (collectively known as '3TG'), as well as copper and cobalt- are essential components in thousands of everyday products.

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However, in certain regions, particularly the Democratic Republic of Congo (DRC), the extraction of these minerals can be linked to armed conflict, human rights abuses, and political instability. These are referred to as conflict minerals. Armed groups often fund their activities through the sale of these resources, making mineral sourcing not only an ethical issue but also a legislative one. Regulations, in the US for example, now require companies to trace and disclose the origins of the minerals they use.

Not all minerals from the DRC and surrounding areas are conflict-linked, but due to the challenges in tracing supply chains, many companies are advised to proceed with caution when sourcing from the region.


This quarter, we engaged with ASML, a leading supplier of advanced semiconductor equipment, to better understand how the company manages the risks associated with conflict minerals.

Awareness and best practices around conflict minerals are much newer than other human rights topics."

Awareness and best practices around conflict minerals are much newer than other human rights topics. While issues such as modern slavery, child labour, and fair wages have long been recognised and addressed through international frameworks and corporate policies, conflict minerals have only more recently gained attention. As a result, many companies are still in the early stages of implementing effective due diligence. We recognise that ASML is operating in a challenging space and welcome its commitment to improving oversight and transparency in this emerging area.

ASML has established a dedicated Conflict Minerals Team, comprising experts from sourcing, legal, sustainability, and engineering. Oversight is provided through monthly ESG Progress Review Meetings, which include senior leadership such as the CEO and CFO. We welcome ASML's structured governance approach. Embedding conflict minerals into senior-level discussions ensures accountability and signals that the company takes the issue seriously.

Conflict minerals are embedded within ASML's Human Rights Policy, rather than addressed through a standalone policy. The company believes this integrated approach helps streamline strategy and focus efforts. While a standalone policy can offer clarity, we understand ASML's rationale for integration. Embedding conflict minerals into broader human rights and procurement frameworks can help ensure consistency and drive progress across multiple issues.



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We learnt that while ASML does not currently include conflict minerals clauses in its supplier contracts, the company is open to exploring this approach—something we would support. Embedding conflict minerals expectations into contractual agreements would strengthen accountability and help ensure suppliers take the issue seriously.

ASML is a member of the Responsible Minerals Initiative (RMI) and uses the Conflict Minerals Reporting Template (CMRT) to collect data from suppliers. The CMRT is a standardised reporting tool developed by the RMI. It enables companies to disclose information about the sourcing of minerals, helping to identify whether these originate from conflict-affected or high-risk areas. ASML aims to source exclusively from smelters that are conformant with the Responsible Minerals Assurance Process (RMAP), also run by the RMI. RMAP provides independent third-party audits of smelters and refiners to assess their sourcing practices.

Historically, the company relied on supplier declarations stating they were "conflict-free," but recognising the limitations of this approach, it has now adopted a more rigorous, risk-based engagement model. ASML's current focus is on improving supplier response rates to obtain higher-quality data from its supply chain. This data is essential for understanding the origin of the minerals used in its products and assessing supplier and smelter risks.

We're encouraged by ASML's shift away from simplistic declarations toward a more nuanced approach. This reflects a deeper understanding of the complexities involved and a commitment to continuous improvement. Supplier training is particularly important in building long-term capacity and awareness.

In 2024, 84 suppliers failed to submit valid CMRTs. ASML continues to engage with these suppliers and is developing internal KPIs to track response rates and progress. ASML publishes an annual Conflict Minerals Report and is open to including more detailed trend data in future disclosures. We support ASML's commitment to transparency and its willingness to improve disclosures over time. Tracking supplier response rates and smelter data is a positive step, and we've encouraged the company to set measurable targets and timelines to strengthen its accountability.

Outcome: As investors, we believe companies must go beyond compliance and take proactive steps to ensure their supply chains uphold human rights and environmental standards. ASML's progress reflects a growing awareness of these issues, and we will continue to engage constructively to support further improvements. We also took the opportunity to ask ASML for any advice that it would give to smaller organisations that are less advanced in this area. We are planning to engage with other companies in our fund range on this issue and will be able to pass on this advice where necessary.

ICCR ENGAGEMENT WITH MERCK & CO.: DIVERSITY AND ACCESS IN A CHANGING POLICY LANDSCAPE



Written by
Ita McMahon



SUMMARY: As part of a co-ordinated investor engagement with the pharmaceutical industry, we contacted the US pharma firm Merck to understand how the company is responding to recent announcements from the US administration on diversity and public health issues.

