

# STEWARDSHIP REPORT 2025

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## INTRODUCTION

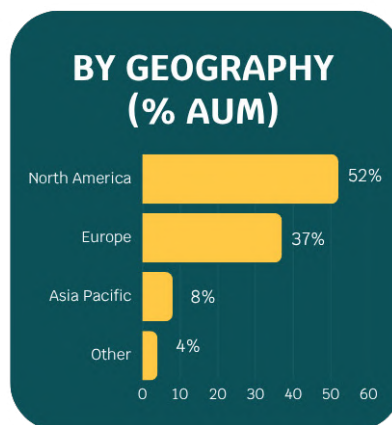
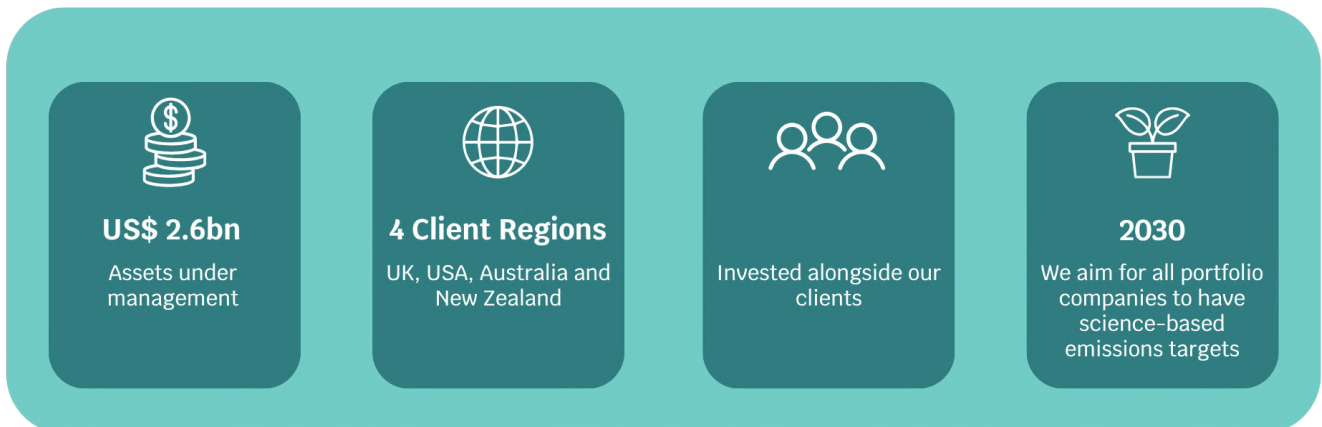
### INVESTING WITH YOU

At Dundas Global Investors (Dundas), stewardship is not a separate activity – it is fundamental to how we invest and how we think about risk, opportunity and long-term value. Our purpose is simple: Investing with you, focused on the finest dividend growth companies to deliver exceptional long-term returns.

We manage global equity portfolios for clients in the UK, USA, Australia, and New Zealand. We seek the world’s best dividend growth companies believing that where dividends grow, share prices follow. By investing alongside our clients, we ensure our interests are fully aligned with yours.

During 2025, we strengthened our stewardship in practice. We implemented stricter proxy voting guidelines, enhanced our engagement processes and deepened our climate reporting. Following our TCFD reporting, we published our next Climate report, tracking progress on our journey to Net Zero for our portfolios and operations by 2050.

Our focus remains clear. By 2030, we intend that every company in our portfolios will have a science-based, validated carbon reduction target and transition plan. Companies that manage the transition to Net Zero will create lasting competitive advantage. We are already seeing this.



### WHAT’S NEW IN 2025



**Strengthened Stewardship**  
Stricter proxy voting guidelines and enhanced engagement.



**Sharper Investment Process**  
Refined research, clearer portfolio construction and rigorous after-action reviews.



Standardised fees (US) and reduced share class minimums (UK)

Good Stewardship creates better companies. Better companies create better returns. That is how we build lasting value – **Investing with you.**

## UK STEWARDSHIP CODE

First published in 2010 with the objective of encouraging stewardship best practice and accountability, the UK Stewardship Code (The Code) outlines a set of high standards for asset managers, asset owners and service providers.

Developed by the UK's Financial Reporting Council (FRC) in response to the financial crisis of 2008, The Code was the first of its kind and has since been followed by a number of countries and investor associations globally.

Revisions in 2012, 2020 and 2025 have strengthened The Code, raising expectations for Environmental, Social and Governance (ESG) integration. Through annual reporting, stakeholders demonstrate how their stewardship aligns with the key principles.

The updated FRC definition of stewardship is **“The responsible allocation, management and oversight of capital to create long-term sustainable value for clients and beneficiaries.** Effective stewardship supports investors to make well-informed investment decisions to deliver returns that meet the objectives of their clients and beneficiaries today, without compromising the ability to do so in the future. In doing so, **investors take account of long-term risks and opportunities, having regard to the economy, the environment and society, upon which beneficiaries' interests depend\***”.

\*Source: The UK Stewardship Code 2026, Financial Reporting Council.

## PURPOSE OF THIS REPORT

This report has been produced in accordance with the expectations of the UK Stewardship Code 2026 and the SRD II. Dundas accepts and applies their principles to all equity holdings, regardless of listing domicile. Through this report we intend to enhance the understanding and transparency around our ongoing stewardship activities.

This report sits alongside our [Responsible Investment Policy](#), [Proxy Voting and Engagement Policy](#), [Modern Slavery Statement](#) and policy on [Conflicts of Interest](#), all of which are available on our website and via links in the [Appendix](#).



David Keir  
Managing Partner and Head of Stewardship

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# POLICY AND CONTEXT DISCLOSURES



DUGALD STEWART  
BORN NOVEMBER 12 1753  
DIED JULY 11 1828

Disclosure A - Our organisation, investment beliefs, clients or beneficiaries and how our approach to stewardship.

**ABOUT US**

**Independent. Aligned. Long-term.**

Founded in 2010 in Edinburgh, we are an independent partnership managing global equity portfolios for institutional and professional clients worldwide.

**Our philosophy is straightforward: Invest in exceptional dividend growth companies, hold them for the long-term (five years or more) and let compounding do the work.** It's a simple idea, but one that requires deep research, patience and conviction.

We are active investors. We build portfolios from the ground up, guided by fundamental insight and long-term mindset. Our edge comes from a culture of learning, open debate and intellectual curiosity.



**Invested alongside our clients**

We invest in the same strategy as our clients. When you succeed, we succeed.



**Partnership culture**

Partners and staff share in a single profit pool. There are no individual sales targets or investment performance incentives.



**Long-term accountability**

Our structure encourages collective responsibility and stewardship decisions.

**OUR FUNDS**

We manage two UK-domiciled funds that form the building blocks of our client portfolios:



**Heriot Global Fund**  
Investing in the world's leading dividend growth companies.

**Heriot Global Smaller Companies Fund**  
Investing in high quality smaller companies with strong growth and dividends.

All clients portfolios are built from stocks held in these funds.

**OUR CLIENTS**

Our clients include pension funds, family offices, financial advisors and other professional investors.



UK | USA | AUSTRALIA | NEW ZEALAND

**We are long-term investors and long-term partners. Our success is built on doing what's right for our clients. Investing with you.**

## OUR PURPOSE

**Investment excellence:** Focused on investing in the finest dividend growth companies to deliver exceptional long-term returns. Investing with you – when you succeed, we succeed.

We uphold standards of conduct expected of a serious investment business. These four values guide our approach and define how we operate.

### Simplicity

Dundas manages global equity portfolios which hold stocks identified by internal, independent research. We are seeking the best companies world-wide that will deliver sustained dividend growth which in turn will drive excellent long-term returns. The firm has no other activities.

### Aligned interests

We invest in the same stocks as our clients via the firm's two UK domiciled mutual funds, the Heriot Global Fund and the Heriot Smaller Companies Fund.

### Partnership

Partners and staff are paid from the firm's profits. There are no individual incentives for sales success or stock-picking results.

Everyone's efforts focus on common outcomes - investment returns, efficient operations, and strong client relationships- so everyone participates in the same profit pool.

### Independence

We exercise investment judgement free from external influence. We do our own research on companies around the world using publicly available material such as annual reports, investor relations presentations, management interviews and press coverage supported by commercial financial databases including Bloomberg and FactSet. We do not use 'Street' research nor pay for anything using soft dollars.

## DIVIDEND GROWTH INVESTING



### INVESTMENT PHILOSOPHY

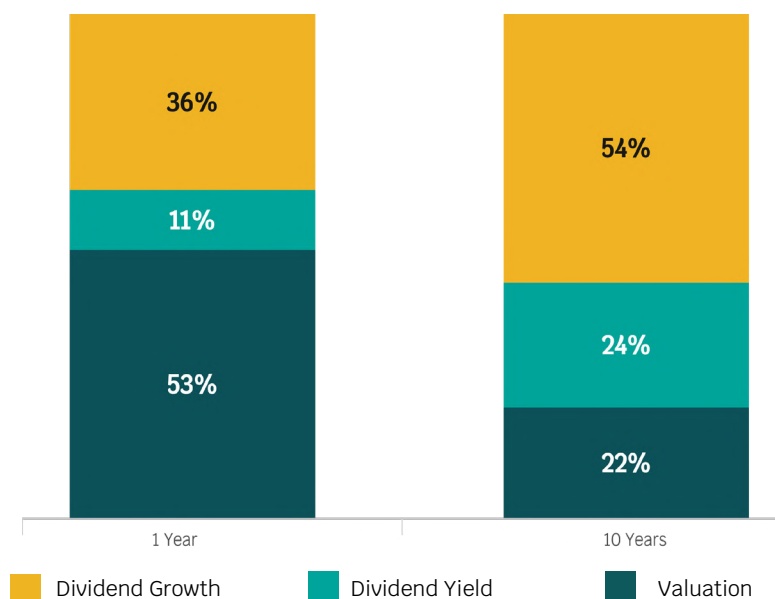
Equity investors receive two types of return, first via capital appreciation – a rising share price – and second from the dividends paid out to shareholders.

Mainstream media reports daily on stock market moves but rarely dividend changes, unless a perennial high yielding company slashes its plans, sending shockwaves through the market.

Dividend growth is the quieter driver of long-term performance. Short-term focus on share prices is understandable given trading activity and daily volatility, and the relatively small contribution of dividends over a single year. However, over longer periods, dividends provide a more reliable indicator of returns—where dividends grow, share prices follow.

Illustrated in the chart below, as the investment horizon increases to 10 years the dividend yield and dividend growth components of equity returns rise to 78%, with valuation expansion explaining just 22% of total return. We pay attention to this dividend growth, recognising the benefits of companies which can commit to growing dividends sustainably.

### DIVIDENDS MATTER MORE OVER THE LONG TERM



Source: MSCI study for Norwegian Ministry of Finance. Data shows the average breakdown of one and 10 year periods from 30 December 1994 to 30 November 2024. Chart is provided for illustrative purposes and reflects hypothetical performance.

## OUR STRATEGY

We invest in the best companies capable of sustained dividend growth to meet our clients' risk and return objectives.

This strategy has served us and our clients well, demonstrated by our portfolio's dividend track record shown in the table below:

### STRATEGY SCORECARD

Monthly dividend summary at 31 December 2025.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	% of stocks held
Numbers of stocks which:												
-increased the dividend	58	62	65	69	60	49	56	56	58	55	48	84%
-held the dividend	6	14	4	4	5	6	6	4	3	3	4	8%
-cut the dividend	0	0	0	0	3	9	5	0	1	1	0	2%
-non dividend payers	2	4	4	4	5	7	8	5	4	0	0	6%
Dundas' global strategy estimated dividend growth	12%	10%	9%	9%	10%	1%	10%	17%	12%	12%	11%	11%

Dundas Global Investors Growth Strategy.

Calculations are based on dividend per share changes of stocks held in the Fund. This excludes special dividends.

Dundas' Global Strategy estimated dividend growth is the simple average of the dividend growth rate of stocks held in the Strategy on an equal weighted basis, expressed in local currency. Period shown is from 31 December 2015 to 31 December 2025.

Investment performance is shown by our GIPS composite – you can see this in the [Appendix](#).