With the launch of our World Equity Fund, we have been working to ensure that we can continue to vote and engage with companies in new markets. US businesses account for a significant proportion of the World Equity Fund's holdings and to support our engagement efforts in the United States, we have joined an organisation called the Interfaith Center for Corporate Responsibility (ICCR), a coalition of over 300 institutional investors representing \$4 trillion in assets.

ICCR co-ordinates investor engagements, primarily in the US, and invited us to join a project with the pharmaceutical sector. The aim of the project is to encourage pharmaceutical firms to retain commitments to diversity, equity and inclusion (DEI) despite the criticism such initiatives have received in recent months. In addition, the engagement asked companies to explain how they will continue to channel products to underserved communities, particularly where usual conduits such as USAID have undergone funding cuts.

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Our role in the engagement was to contact Merck, and ask for their perspective on these issues.

On DEI, Merck was keen to highlight its track record in – and continued support for – ensuring that its clinical trials are accessible to under-represented communities. It cited a number of trial sites that are situated within marginalised communities in the US, thereby facilitating easier access for participants. Merck's response went on to reference a number of industry-led initiatives that the company is supporting to ensure the diversity of clinical trial participants.

Next, we asked about Merck's intentions to continue its distribution of pharmaceuticals in developing economies and under-served communities. Again, the company was keen to highlight the longstanding partners and projects that it supports to widen access to medicines. The company cited, for example, a partnership with the Gates Foundation on phase 3 clinical trials for HIV medicines, including a dedicated trial for women and girls in Sub-Saharan Africa. In addition, Merck pointed out its role as a key supplier of HPV vaccine to the Gavi initiative and its work with UNICEF to maintain an Ebola vaccine stockpile. Merck also outlined some of its domestic access programmes in the US, to provide access to medicines to those without health insurance coverage.

In its response to us, Merck went on to explain that the company remains committed to working with officials within local and national government structures to ensure that the company can continue to meet patients' needs, and that the company also works via industry bodies to advance its goals in this area.

Outcome: The interaction with Merck has given us an insight into how the company is navigating the impact of the US administration's decision-making on issues like DEI, domestic healthcare and overseas aid. It has been reassuring to hear directly from the company that their commitments in this area have not diminished. The engagement has also been a great opportunity to work with our new partners at ICCR and better understand how stewardship works in practice in the US market.

SUPPORTING MANDATORY REPORTING ON HEALTHY FOOD

Written by
Ffion Spencer



In August, Castlefield joined a collaborative investor statement led by The Food Foundation, calling on the UK Government to introduce mandatory reporting and target-setting on the healthiness of food sold by large food businesses.

While we don't have significant exposure to the food industry, we supported this initiative because poor diets are a systemic issue with wide-reaching social and economic consequences. We believe that greater transparency and accountability from food companies can help improve public health outcomes and support a more resilient and responsible food system.

The statement urged the Government to:

- Introduce science-based metrics for assessing the healthiness of food.
- Ensure mandatory participation from all major food companies including retailers, manufacturers, and the out-of-home sector.
- Promote clear and consistent reporting to help investors and policymakers track progress.

The statement was signed by **23** investors representing **\$1.33 trillion** in assets under management, demonstrating strong investor support for policy change in this area.

VOTING STATISTICS: Q3 2025

Written by
Ffion Spencer



As investors, we believe that we have a responsibility to our clients, as well as the companies we hold, to vote on issues such as executive pay, director nominations and political donations. We aim to vote on all the stocks held in the collective funds we manage. We consider each resolution carefully and often engage with companies where we disagree with their stance. We have an in-house set of voting guidelines that we update annually. The guidelines ensure we vote consistently across all our fund holdings; they are made publicly available on our website, as is our full voting history.