## BUSINESS MODEL, CLIENTS AND STEWARDSHIP ALIGNMENT

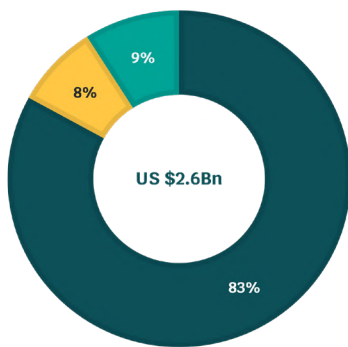
We manage a single global dividend growth strategy across all portfolios, ensuring consistency of philosophy, engagement priorities and voting approach across geographies.

Our clients are long-term, professional investors. **In the UK**, we manage assets in the **Heriot Global Fund** and the **Heriot Global Smaller Companies Fund** on behalf of wealth managers, Independent Financial Advisers, Discretionary Fund Managers, family offices, charities and high net worth individuals. In the UK, distribution is supported by LGBR Capital.

**In the United States**, we manage assets for public pension plans through Separately Managed Accounts and provide advisory services to wealth management platforms.

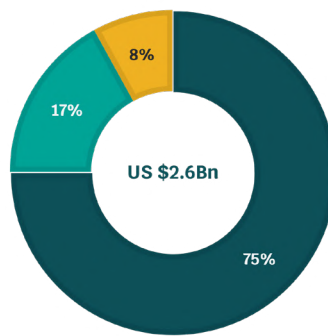
**In Australia and New Zealand**, clients are predominantly institutional and wholesale investors — including superannuation funds, charities and family offices — invested via the **Apostle Dundas Global Equity Fund**, distributed in partnership with Apostle Funds Management.

ASSET BY PRODUCT TYPE\*



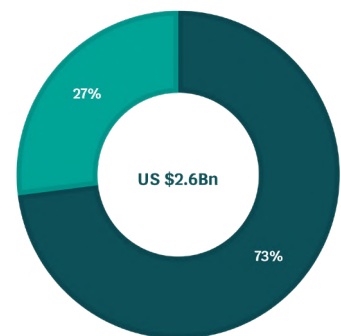
- Unitised Fund
- Separately Managed Account
- Model Portfolio

ASSETS BY REGION\*



- Australia and New Zealand
- United States
- United Kingdom

ASSETS BY CLIENT TYPE\*



- Institutional
- Wealth Advisers

\*Data as at 31 December 2025.

Clients typically have investment horizons of five years or longer. A dividend growth strategy is inherently aligned with patient capital: it emphasises durable business models, sustainable cash generation and prudent capital allocation. This long-term orientation underpins our stewardship approach, enabling multi-year engagement with investee companies and reducing pressure for short-term decision-making.

The application of a single global strategy across all portfolios strengthens stewardship consistency and accountability. All client portfolios are derived from our global equity models, meaning that stewardship activity — including company engagement and proxy voting — is undertaken centrally and applied equitably. While certain portfolios may incorporate client-mandated restrictions or exclusions, these do not alter our overarching engagement philosophy or governance standards.

Measured growth through established distribution partnerships has enhanced the stability and diversification of our client base. This financial resilience supports continued stewardship research, ESG integration and reporting infrastructure, while maintaining a cost-effective fee model aligned with client interests. We view scale not as an objective in itself, but as a means of strengthening our stewardship capability.

Structured communication channels — include quarterly update meetings, quarterly investment reports, monthly factsheets and webinars — providing transparency for our clients. These forums also enable us to understand evolving client expectations across regions, shaping our company dialogue and proxy voting decisions.

## STEWARDSHIP AND CLIENT OUTCOMES

Waystone Management (UK) Limited Limited is the Authorised Corporate Director (ACD) for our UK domiciled Funds. Maintaining oversight of product governance and value to ensure our Funds remain aligned with their stated objectives and target market. This includes reviewing performance, costs and service quality through our annual Assessment of Value and discussing outcomes with relevant partners where appropriate.

We engage regularly with our distribution partner and independent advisers to understand how our Funds are positioned within client portfolios, how suitability is assessed and how investor needs are identified. These insights help us ensure our investment strategy, risk profile and communications remain clear and consistent with client expectations.

### VALUE FOR INVESTORS

In the UK, Waystone, as ACD of both the Heriot Global Fund and Heriot Global Smaller Companies Fund is required by the FCA to provide an annual independent assessment with the aim of strengthening the duty of care and acting in investors' best interests.

## VALUE ASSESSMENT

The ACD considers seven criteria as outlined below:

- **Performance** – is the performance in line with investment objectives, policy, and strategy?
- **Cost** – are costs reasonable and fair?
- **Economies of scale** – have economies of scale been passed onto investors?
- **Comparable market rates** – are costs reasonable relative to other funds?
- **Comparable services** – are services good value relative to other services provided by the ACD?
- **Classes of units** – are shareholders with similar rights subject to higher charges?
- **Quality of service** – are a range and good quality of services provided?

Waystone's governance committee concludes whether these funds have delivered value to clients during the 12-month period by analysing cost, services and performance and engaging with us as the fund's investment adviser and sponsor. The results of this assessment provide good external assurance of effective stewardship.

Waystone concluded that the Heriot Global Fund and Heriot Global Smaller Companies Fund both delivered overall value to investors over the period.

It was noted that the size of the costs charged in the Heriot Global Fund are lower than the Investment Association sector (IA Global) median and any savings from economies of scale are always passed on to investors. Periodic reviews of external provider costs are also carried out to ensure our services are provided on a competitive basis.

## GOVERNANCE & OVERSIGHT

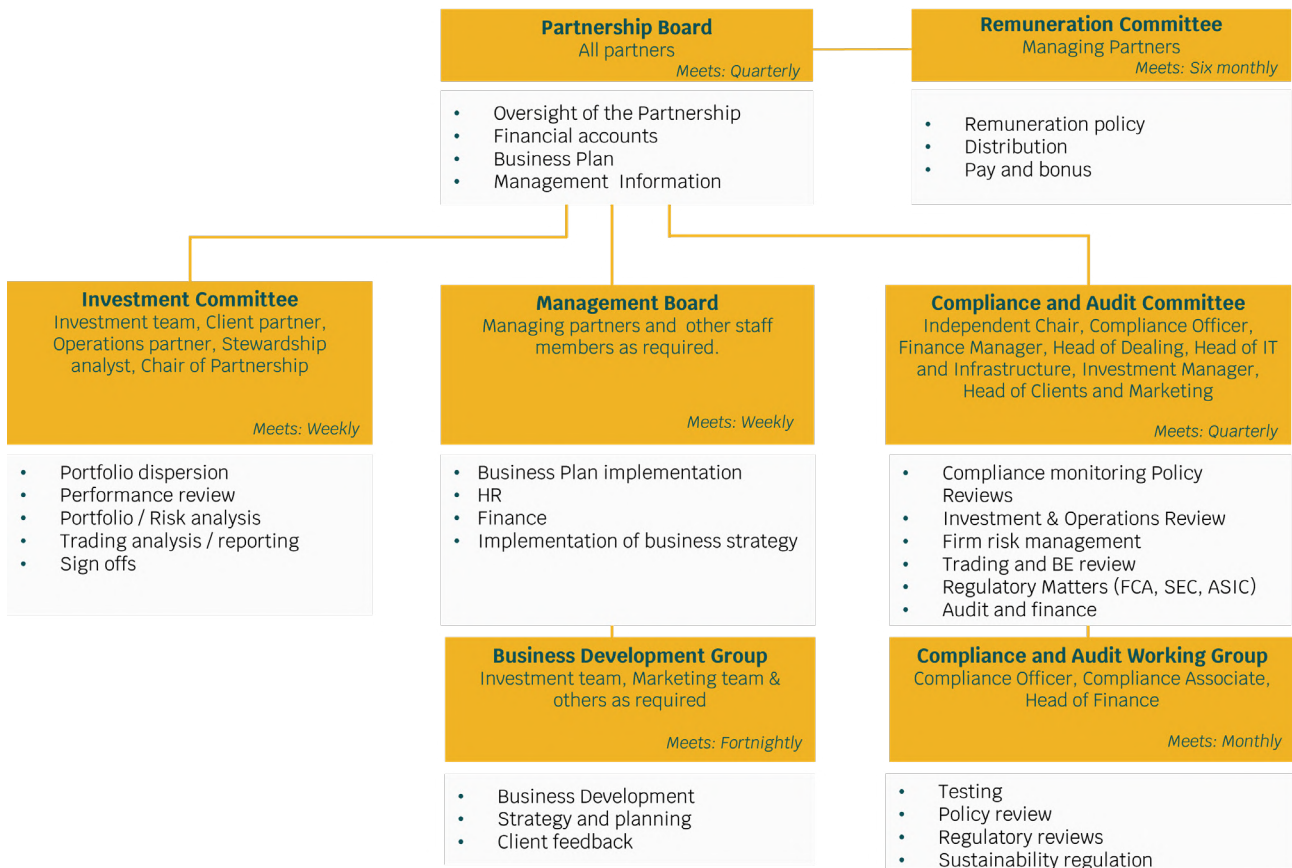
Dundas is a Limited Liability Partnership (LLP) with a Partnership Board comprised of a Chair, two Managing Partners and six equity Partners. The Board has ultimate responsibility and accountability for all aspects of the business.

As of 1 January 2025, Vanessa Murchison and David Keir became joint Managing Partners, working with the wider partnership to lead the firm. Alan McFarlane is Chair of the Partnership.

### SIGNIFICANT UPDATES

Russell Hogan, former Managing Partner, Investment Manager and latterly, Interim non-executive Chair of the Compliance and Audit Committee retired in March 2025. We welcomed Helen Stevens as a new Independent Chair for the Compliance and Audit Committee. Bringing a wealth of experience and an independent perspective on decision making, risk mitigation and controls, adding to the effectiveness of our governance.

## GOVERNANCE STRUCTURE\*



\*In effect from 31 March 2025

The Partnership Board meets quarterly and is kept up to date through reporting from the three main sub-committees: the Investment Committee, the Compliance and Audit Committee and the Management Board.

**KEY COMMITTEES:**

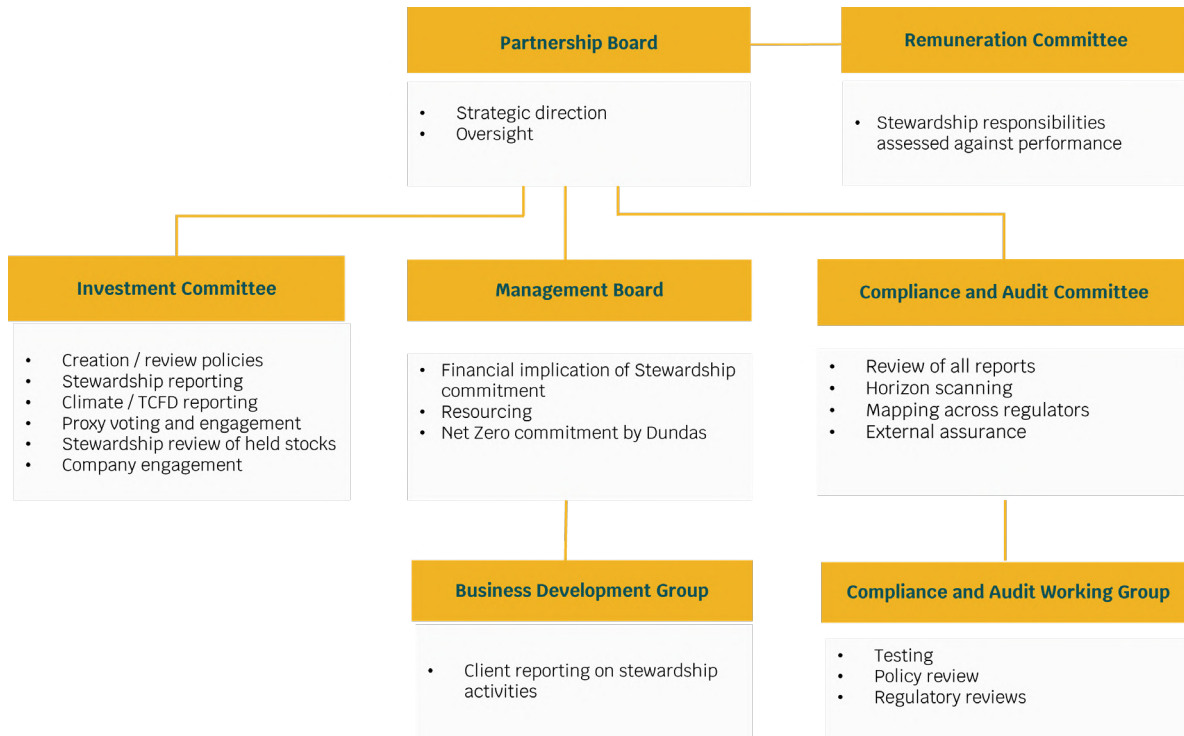
- 1. Investment Committee**

Comprises those directly responsible for company research, decision implementation and client communications. They oversee all aspects of investment research, portfolio management and risk assessment, performance analysis and stewardship activities.
- 2. Compliance and Audit Committee**

Chaired by an Independent Non-Executive. It oversees compliance across the three regulatory jurisdictions in which the firm operates (UK, USA, and Australia/New Zealand). It supervises all external audit and assurance undertaken on the firm and its portfolios, best execution within client portfolios and the firm’s overall risk framework.
- 3. Management Board**

Has responsibility for managing the firm. It comprises the Managing Partners and calls on other team members as required to feed into decision making. This Management Board is primarily responsible for implementation of the firm’s business plan and priorities.

**HOW OUR STEWARDSHIP ACTIVITIES MAP AGAINST OUR GOVERNANCE STRUCTURE\***



\*In effect from 31 March 2025

Read more about our [stewardship responsibilities and resources](#).

## GOVERNANCE AND RISK MANAGEMENT

### OPERATIONAL RISK AND GOVERNANCE

As long-term investors, well-functioning markets are essential for delivering sustainable value for our clients. We maintain a robust operational and governance framework designed to support effective investment decision-making, risk oversight and stewardship.

The firm operates clear accountability structures aligned with regulatory expectations set by the Financial Conduct Authority. Senior management responsibilities are defined under the Senior Managers and Certification Regime, ensuring individual accountability for key risk areas across the firm.

Senior Managers are responsible for overseeing specific risk functions and ensuring that appropriate controls are maintained. Responsibilities are reviewed at least annually to ensure they remain aligned with the firm's evolving structure and activities. New employees undergo appropriate background checks and regulatory referencing in line with regulatory requirements.

### REGULATORY FRAMEWORK AND FINANCIAL RESILIENCE

Dundas maintain a strong capital position and robust financial controls to support the long-term stability of the business and continuity of service to clients.

In line with the Investment Firms Prudential Regime, Dundas conducts an annual Internal Capital Adequacy and Risk Assessment (ICARA). This assesses the key risks facing the firm, risk appetite and the financial resources required to manage those risks.

Dundas has a Non-SNI (Small and Non-Interconnected) classification. It is subject to additional regulatory requirements, including enhanced disclosures, remuneration governance and the application of K-factor metrics in calculating regulatory capital.

The ICARA process includes stress testing and wind-down planning to ensure the firm can exit the market in an orderly manner whilst minimising disruption to clients and markets.

### REMUNERATION AND RISK CULTURE

The remuneration framework supports prudent risk management and long-term value creation. The structure is aligned with the remuneration requirements under the Investment Firms Prudential Regime and aims to promote responsible behaviour, strong risk management and positive firm culture.

Material Risk Takers have been identified in accordance with regulatory requirements. Remuneration includes both fixed and variable elements, with variable remuneration linked primarily to the financial performance of the firm and long-term client outcomes.

## INVESTMENT RISK MANAGEMENT

### PORTFOLIO CONSTRUCTION AND MARKET RISK

We manage market risk through a disciplined long-term investment approach focused on resilient businesses capable of generating sustainable cash flows and dividend growth across economic cycles.

Our strategies focus primarily on companies listed on major global exchanges. Over 99% of assets under management are invested in companies with market capitalisation greater than US\$2bn, which typically benefit from high levels of transparency, regulation and liquidity.

Our long-term investment horizon results in relatively low portfolio turnover, reducing exposure to short-term market volatility and liquidity pressures.

### LIQUIDITY RISK

Liquidity risk is managed through disciplined portfolio construction and ongoing monitoring of trading volumes and market depth.

The majority of portfolio holdings are in highly liquid global equities. A small allocation is invested in smaller-capitalisation companies through the Heriot Global Smaller Companies strategy. For these holdings we apply enhanced liquidity monitoring and position sizing controls to ensure the portfolio can be managed effectively under normal market conditions.

### SECURITY SELECTION RISK

Security selection risk is mitigated through fundamental research focused on companies with:

- strong financial track records
- sustainable competitive advantages
- resilient business models
- long-term dividend growth potential

Portfolios are diversified across industries and geographies to reduce concentration risk while maintaining a high-conviction investment approach.

## SYSTEMIC AND SUSTAINABILITY RISKS

### CLIMATE CHANGE

Climate change represents a significant long-term systemic risk for financial markets and the global economy. As responsible stewards of our clients' assets we integrate climate considerations into our investment analysis and stewardship activities.

**We are committed to aligning both our portfolios and our business operations with Net Zero emissions by 2050.**

Climate analysis forms part of our fundamental research process. We assess climate-related risks and opportunities using company disclosures and third-party data sources including Bloomberg, FactSet and MSCI ESG.

Our analysis focuses on identifying sectors and companies most exposed to transition and physical climate risks, as well as businesses that may benefit from the transition to a lower-carbon economy.

## BEST PRACTICE AND RESPONSIBLE BUSINESS

Dundas applies high regulatory and governance standards across all jurisdictions in which we operate. Where appropriate we adopt leading market practices to ensure consistency across client portfolios and regulatory environments.

This approach to responsible business also reflects client priorities, including climate change, supply chain risks and human rights considerations such as those addressed under the UK Modern Slavery Act 2018.

These issues form part of our broader stewardship approach and inform our engagement with investee companies.

## EXTERNAL ASSURANCE

Dundas is subject to a range of external assurance through financial, systems and controls audits, compliance with international standards, and ongoing due diligence conducted by clients and their advisors. The annual ISAE 3402 standard represents an in-depth audit of a service organisation's control objectives and activities. These activities often include controls over information technology and related processes. The audit provides assurance on the firm's operations to meet specified control objectives in respect to the investment management process.

Our portfolios and processes have been rated, scored, and assessed independently by third parties. Dundas reports in accordance with requirements and recommendations of the PRI, EU SRD II, and the UK Stewardship Code. We report in line with these frameworks and share the objective assessments publicly. These ongoing reviews enable us to contemplate and improve our reporting, ensuring it is fair, balanced, and understandable.

All relevant disclosures can be found on our [website](#).



## INVESTMENT APPROACH

Our investment process is grounded in proprietary research, conducted independently of external opinions. Bias reduction, robust challenge and inclusive decision making are fundamental to our process. We draw on readily available financial and ESG data, alongside company and industry materials, to conduct our own analysis. This approach encourages critical thinking and helps identify meaningful insights and investment opportunities without external influence.

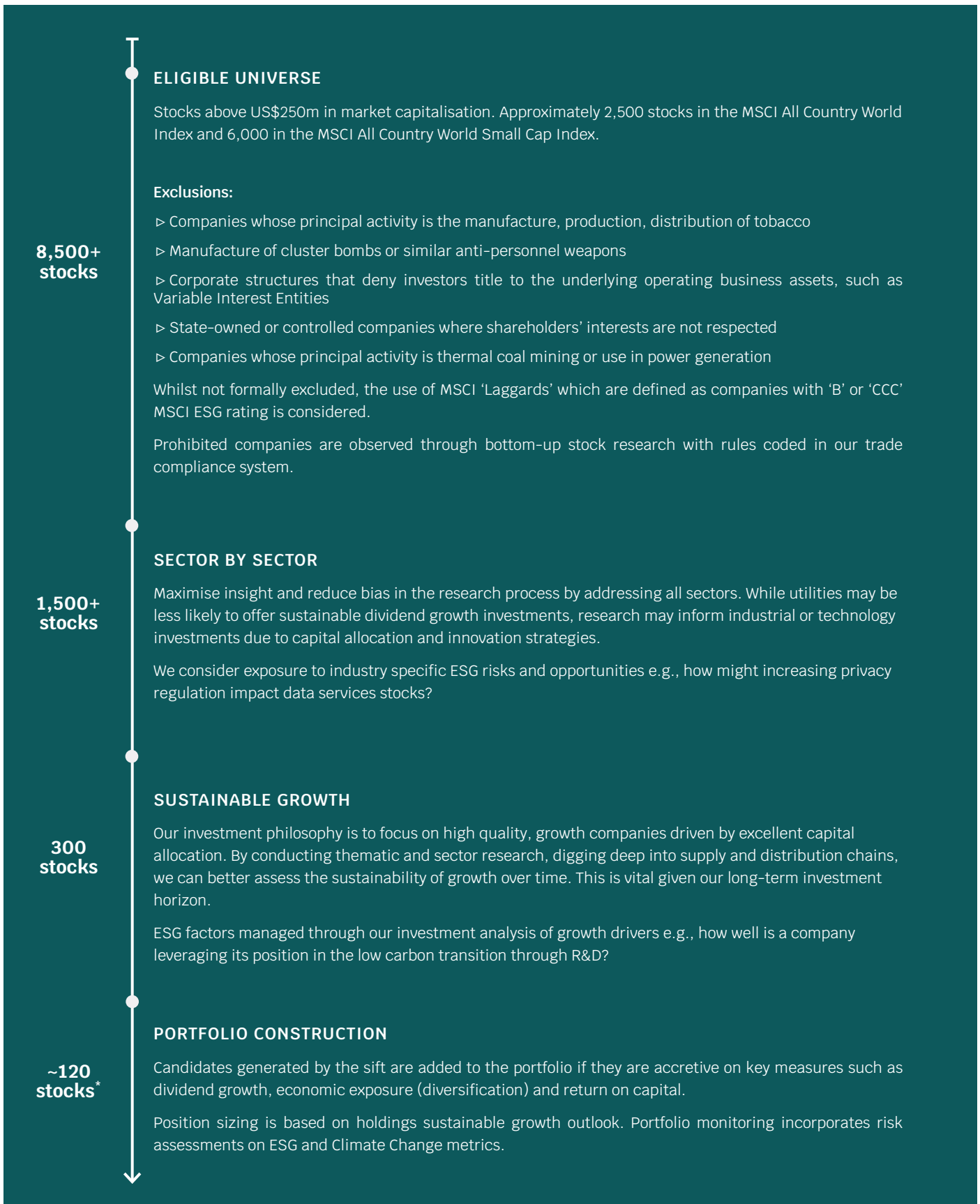
## COMPANY RESEARCH

As generalists, we do not focus on any specific country, industry, or company. Rather, our team looks at different areas of the market together. This allows us to mitigate our personal biases, which can cloud judgment and sway decisions. Through open dialogue and challenge, we keep things objective, balanced and minimise the risk of relying on any one individual. In addition, as generalists we identify links between various companies and industries. Recognising and understanding the factors that affect multiple companies helps the team discover better investment prospects.

We use publicly available information to conduct in-house investment research and do not rely on sell-side analysis. Any additional resources are funded by the firm through the Profit and Loss account. In our investment research and portfolio management process, we use FactSet, Bloomberg, and publicly available company information.

To assess companies' resilience to long-term, industry-specific ESG risks and opportunities – such as carbon emissions, supply chain management and board structures, we incorporate input from MSCI ESG Research and Ratings alongside our own internal proprietary analysis system. All portfolios are constructed from our global public equity models. Typically, these models consist of 120 holdings, less than two percent of the universe of around 9,000 stocks. These models underpin our three unitised funds: the Heriot Global Fund; Heriot Global Smaller Companies Fund; and Apostle Dundas Global Equity Fund. Various investment strategies are derived from these 120 holdings, including global ex USA (international) equity managed accounts and portfolios of American Depository Receipts (ADRs).