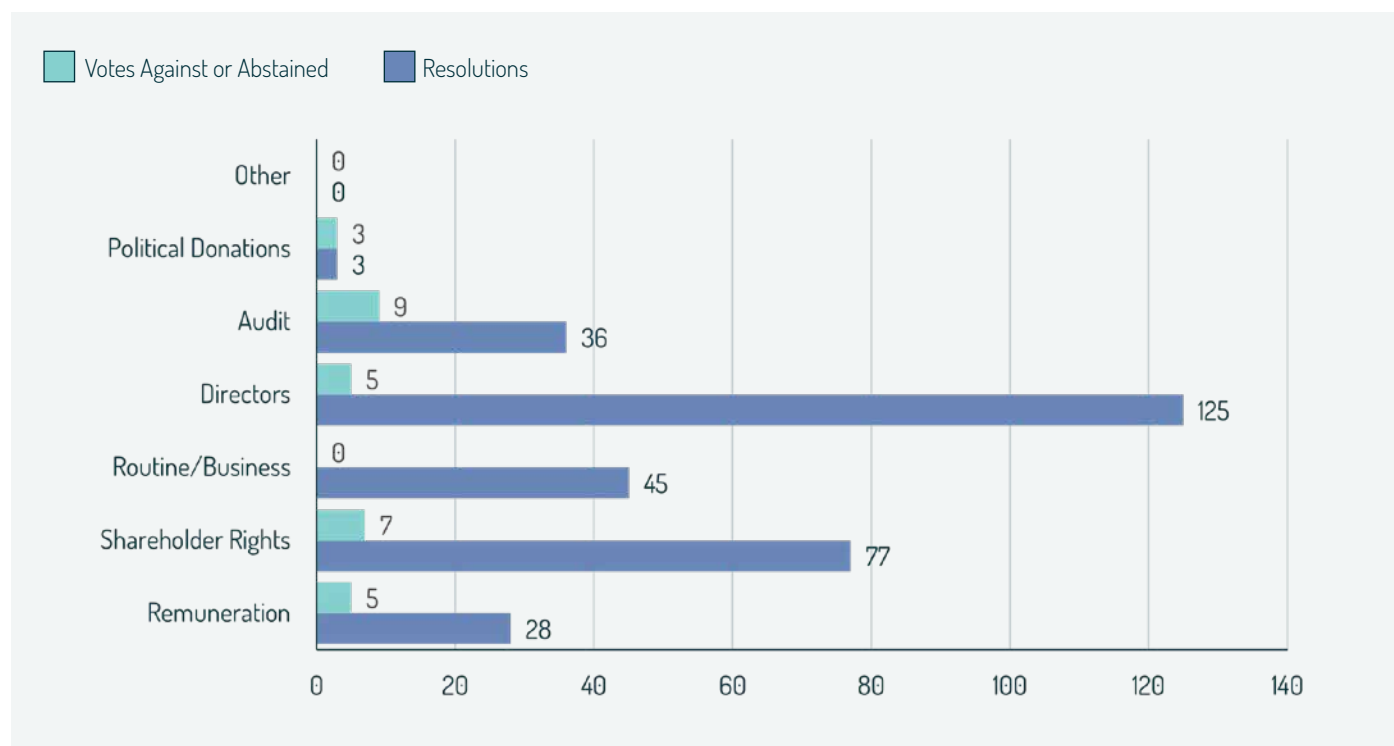
RESOLUTIONS

During the quarter, we voted at 86 meetings hosted by our investee companies, with a total of 314 resolutions.

Number of resolutions where votes were cast For	285	90.8%
Number of resolutions where votes were cast Against	26	8.3%
Number of resolutions where votes were Abstained	3	1.0%

- REMUNERATION:** We vote against excessive pay awards and awards that are not attached to sufficiently stretching performance targets. Particularly in light of the impact of coronavirus, we believe it is important that executive pay is reflective of the experiences and outcomes of all stakeholders.
- DIRECTOR INDEPENDENCE & EFFECTIVENESS:** Non-Executive Directors (NEDs) who sit on the boards of listed companies should be independent in order to be effective. The UK Corporate Governance Code sets limits on tenure which we apply across all geographies as a factor to determine independence. We have also long taken the view that directors should not hold a lot of other external positions. This is because, at a time of crisis, we expect directors to have enough additional time to dedicate to the company and the issues that it is facing.
- SHAREHOLDER RIGHTS:** This topic includes votes on issues such as share placings that a company might undertake to raise capital, as well as requests a company might make to repurchase its own shares. These requests have the potential to be detrimental to existing shareholders. One topic which falls under this heading, which we will always vote against, is the request to hold meetings with just 14 days' notice, as we do not believe this is sufficient time for shareholders to prepare to exercise their voting rights.
- POLITICAL DONATIONS:** We do not think it is appropriate for companies to make political donations and consequently will always vote against a resolution seeking permission to do so.
- THE AUDIT PROCESS:** Auditor independence may be compromised if the auditor has been in place for a long time and no tendering process has been undertaken, or if fees paid are for services other than their primary audit function.
- ROUTINE/BUSINESS:** Items in this category include resolutions that are often uncontroversial, such as accepting a company's Financial Report & Accounts for the previous year. It also includes resolutions to approve dividends.
- OTHER:** This category may include certain resolutions proposed by shareholders and votes on topics such as Environmental, Social or Transparency & Governance (E.S.T.) issues and reporting.

Resolutions during the quarter by category and how frequently we voted against or abstained:



MEET THE TEAM



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Investment Manager



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