## SIFTING STAGES

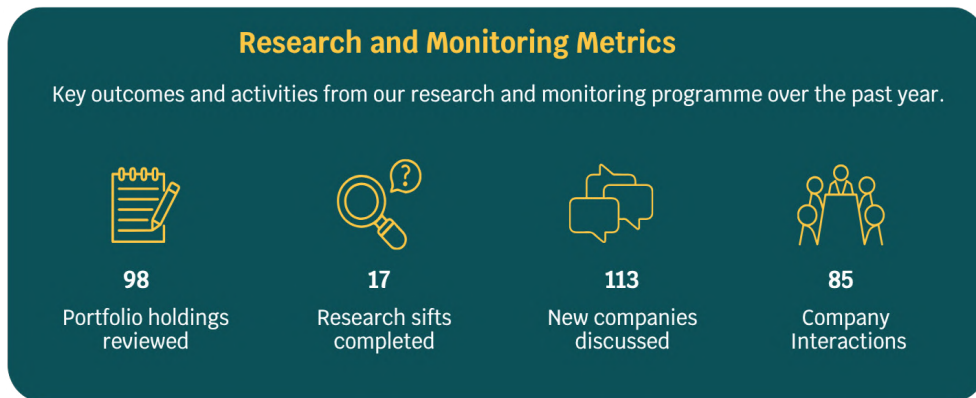


\*Firm-wide holdings across all investment strategies.

**STOCK MONITORING**

Our perspective of the parts of the world’s economy which are growing and shrinking is built piece by piece from our company analyses. We use this context to set our upcoming research agenda and create scenarios on the demand patterns for various industries. We avoid biases for or against a particular industrial group, paying particular attention to the underlying economic growth drivers which link individual stocks together.

Put simply, our monitoring programme assesses each stock’s ability to deliver dividend growth investments over the long term. We focus on company financials, such as accounting policies, key sensitivities, and risks; products, customers, and competitive position; the long-term growth drivers and demand trends for the industry; management’s strategy and governance; environmental and social practice; ESG risks and opportunities.

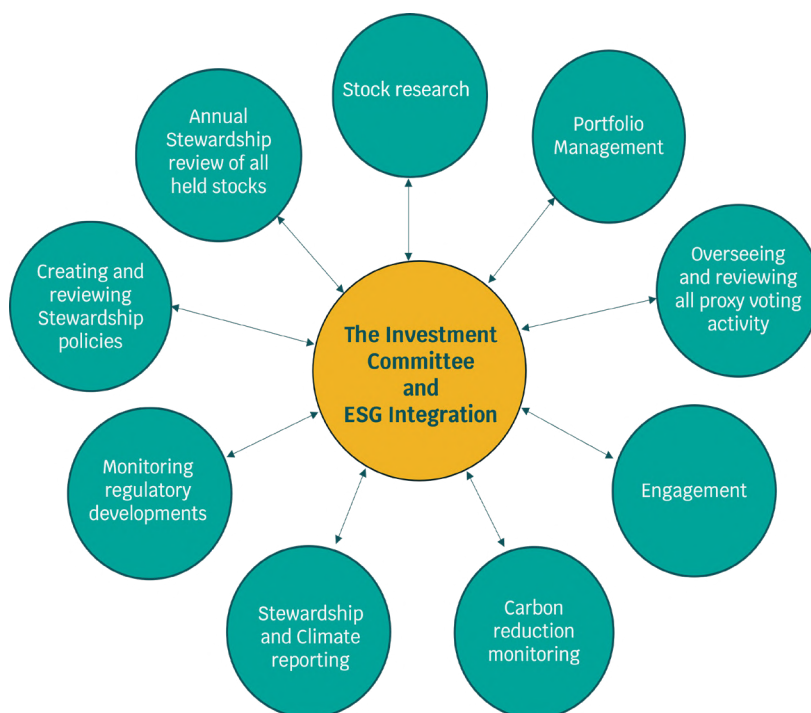


Data as at 31 December 2025.

**ESG INTEGRATION**

Environmental, Social, and Governance (ESG) factors are three key areas used to evaluate how companies operate responsibly and sustainably. These factors help us understand how businesses manage environmental challenges, treat people, and maintain effective oversight. Considering ESG factors strengthens our ability to make responsible investment decisions and support long-term value.

ESG is integrated into everything we do.



## ENVIRONMENTAL (E)

We use the MSCI ESG Ratings report to help us assess the impact of climate change on our companies with regards to physical risks (the risks resulting from climatic events, such as wildfires, storms, and floods) and transition risks (the risks presented by policy action taken to transition the economy off fossil fuels).

We also use company data from Annual Report and Accounts, Sustainability reports and MSCI carbon metric data to assess the impact our companies have on climate change via Scope 1 and 2 emissions. We will include an assessment of Scope 3 post adoption of IFRS S1 and S1 Sustainability standards.

We assess our companies Net Zero plans which involves analysing the plan and target year and whether the targets have been verified by the Science Based Targets Initiative (SBTi). We monitor progress against targets on an annual basis. We engage with companies to identify the risks and opportunities presented by climate change, understand how they are working to mitigate these risks and understand the potential opportunities that may arise from the transition to a lower carbon economy.

We produce ESG and carbon metrics on a quarterly basis for portfolio monitoring and client reporting.

## SOCIAL (S)

Human rights are a key consideration in our sustainability analysis.

We use MSCI ESG rating reports and MSCI data to help identify those companies, sectors, and geographies where the risks of modern slavery practices are likely to be highest.

MSCI conduct a comprehensive analysis of labour management and supply chain labour standards for companies in the investment universe exposed to these social issues, flagging poor management practices and controversies.

We integrate this analysis into the investment process. This data and reports are reviewed as part of ongoing stock monitoring in both new stock research and monitoring of portfolio holdings. We use this to inform decisions on buying/selling stocks, portfolio management, engagement, and voting.

## GOVERNANCE (G)

An appreciation of good corporate governance is the key to success for any long-term investor, our firm included. This principle is applied throughout everything we do.

We value clear accountable governance structures paying close attention to the extent to which a company demonstrates alignment with the interests of long term investors analysing factors such as board leadership, diversity and independence, management remuneration and shareholder rights.

Corporate governance is essential if a company is to capitalise on its opportunities, make repeated good capital allocation decisions, and pay rising dividends year after year to its investors. In our experience, companies with strong governance perform strongly under ESG analysis and scoring.

## EXCLUSIONS

Prohibited companies are observed through bottom-up stock research with rules coded in our trade compliance system.

As of 31 December 2025, our exclusions policy is as follows:

- ▶ Companies whose principal activity is the manufacture, production, distribution of tobacco
- ▶ Manufacturer of cluster bombs or anti-personnel weapons
- ▶ Corporate structures that deny investors title to the underlying operating business assets, such as Variable Interest Entities
- ▶ State-owned or controlled companies where shareholders' interests are not respected
- ▶ Companies whose principal activity is thermal coal mining or use in power generation

Whilst not formally excluded, the use of MSCI 'Laggards' which are defined as companies with 'B' or 'CCC' MSCI ESG rating is considered.

You can read more about this, in our [Responsible Investment Policy](#). It sits along-side our Modern Slavery Statement and Proxy Voting and Engagement Policies – all of which can be found on our [website](#).



## ACTIVE OWNERSHIP

### PRIORITISING ENGAGEMENTS

In our experience, the strong governance practices of the companies in which we invest help mitigate many ESG risks. When issues do arise, we undertake targeted engagements, focusing on those that could affect the company's long-term outlook.

Rather than pursuing topical ESG themes, we embed engagement within our ongoing stock monitoring process. This integrated approach enables analysts and portfolio managers to identify ESG issues as they emerge, agree an engagement approach through the Investment Committee, and engage with companies in a structured and effective manner.

Issues are typically identified during the stock or AGM review, discussed by the team, and escalated to the Investment Committee for a decision. Updates on ongoing engagements and potential escalations are reviewed in this forum. Where issues arise outside of this monitoring programme, we follow the same structured approach of team discussion and decision making.

### ESCALATIONS

We engage with portfolio companies first before deciding to escalate our stewardship. Escalation can be triggered by a company's lack of responsiveness or transparency, or if more time-sensitive issues become apparent. Methods of escalation come down to the materiality of the ESG risk and our experience communicating with the company. We use voting such as dissenting director elections or compensation; collaboration through support of shareholder proposals; and divestment or a reduction in our shareholding.

### COMMUNICATION CHANNELS

Our dialogue with companies spans email, conference calls to in-person meetings. Lines of communication vary too, with investor relations being our first port of call for general monitoring queries. For an engagement, defined as trying to instigate a change at one of our companies, concerns relating to ESG issues are typically raised with the Chair of the Board and/ or chairs of relevant sub-committees. Issues on company strategy or financials are typically raised with the executive team.

### COLLABORATIONS

Collaborations with like-minded investors can enhance the impact of engagement and voting particularly for smaller investment managers such as Dundas. It is most valuable where shareholdings are insufficient to initiate change independently, following multiple unsuccessful engagement attempts, or when addressing ESG issues affecting entire industries or the broader economy.

As bottom-up investors we prioritise individual company engagements on ESG matters. We participate in collaborative initiatives where they are aligned to our investment approach and that benefit our clients.

We engage with governments, regulators, and public policy makers on ESG issues.

In addition, we contribute to industry dialogue by attending conferences, speaking at investor events and delivering webinars to inform and advocate on relevant topics.

### GLOBAL ETHICAL FINANCE INITIATIVE

Dundas has been involved with Global Ethical Finance Initiative (GEFI) for several years. GEFI brings together financial Service stakeholders managing over £2 trillion in assets. GEFI is committed to a swift, just, and equitable transition, underpinned by deep emissions cuts and scaled-up finance which are turned into real-economy outcomes.

### PRINCIPLES FOR RESPONSIBLE INVESTMENT

We monitor the PRI collaboration platform for opportunities to join with the PRI and other organisations that we can work with collectively for engagement activities.

## RIGHTS AND RESPONSABILITIES

### VOTING ON OUR CLIENTS' BEHALF

We currently exercise voting rights for shares held in our UK and Australia-domiciled Funds, where we have full voting discretion and investors cannot direct voting. Some clients choose to retain proxy voting control and apply their own policies. In these cases, we ensure all proxy voting materials are provided for the securities held on their behalf.

While we seek to vote all proxies, certain constraints remain outside our control including split or partial voting limitations and share-blocking restrictions in certain markets. Any unvoted meetings are reviewed and we consider steps to improve access to voting where possible.

### GLOBAL VOTING POLICY

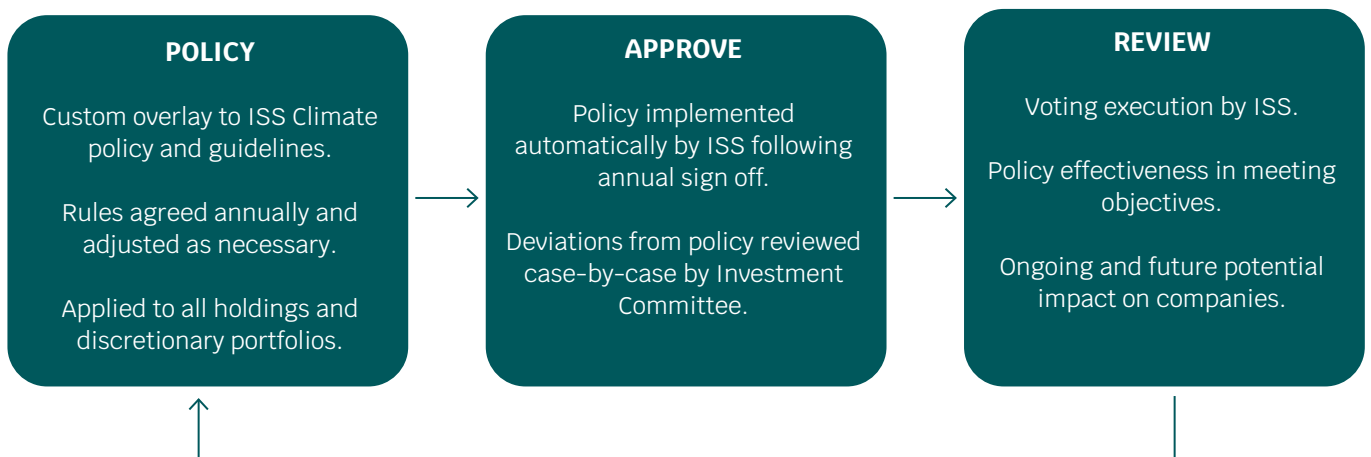
When voting on behalf of our clients, our objective is to maximise the long-term value of our clients' investments, in line with our sustainability and stewardship policies. Where conflicts of interest arise, we act to protect our clients' best interests. We seek to vote all proxies, supported by our proxy adviser, Institutional Shareholder Services (ISS), which assists with voting management, processing, and execution.

Where Dundas has full voting discretion, we apply our Global Voting Policy. All voting decisions are underpinned by the ISS Global Voting Principles<sup>1</sup>. These principles are designed to promote long-term value creation and are based on four tenets of accountability, stewardship, independence, and transparency.

We generally support shareholder proposals that are expected to improve the company's corporate governance or strengthen the business profile provided that they do not limit business activity, capability or incur significant costs with limited benefit. Voting decisions on ESG-related shareholder proposals are guided by their potential to support shareholder value over the short and long term.

<sup>1</sup>Institutional Shareholder Services - Global Voting Principles.

### PROXY VOTING STRATEGY



From January 2025, we voted in line with ISS's Climate Policy recommendations which enhance existing ISS guidelines as follows:

- Voting against directors due to failure to manage environmental, social and governance (ESG) risks, including climate change
- For large GHG emitters, vote against or withhold from the incumbent chair of the responsible committee where the company is not taking minimum steps needed to be aligned with a Net Zero target by 2050. ISS' minimum steps are similar to IFRS sustainability standards and include:
  - ▷ Detailed disclosure of climate related risks,
  - ▷ A declared target of Net Zero by 2050 or sooner that includes Scope 1, 2, and relevant Scope 3 emissions,
  - ▷ A set medium term target, and
  - ▷ Whether the company has a decarbonisation strategy

In addition to the ISS climate policy, Dundas uses a customised voting policy to apply further thresholds as follows:

- Board independence and average tenure should be above 70% and below 7 years, respectively
- Director over boarding should be limited to three board seats total for non-executives and two board seats total for executives, with the exception of Japanese corporates where outside board commitments are not monitored
- Generally, vote against if the board lacks at least one director of an underrepresented gender identity or where the board has no racially or ethnically diverse members
- Audit firm tenure should be 10 years or less, with the exception of small cap stocks where tenure is undisclosed  
Deviations from the policy are reviewed case-by-case and approved formally by the Investment Committee

You can find details of our full [voting policy](#) and our most recent [Proxy voting summary report](#) on our website.

## DIFFERENCES IN OUR APPROACH

Dundas manages global equities only. When developing our voting policy, we sought to apply it globally, across different sizes of companies and geographic markets. Our team meet with ISS regularly to review and discuss progress in our voting policies. At these meetings, we take the opportunity to highlight areas of interest as identified by our monitoring process.

Considering the impact of a global policy on our portfolio of smaller companies, we worked with ISS to ensure this approach would not result in voting relatively harshly on these companies' proposals. From this research, the only caveat to our policy was to default to the benchmark policy on any auditor votes where some small-cap companies do not disclose the tenure of the auditor.

Looking across the markets in which we invest, our threshold for director board positions was adjusted for one market – Japan – where outside board seats are not tracked and therefore could not be assessed.

We expected our thresholds for board independence and tenure to have the greatest impact on votes against management in the US and Japan where market standards differ to Europe and the UK. From our research and understanding of global voting trends, we were comfortable that the standard we were setting was justified and in line with corporate governance best practice.

## STOCK LENDING

**Dundas does not partake in securities lending.** We focus our attention on investment research, portfolio construction, and stock monitoring, which we believe delivers the most value to our clients. Where a client manages their own securities lending programme, any recall of shares for voting is to be managed by the client and their custodian.

## *Disclosure B - How our resources enable effective stewardship.*

### **RESOURCES AND CAPABILITY**

We are a small team of **15** individuals drawn from a range of backgrounds. Fostering a creative working environment that values diverse perspectives. We are committed to promoting diversity, challenge discrimination and uphold a culture of fairness and respect.

The team reflects diversity in gender, age, culture and personality, and professional and academic experience. We believe this combination of shared values and varied perspectives strengthen decision-making and encourages constructive challenge— both of which support effective stewardship and long-term investment outcomes.

Our concentrated portfolio structure enables stewardship a focused high conviction approach to stewardship. Engagement is carried out aligning with our investment thesis, voting decisions and engagement priorities.

### **INCENTIVES AND ALIGNMENT**

Stewardship is embedded within our investment process rather than treated as a standalone function. Team remuneration reflects long-term client outcomes, reinforcing the integration of responsible ownership and investment performance.

### **PERSONAL AND PROFESSIONAL DEVELOPMENT**

Continuous team development is the best way to grow the firm's capabilities and plan for succession. We encourage team members to deepen their skills and knowledge via a range of methods, including:

- Completion of the CFA UK's Investment Management Certificate and it's Certificate in ESG Investing
- A minimum of 21 hours of Continuing Personal Development (CPD) a year following CFA Institute guidelines (this includes all-staff training covering: ESG, compliance, cybersecurity, HR, Modern Slavery and development training)

### **LOOKING AHEAD**

As reporting expectations continue to evolve, we will continue to refine how we evidence stewardship effectiveness, resource allocation and oversight. While remaining proportionate to our size, we are focused on enhancing transparency around outcomes, prioritisation and decision-making quality in future reporting cycles.



## STEWARDSHIP RESPONSIBILITIES AND RESOURCES

During 2025, stewardship policy making, implementation, reporting and compliance were led by David Keir, Managing Partner and Natasha Hayward, Senior Dealing and Stewardship Analyst. From January 2026, Andrew Brown, Partner and Investment Manager will assume the role as Head of Stewardship.

Andrew is a Partner and a member of the Investment Committee. He has 23 years of experience managing portfolios with differing client requirements, including those with specific sustainability objectives. He is a CFA charter holder, reflecting a strong commitment to the highest levels of ethical standards.

Natasha plays a central role in stewardship reporting, engagement and voting activities. She holds the CFA Certification in ESG investing and was appointed Senior Dealing and Stewardship Analyst in 2024 – further strengthening the firm's stewardship capabilities. Natasha is also a member of the Investment Committee.

Investment team members have a particular responsibility for ESG integration through detailed research, ongoing monitoring and active engagement with the businesses considered for and held within our portfolios.

The Investment Committee's stewardship responsibilities include:

- Creating, reviewing and updating stewardship-related policies on a regular basis to ensure they remain robust, effective and aligned with best practice
- Monitoring regulatory developments and reporting requirements, ensuring ongoing compliance with evolving UK and international stewardship and sustainability frameworks (Including the PRI and the UK Stewardship code reporting)
- Overseeing and reviewing all proxy voting activity, ensuring decisions are aligned with our stewardship principles and investment philosophy
- Ensuring voting activity is transparent, appropriately documented and published on the firm's website in a timely manner
- Preparing a formal stewardship review for every stock held in our portfolios, with each review updated at least annually
- Producing an annual climate report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), detailing climate-related risks, opportunities and portfolio positioning
- Monitoring portfolio companies for the existence and credibility of Net Zero transition plans and carbon reduction targets
- Engaging proactively with companies where Net Zero commitments, transition planning, carbon disclosures or other material stewardship standards fall short of expectations
- Undertaking engagement activity in relation to any other material governance, environmental or social issues relevant to long-term shareholder value
- Outward communication with clients on stewardship activities

Internal communication on stewardship is embedded within investment research and portfolio monitoring and a Corporate Access Tracker system covering all company interactions. These updates flow through our Investment Committee where stewardship matters are formally reviewed on a monthly basis. The Investment Committee reviews ESG activity, voting decisions, engagement progress and climate-related monitoring, and sets objectives for the firm's sustainable investment process.

Since inception, Dundas has been a signatory to the Principles for Responsible Investment (PRI) and since 2021, a signatory to the UK Stewardship Code.

## STEWARDSHIP SERVICE PROVIDERS

We invest around 17% of revenue per annum in IT to provide the systems architecture necessary to manage client assets and business expansion. Stewardship service providers are monitored through the Investment Committee with respect to proxy voting, financial data, ESG research and AI use.

To support our internal stewardship analysis, we use:

- Institutional Shareholder Services for proxy voting research and administration
- MSCI ESG data to inform risk identification and engagement prioritisation

## PROXY VOTING

We employ Institutional Shareholder Services (ISS) to support our proxy voting. ISS receive proxy ballots on our behalf, execute votes in line with our policy, and maintain voting records. ProxyExchange is a system providing comprehensive reports on all votes cast, including metrics on unvoted meetings, votes against policy, and votes against management.

ISS carry out daily audits, detailed vote reconciliation and automated, end-of-day production checks to ensure all votes are executed accurately. Discrepancies are reported to us and highlighted by regular internal reviews and discussed by the Investment Committee.

Find out more in our [Proxy voting and engagement policy](#).

## FINANCIAL DATA

We undertake all our own research on company financials, industry context and management strategy primarily using public company materials and interactions. We use external data providers to corroborate, scrutinise and triangulate research.

Our collegial approach demands that all eyes have assessed the financials of a company prior to investing. Anomalies and inaccuracies across our information sources are examined and queried. Where questions remain, we revert to the company's financial reports to clarify.

Our stewardship approach continues to benefit from improvements to our technology usage, vendor relationships and data monitoring and integration.

## ESG RESEARCH AND RATINGS

Since 2019, we have used MSCI ESG data to measure companies' resilience to material ESG risks. MSCI uses a rules-based methodology to identify leaders and laggards through exposure to industry-specific ESG risks and opportunities, and how well these exposures are managed relative to peers.

## EMBEDDING ARTIFICIAL INTELLIGENCE TO SUPPORT EFFECTIVE STEWARDSHIP

### 1. Background

Artificial Intelligence has the potential to be both transformative and, if poorly governed, existential for investment management firms. Rapid advances in generative AI created opportunities to improve efficiency, scalability and decision support, but also introduced material risks around data security, accuracy, governance and environmental impact.

Given the pace of adoption across industries, it was critical that we developed a clear understanding of AI's capabilities and limitations and ensured that all staff had a consistent framework for its responsible use. This required not only appropriate technology adoption, but also strong policy, education and leadership engagement.

### 2. Action

During 2025, we took a structured approach to embedding AI across the firm. Microsoft Copilot was rolled out to all staff, providing a secure, enterprise-grade environment integrated within the Microsoft 365 ecosystem. This significantly mitigated risks associated with data leakage and model training, as confidential firm data is not used to train models for other customers.

Governance was strengthened through the creation and implementation of an updated Acceptable Use Policy, incorporating best-practice guidance on AI usage. Mandatory training workshops, delivered through well-attended "Lunch and Learn" sessions, focused on practical applications alongside key risks, including data breaches and the potential for AI hallucinations.

To deepen organisational capability, we engaged an external specialist firm to deliver targeted learning sessions based on defined business problems. In addition, our Client Partner, Neil Sutherland, completed a six-week intensive leadership programme on generative AI at the University of Edinburgh Business School, helping to ensure informed senior oversight of AI strategy.

Environmental considerations were also embedded into our approach. As part of our commitment to achieving Net Zero by 2050, training emphasised prompt optimisation to reduce redundant queries, improving efficiency while limiting incremental energy usage.

### 3. Outcome

AI is now used across the firm in a controlled and value-add manner. Across the business, practical applications include drafting and refining written materials, summarising lengthy documents to improve productivity, and specifically for Stewardship, applications include:

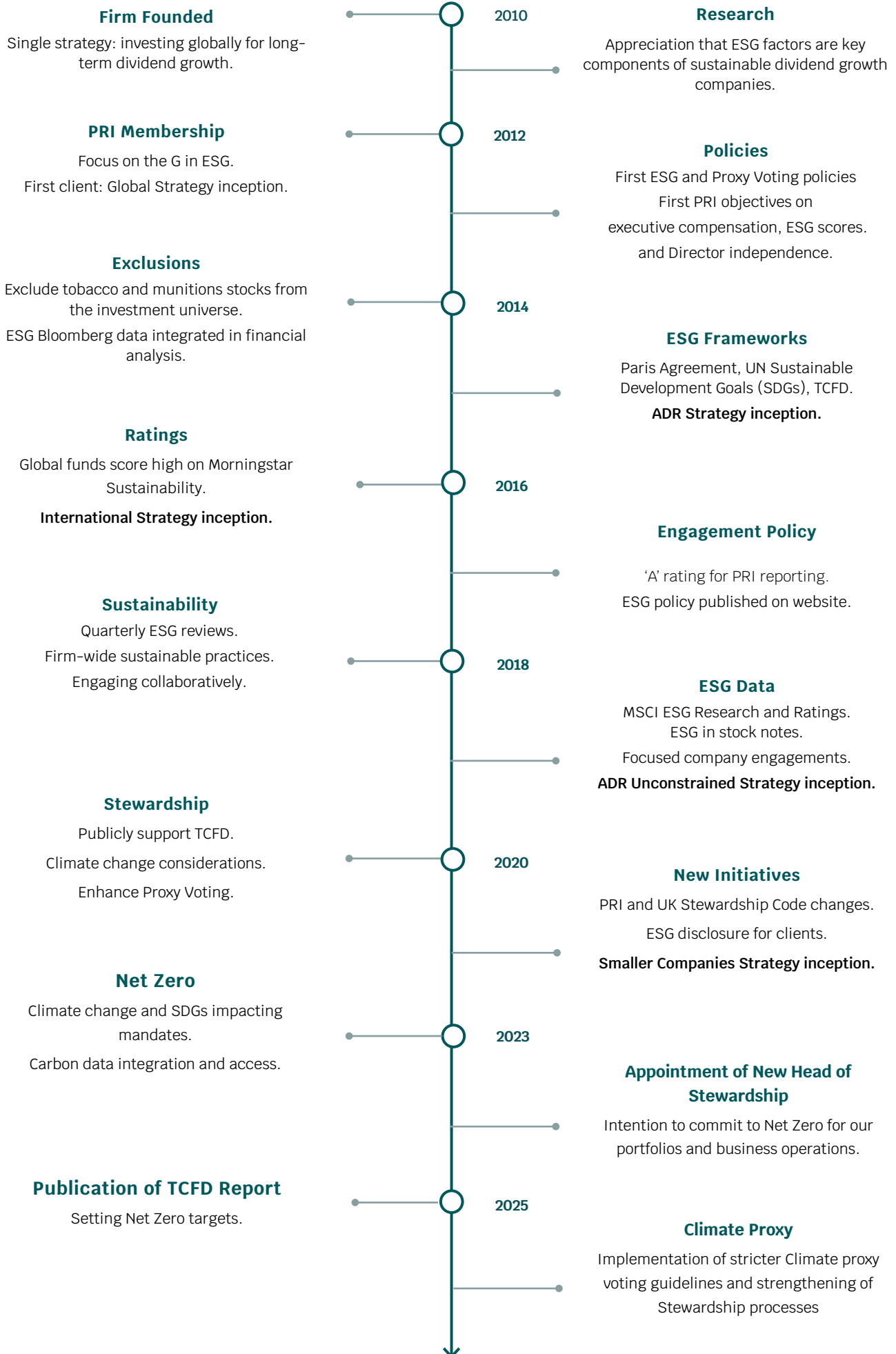
- Summarising lengthy sustainability reports, TCFD disclosures and transition plans
- Identifying key changes year-on-year in company reporting
- Extracting quantitative data points (e.g., emissions targets, diversity metrics) to support comparative analysis
- Assisting in drafting sections of regulatory reports
- Summarising engagement case studies

The combination of clear governance, firm-wide access to secure tools and targeted training has enabled staff to adopt AI with confidence, while maintaining strong controls around risk, data and sustainability. At the same time, ongoing engagement with technology partners ensures we remain aware of new AI-driven services that can enhance automation, scalability and the return on licence investments.

Overall, this structured approach has positioned the firm to capture the benefits of AI innovation responsibly, while safeguarding clients, data and long-term strategic objectives.

Disclosure C – Describe your stewardship policies and processes, and how you review them.

**EVOLUTION OF STEWARDSHIP AT DUNDAS**



## STEWARDSHIP POLICIES AND PROCESSES

Dundas’s stewardship approach is supported by a framework of publicly available policies that underpin our responsible investment and active ownership activities. These include our [Responsible Investment Policy](#), [Climate Policy](#), [Modern Slavery Code of Conduct](#), [Proxy Voting and Engagement Policy](#), and [Conflicts of Interest Policy](#). Together, along with this Stewardship report and our Climate / TCFD reports, these documents set out how ESG considerations are integrated into investment decision-making, engagement, voting, and risk oversight.

Engagement and voting are core components of our stewardship activities. Company engagements are tracked through a proprietary in-house system, enabling us to monitor objectives, progress and outcomes. Voting is conducted in accordance with our Proxy Voting and Engagement Policy and implemented via ISS guidelines. A quarterly summary of our proxy voting records is published on our [website](#) to ensure transparency.

All stewardship policies are subject to formal annual review and may also be reviewed on an ad-hoc basis in response to regulatory developments, client feedback, market events or internal audit findings. The Compliance & Audit Committee oversees the annual review process, and all policies and material updates are approved by both the Investment Committee and the Compliance & Audit Committee.

This governance framework ensures our stewardship policies remain current, reflect regulatory and client expectations, and are consistently applied in practice.

### STEWARDSHIP REPORTING AND ASSESSMENT

Dundas has been a PRI and UK Stewardship Code signatory since 2012 and 2021 respectively.

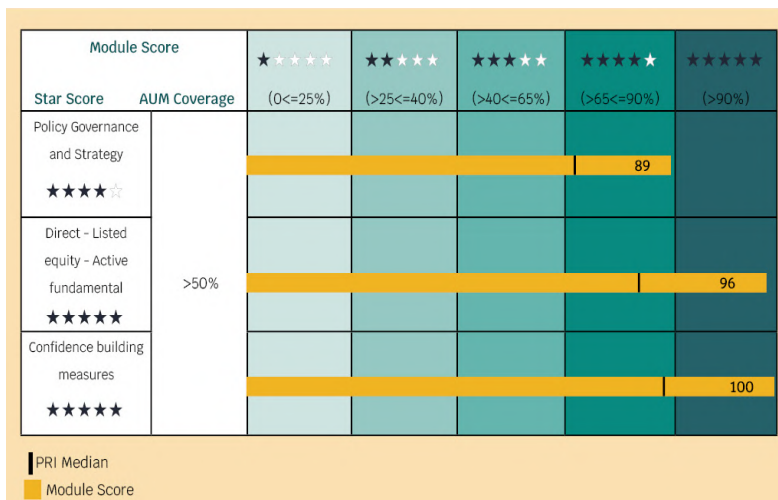
Evolving signatory expectations have been fundamental in developing our sustainability and stewardship policies, as outlined in the Evolution of Stewardship at Dundas. We are committed to transparency, and pride ourselves on effective communication and collaboration with clients. As a signatory, we are assessed annually against these initiatives’ respective principles. The PRI framework is a standardised Q&A format, whereas this Stewardship Report aims to satisfy the expectations of the UK Stewardship Code alongside other requirements.

### ASSESSMENT PROCESS

The annual PRI reporting cycle provides accountability for signatories, standardise reporting, and provides a process for signatories to develop their responsible investing approach. Over the years our involvement has ensured consistent, clear, and measurable reporting for our clients and prospects. Assessment includes our disclosures, internal processes for ESG integration and active ownership, and the level of review and assurance given to our reporting. The PRI has several measures in place to reduce reporting errors and enhance the credibility of data - from public disclosure of reporting to cross checking of comparable data points with prior years’ reports. We completed the most recent PRI reporting cycle to end February 2025. Since 2014, we have consistently worked toward responsible investing best practices, and we are proud to see our scorecard improve year after year, including in our 2025 submission which contained two 5-star scores and one 4-star score.

You can see the summary scorecard for this below and our most recent public transparency report is available under the PRI section on our [website](#).

### PRI REPORTING SCORECARD



**ESG RATINGS**

**MORNINGSTAR’S SUSTAINABILITY RATING**

Measures financially material ESG risks in funds relative to a peer group. Using Sustainalytics ESG Risk Ratings, Morningstar score fund holdings on a trailing 12 month basis and assign an overall rating from Low to High (five being the highest) relative to its Morningstar Global Category.

The rating is a good indicator of how funds are managing risks associated with sustainability.

Both Funds have been awarded the 'Low Carbon Designation' rating.

The Low Carbon Designation™ badge is an indicator that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy.



**MSCI ESG RATINGS**

Assesses companies’ resilience to long-term, industry-specific ESG risks and opportunities. Company-level ratings range from CCC to AAA and fall into three categories, Laggard, Average and Leader.

An asset-weighted rating provides insights into ESG characteristics of portfolios.



Morningstar and MSCI ratings as at 31 December 2025.

PRI Reporting Scorecard relates to the 2025 reporting cycle. PRI Report 2025 and Assessment Report available on our website. Certain information ©2025 MSCI ESG Research LLC. Reproduced with permission.

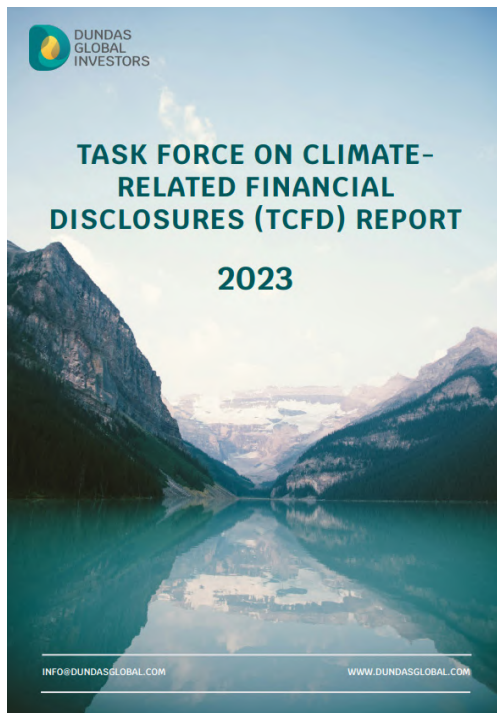
**REPORTING TO THE SEC**

Since 2018, Dundas has been required to submit a quarterly holdings report to the Securities and Exchange Commission (SEC), in the form of a 13F filing. This is filed by institutional investment managers to increase the public availability of information regarding the securities holdings of institutional investors. The aim of this increased disclosure is to increase investor confidence in the integrity of the United States securities markets. Since 2022, we have filed Form N-PX. This is an annual filing that companies use to report certain proxy voting records, including executive compensation. The purpose of this form is to make specific aspects of proxy voting records public.

Our N-PX submissions are available to view via the SEC’s EDGAR website. We also publish our Proxy Voting and Engagement Policy as well as a summary of all proxy votes undertaken on a quarterly basis on our own [website](#).

**CLIMATE REPORTING**

Given our commitment to Net Zero for our portfolios and business operations by 2050, we first published a TCFD report in 2024. This report provides details on our governance around climate related risks and opportunities, discloses the actual and potential impact of climate related risks on Dundas, how we identify, assess and manage climate-related risks and disclosure of key climate metrics and targets. Our subsequent Climate report was published in 2025. Both reports can be found on our [website](#).



## Disclosure D

### CONFLICTS OF INTEREST

Dundas' Conflicts of Interest Policy is designed to identify, prevent, manage, monitor, and, where necessary, disclose actual, potential, or perceived conflicts of interest. The policy ensures that stewardship activities, including proxy voting, issuer engagement, escalation, and collaborative engagement, are conducted in the best interests of clients.

The policy applies to all employees and covers conflicts that may arise between our firm and clients, between different clients, between employees and clients, and between the firm and investee companies. Employees are required to promptly disclose any actual or potential conflicts, which are then recorded in the Conflicts of Interest register and acted on as appropriate.

Oversight of conflicts management is the responsibility of senior management and the Compliance Officer. The Compliance team maintains the conflicts register, provides guidance on conflict identification and mitigation, and escalates material conflicts where appropriate. Mitigation measures include disclosure, recusal from decision-making, enhanced oversight, and documentation of actions taken. Where a conflict cannot be effectively managed, we will refrain from participating in the relevant activity.

Conflicts may arise in stewardship activities, for example where we vote on behalf of multiple client portfolios with differing objectives, engage with issuers held across multiple strategies, or participate in collaborative engagement initiatives. These conflicts are managed through the consistent application of our stewardship and voting policies, independent decision-making processes, compliance oversight, and clear documentation of voting and engagement rationales.

Personal conflicts of interest are managed through the team's disclosure requirements, monitoring, and recusal procedures where necessary.

Our Conflicts of Interest Policy is reviewed at least annually to ensure it remains effective and aligned with regulatory requirements and stewardship best practice. The policy supports our commitment to acting in the best interests of clients and maintain the integrity of our stewardship activities.

Our [Conflicts of Interest Policy](#) is publicly available on our website.



*Disclosure E – How we maintain a dialogue with our clients and beneficiaries.*

## CLIENT ENGAGEMENT

Effective client communication is a core tenet of our firm and allows us to respond to client needs and their evolving expectations. Our Customer Relationship Management (CRM) system centralises client data, monitors interactions and captures feedback.

The Client and Marketing Team are responsible for ongoing material enhancements and the efficiency of our reporting process. The team is structured and resourced to facilitate on-going engagement with our clients, sharing information, views and soliciting feedback.

Client interest in our stewardship activities continues to increase, and we are spending more time on stewardship topics. During 2025, we responded to specific client ESG questionnaires, as well as sharing our research and views across a range of stewardship subjects. In addition, engagement case studies and carbon metrics are important components of our quarterly reports.

## CLIENT MATERIALS

- ▶ **Factsheets** – Monthly Fund update with performance data, portfolio breakdown, dividend and stock commentary
- ▶ **Quarterly reports** – A summary of the quarter, including firm updates, performance analysis, portfolio updates, and ESG and carbon metrics
- ▶ **Dividend reports** – Update on dividend announcements with stock commentary and numeric statistics
- ▶ **Strategy updates** – Quarterly updates, including performance analysis and portfolio information
- ▶ **Scheduled questionnaires** – Client mandated requests for portfolio/performance metrics/analytics; along with client-specific commentary
- ▶ **Ad hoc questionnaires** – We frequently provide information to clients via questionnaires covering topics such as sustainability, diversity, equity and inclusion, and modern slavery
- ▶ **Website** – Our policies related to Stewardship and the latest Proxy Voting Disclosures are published on our website
- ▶ **Webinars** – Regular webinars on various topics followed by Q&A sessions
- ▶ **Documents** – We produce various papers relating to stewardship including our PRI report, Stewardship Report, IR Treasure articles and white papers
- ▶ **Databases** – Strategy performance, data, metrics, and commentary

You can find insight pieces / videos and other client materials on our [website](#).

## SHARING INSIGHTS

Our objective for 2025 was to further develop our communication channels to reach more prospects whilst continuing to support our clients through relevant and informative content creation.

We successfully provided an aggregation of insights from our company-specific research, including presentations on AI, hyperscalers capital expenditure and software. These interactions were facilitated by business trips across the UK, USA, Australia, and New Zealand, along with webinars, and virtual meetings.

Global macro issues such as tariffs and their impact on our companies were the focus of our clients' queries. Dividend declarations were highlighted in our communication, their continued progression reassured clients.

## WEBINAR CONTENT

Many of our webinars in the UK and Australia are accredited to provide CPD for advisers. The webinars provide learning on buy and hold strategies versus seeking short-term gains from repricing returns.

The webinars encompass market environments rather than simply marketing, covering three categories:

1. Quarterly updates on our UK-domiciled funds and a review of the overall market and economy
2. Educational presentations on insights gleaned from our investment research, including AI and Semiconductors
3. Topical discussions such as the capital expenditure on the hyperscalers

If you are a UK Professional Investor, you can view our recent webinars on our [website](#).

# ACTIVITIES AND OUTCOMES



## ACTIVITIES AND OUTCOMES

This section sets out how we put stewardship into practice—through our day-to-day investment activity, company engagement, and proxy voting. It provides an overview of our active ownership approach, alongside selected examples that demonstrate how our stewardship supports long-term value creation for clients.

We include case studies and examples aligned to the six Stewardship Code principles to illustrate how our approach is applied in practice. These examples highlight not only the activities we undertake, but also the outcomes achieved, demonstrating how engagement and voting contribute to better-informed decisions, improved company practices, and sustainable long-term results—consistent with our philosophy. **Investing with you.**

Investment performance is shown by our GIPS composite - you can see this in our [Appendix](#).

## ACTIVE OWNERSHIP

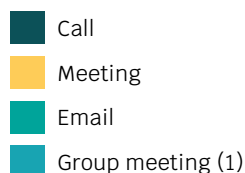
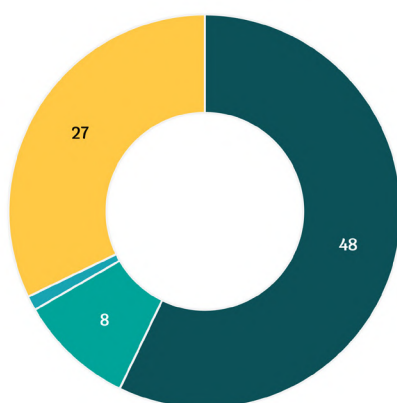
### ENGAGEMENT & ESCALATION

We are stewards of our clients’ assets. This means monitoring portfolio holdings, engaging on ESG issues, and voting proxies to guide companies towards better practices. We invest in global equities only and follow the same process for engagement and escalation across geographies.

Dialogue with companies in which we invest is a key component of the investment process. We are long term investors, investing for more than five years, typically much longer. We sift out over 98% of the investable universe, investing in around 120 companies across our strategies. For the companies that make up our portfolios, we maintain contact over the term of the investment.

**During 2025**, our research and monitoring programme comprised of **84 company interactions** through calls, meetings, and email. Over two thirds of interactions were with holdings in our global portfolios, with the remainder of candidates for investment or our research library. Through our engagements, we covered a range of **Environmental, Social and Governance** related topics – examples of which can be found in the following pages.

HOW WE ENGAGED



WHO WE ENGAGED



## VOTING ACTIVITY

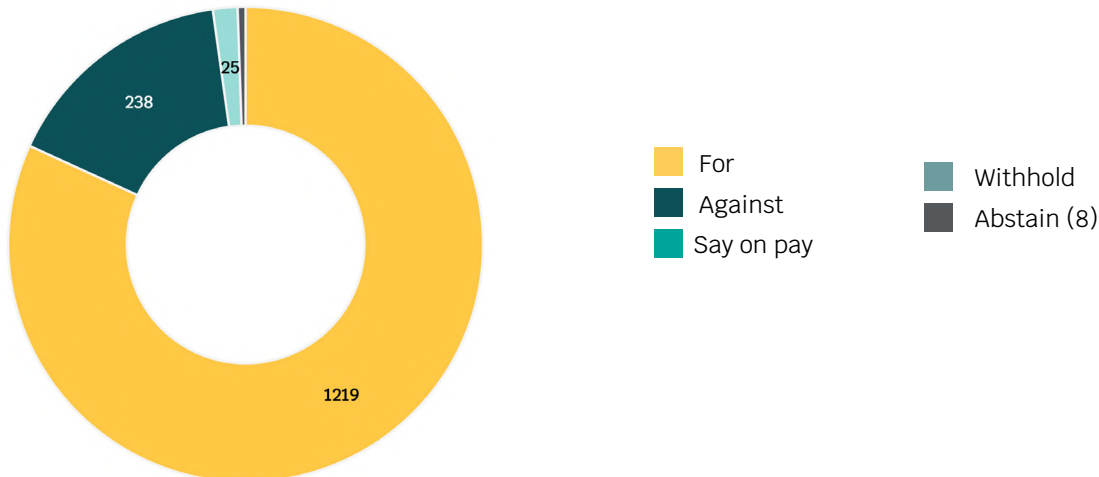
Our [global voting policy](#), outlined previously in the Policy and Context section, provides the framework for how we approach proxy voting. It sets out our principles, expectations, and areas of focus, ensuring a consistent and considered approach across all holdings.

In practice, voting is an integral part of our stewardship activity. The following section summarises how we have applied this policy during 2025, highlighting key areas of focus and the extent of our voting activity. Together, these demonstrate how our policy translates into action in support of long-term value creation for clients.

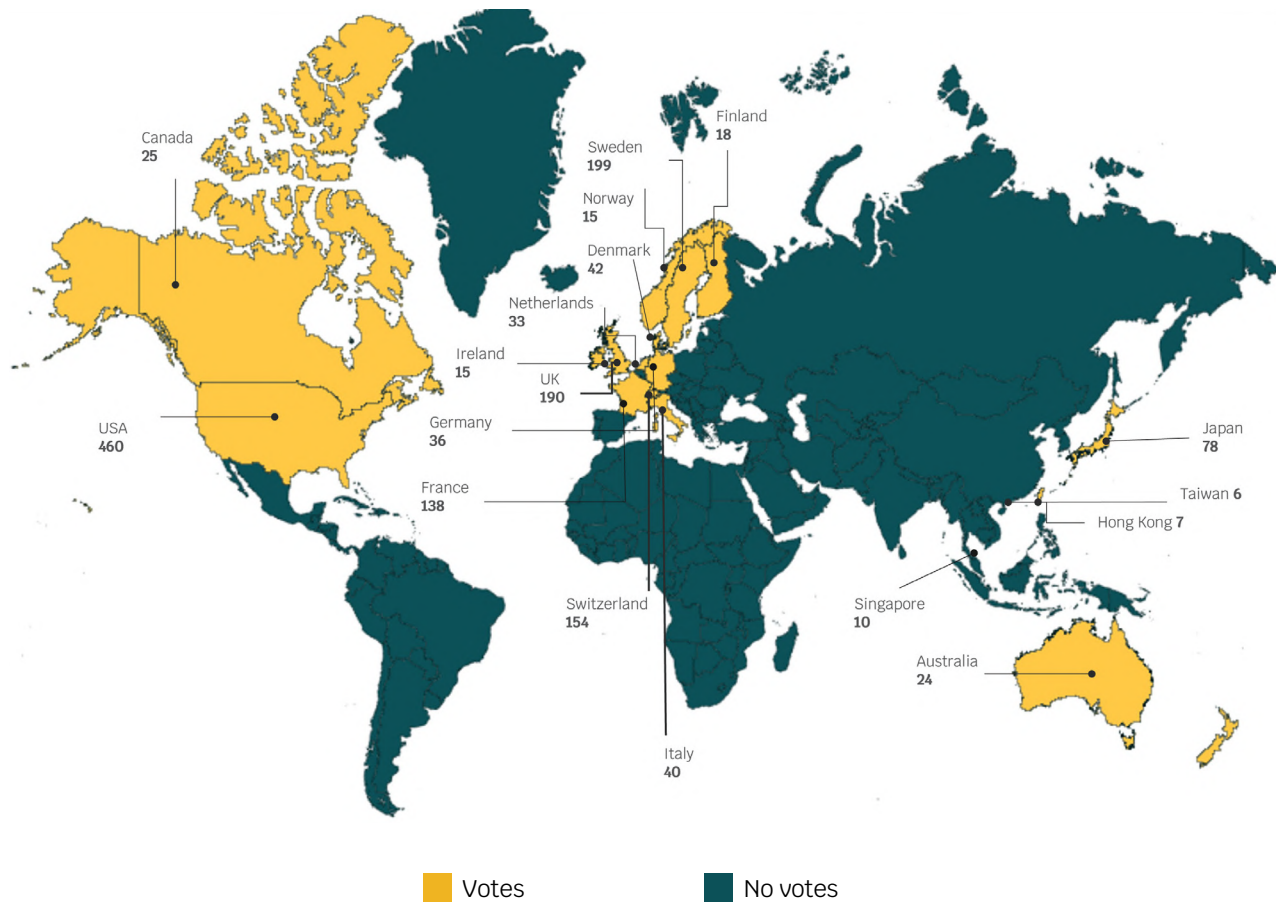
## VOTING SUMMARY



## VOTING DECISIONS



### VOTING BY REGION



## EXAMPLES SIGNIFICANT VOTES

Company	Meeting date	Proposal	Votes instructions	Rationale
Nordson Corporation	03/04/2025	Elect Director Jennifer A. Parmentier	Withhold	A WITHHOLD vote for the chair of the committee responsible for climate risk oversight, Jennifer Parmentier, is warranted for failing to adequately address the risks and opportunities of climate change
The Home Depot Inc.	22/05/2025	Elect Director Jeffery H. Boyd	Against	A vote AGAINST the incumbent chair of the committee responsible for climate risk oversight, Jeffery Boyd, is warranted because the company is not aligned with investor expectations on Net Zero by 2050 targets and commitments
		Disclose a Biodiversity Impact and Dependency	For	A vote FOR this proposal is warranted, as further disclosure would help shareholders assess how the company is managing related risks associated with deforestation and biodiversity loss as well as adequately track progress on these issues
		Report on Efforts to Reduce Plastic Use	For	A vote FOR this proposal is warranted, as further assessment of the company's circularity efforts would provide valuable insights and help the company mitigate associated risks.
Novo Nordisk	14/11/2025	Elect members of the Novo Nordisk foundation to replace all members of the current board	For	Following discussion, and having weighed ISS's recommendation against our own assessment, the Committee elected to revise the voting decision from "Abstain" to "For."

A full report disclosing our voting activity completed during the reporting period can be found on our [website](#).

The following examples demonstrate our Stewardship work in action. We have aligned these with the six principles of the 2026 Stewardship Code.

## Principle 1: Integrating stewardship and investment to deliver long-term sustainable value for our clients and beneficiaries

### STRENGTHENING VOTING OVERSIGHT AND STEWARDSHIP INTEGRATION\*

#### Case Study: Enhancing Stewardship Oversight Through Structured Pre-AGM Review

##### OVERVIEW

In 2025, we strengthened our stewardship framework by enhancing how voting decisions and company-level ESG risks are reviewed in advance of key decision points. This development builds on our commitment to ensure that all stewardship activities—including proxy voting—are aligned with the long-term interests of our clients.

##### ACTIVITY

We introduced a more structured and forward-looking approach to stewardship oversight, focused on improving visibility and consistency ahead of company meetings. Key enhancements included:

- Increased scrutiny of AGM and EGM agendas, alongside voting recommendations provided by our proxy voting adviser, Institutional Shareholder Services (ISS)
- Ensuring the Investment Committee (IC) has the opportunity to review and input on material voting decisions, particularly where ESG or climate-related risks are identified
- The formalisation of a pre-annual review stewardship assessment for every held stock, conducted ahead of the IC's annual review process

Each stewardship review provides a consistent, decision-useful summary, including:

- ESG-related research and any identified concerns or controversies
- Upcoming or recent shareholder meeting agendas, including highlighting significant or contentious votes
- Voting recommendations, with particular attention to climate and governance-related items
- Company-level climate data, including:
  - ▷ Carbon reduction targets (and whether these are validated by frameworks such as SBTi)
  - ▷ The existence and credibility of transition plans
  - ▷ Assessment of the company's emissions pathway
- Notes on past, ongoing, or potential engagements, aligned with our Net Zero objectives and climate reporting

To support consistency and accessibility, outputs from these reviews are consolidated into a centralised tracking tool, enabling efficient oversight across portfolios and facilitating comparison between holdings.

##### OUTCOMES

These enhancements have strengthened our stewardship approach in several ways:

- Improved integration of stewardship into investment decision-making, ensuring ESG and climate considerations are systematically reviewed ahead of key votes
- Greater consistency and transparency in how voting decisions are assessed and documented across portfolios
- Enhanced ability for the IC to identify material risks, prioritise engagement, and challenge voting recommendations where appropriate
- A more structured framework to link company-level data (e.g. emissions, targets) with stewardship actions, including voting and engagement

This approach also provides a scalable foundation for further development. In 2026, we plan to expand the scope of these reviews to include additional ESG metrics, such as third-party ESG ratings and other relevant data points, as determined by the Investment Committee.

Overall, this work represents a meaningful step in strengthening the governance, consistency, and effectiveness of our stewardship activities.

\*Refer to our [Proxy Voting and Engagement policy](#)

## Principle 2: Identifying and responding to market-wide and systemic risks to promote a well-functioning financial system

### MONITORING THE EVOLVING CLIMATE DISCLOSURE LANDSCAPE

#### OVERVIEW

Building on our 2024 engagement regarding the proposed SEC climate disclosure rules, 2025 was characterised by continued regulatory uncertainty in the United States alongside significant progress in other jurisdictions. While the SEC rules remained subject to legal challenge, developments across Europe, the UK and Asia Pacific regions reinforced a clear global direction of travel toward more standardised and decision-useful sustainability disclosures.

In Europe, implementation of the Corporate Sustainability Reporting Directive (CSRD) began to take effect, with companies starting to publish more detailed sustainability information. In parallel, the continued adoption of IFRS S1 and S2 across multiple jurisdictions, alongside the UK's development of Sustainability Disclosure Requirements (SDR), signalled increasing convergence toward globally consistent reporting standards. Several APAC markets also advanced ISSB-aligned frameworks, further strengthening expectations for comparable disclosures across global portfolios.

#### ACTIVITY

During 2025, we closely monitored these regulatory developments and assessed their implications for our portfolios and stewardship approach. This included:

- Reviewing company disclosures as new requirements began to take effect
- Assessing the extent to which existing voluntary reporting aligned with emerging mandatory standards
- Considering how changes in disclosure requirements may affect data quality, comparability, and investment decision-making

This monitoring formed part of our broader stewardship and investment process, supporting our understanding of how companies are positioned to respond to evolving regulatory expectations.

#### OUTCOMES

We observed a continued improvement in the structure and consistency of climate-related disclosures, particularly among companies already aligned with established voluntary frameworks. In some cases, disclosures became more detailed and more clearly integrated within annual reporting.

However, progress remained uneven across regions, reflecting differences in regulatory timing and requirements. In particular, ongoing uncertainty in the US contributed to a less consistent pace of change relative to Europe and other markets moving ahead with implementation.

Our understanding of the regulatory landscape has supported more informed assessment of climate-related risks and opportunities across portfolios. It has also reinforced the importance of globally consistent standards in enabling effective stewardship and investment analysis.

**As market-wide regulatory frameworks continue to evolve, we will maintain a watching brief, ensuring that our investment and stewardship processes remain responsive to any changes.**

## DEVELOPING CLIMATE POLICIES IN RESPONSE TO EVOLVING CLIENT AND MARKET EXPECTATIONS

In 2025, we enhanced our climate-related approach in response to both direct client feedback and broader shifts in market expectations regarding the role of asset managers in addressing systemic climate risk. A key focus was increasing transparency around our expectations of investee companies and demonstrating alignment between our climate ambitions and those of our clients.

We developed and published a dedicated Climate Policy. This policy sets out our expectations of companies in relation to climate change, including governance, risk management, and the adoption of credible transition strategies. It also formalises our approach to stewardship, clearly articulating how we engage with investee companies, escalate where necessary, and use voting to support improved climate outcomes. By making these expectations public, we aim to contribute to more consistent market standards and encourage improved corporate practices across sectors.

Separately, we were asked to evidence how our climate ambitions align with those of a key asset owner client. In response, we developed a Net Zero Implementation Transition Plan to demonstrate alignment with the client's own goals.

Together, these developments resulted in a more structured and measurable framework. Both documents clearly articulate how we measure, manage, and influence real economy decarbonisation across our global equity portfolios, reflecting our commitments to annual emissions measurement, enhanced stewardship escalation, and transparent reporting aligned with emerging IFRS Sustainability Disclosure Standards.

Our reporting and stewardship activities remained decision-useful for clients. Importantly, our proactive response and strengthened climate framework ensured that our Net Zero plan met the client's expectations. While several managers were removed from the client's investment programme following the 2025 review, our plan was assessed as sufficiently robust, and we were **retained as an investment manager**.

This outcome reflects the value of our disciplined stewardship approach: acting early, listening carefully to client expectations, and evolving our policies to reflect both regulatory developments and real-economy transition needs. As we enter the 2026 reporting cycle, these enhancements allow us to demonstrate clearer links between activities and outcomes—from engagement and policy development to concrete stewardship results that support a resilient, climate-aligned investment strategy.

You can read our [climate policy](#) on our website.

## STEWARDSHIP IN ACTION: PROACTIVE CLIENT COMMUNICATION DURING MARKET DISLOCATION

### OVERVIEW

The past year has been exceptionally challenging for both equity markets and investors. A sequence of overlapping macroeconomic, geopolitical and sector-specific developments have created heightened uncertainty and volatility. These included the emergence of DeepSeek, which raised questions around the sustainability of very high capital expenditure programmes at some of the world's largest companies; the escalating threat, announcement and eventual deployment of trade tariffs; and ongoing geopolitical instability, including conflict in the Middle East and the intensifying war in Ukraine.

At the same time, the race for leadership in artificial intelligence drove extraordinary levels of capital investment by hyperscalers, further polarising market outcomes and investor sentiment. Against this backdrop, clients sought clarity on how these developments affected both the broader market and the specific companies held within the portfolio.

### ACTION

In response, we significantly increased the depth and frequency of our client engagement with a focus on providing insight grounded in our underlying investment work.

This included a programme of webinars, one-to-one and group meetings, and enhanced written reporting. Across all formats, we focused on explaining how major macro and geopolitical events translated into company-level fundamentals, valuation assumptions and portfolio positioning.

A key element of this communication was analytical transparency. For example, we modelled projected capital expenditure requirements for businesses exposed to the AI investment cycle, identifying the revenue growth needed to justify those outlays and assessing the realistic sources of those revenues. We also discussed potential second-order effects of tariffs and supply-chain disruption, and how these risks were reflected in our investment decisions.

By grounding discussion in detailed, bottom-up analysis, we aimed to move conversations away from headlines and towards long-term business economics. Client engagement was an important part of this process. Questions and feedback helped shape the focus of our analysis and communication, ensuring that we addressed the issues most relevant to client concerns.

### OUTCOME

This proactive approach helped clients better understand both the challenges and opportunities within the portfolio during a period of significant uncertainty. Feedback indicated that clients valued the clarity around how complex global developments fed into our investment framework and decision-making.

Importantly, consistent communication reinforced confidence in our disciplined, research-led process at a time when markets were being driven by emotion and short-term narratives. While volatility remained elevated, clients were able to remain focused on long-term outcomes, supported by a clear understanding of portfolio exposures and the rationale behind them.

From an investment perspective, the work undertaken reinforced discipline in areas of the market where expectations were high, and ensured that risks linked to capital intensity, tariffs and supply chains were appropriately reflected in portfolio positioning. Overall, this case illustrates how proactive, insight-led communication can form an important part of stewardship activity—helping clients to understand not just what decisions are being made, but why.

As referred to under [disclosure D](#), our stewardship approach includes a strong focus on ensuring that clients understand how investment decisions are made, particularly during periods of market stress or heightened uncertainty. We prioritise communication that is grounded in our underlying research and that clearly links external developments to company-level fundamentals and portfolio positioning.

Where relevant, we increase the frequency and depth of engagement to reflect the complexity or materiality of the issues being considered.

## Case Study: LVMH – Strengthening Supply Chain Vigilance

This case study aligns with Principle 2, demonstrating how we identify and respond to systemic risks within complex supply chains, and how this informs our engagement and investment decisions.

### OVERVIEW

Early in 2024, reports emerged highlighting serious labour-practice concerns within the Italian luxury goods supply chain. These centred on unsafe working conditions and the employment of contract workers outside Italian labour law. As it became clear that Dior—one of LVMH’s major Maisons—had been exposed to such risks, we engaged with the company to understand the situation and evaluate the credibility of its response.

More broadly, we recognised that these issues were unlikely to be isolated to a single company. The structure of subcontracting within parts of the Italian luxury supply chain—particularly at lower tiers—presents inherent transparency challenges and creates conditions where poor labour practices can persist. This framed the issue as a systemic risk requiring ongoing scrutiny.

LVMH’s Supplier Code of Conduct places strong emphasis on fair pay, responsible working hours, safe environments, and the extension of these standards to all subcontracted suppliers. Given the financial importance of the Fashion & Leather Goods division, which generates around 70% of group EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation), addressing these risks was critical. Following our engagement, LVMH introduced significant reforms: a Group Director of the Vigilance Plan was appointed; updated supplier codes were re-issued requiring signatures across all tiers; audit responsibility was centralised under a dedicated vigilance team; and more than 3,000 on site audits were undertaken from mid-2024, heavily concentrated in Italy.

Despite these enhancements, in July 2025 Italian authorities placed Loro Piana under court-ordered supervision for one year after uncovering a serious breach within its supply chain. Investigators found that the production of high end cashmere jackets—retailing at over €3,000—had been outsourced to illegal, Chinese owned workshops near Milan. Workers were reportedly labouring up to 90 hours per week for as little as €4 an hour, with some sleeping on site due to exploitative conditions. The root of the breach lay in the use of intermediary “front firms” with no real production capacity, which channelled work to unauthorised workshops. Loro Piana stated it was unaware of these indirect subcontractors and terminated relationships with the involved suppliers within 24 hours of being informed by authorities.

This incident raised the central question for us: were these failures symptomatic of structural weaknesses that LVMH had yet to overcome, or evidence that expanding audit coverage was now surfacing abuses previously hidden deeper in the subcontracting chain?

### ACTIVITY

In response to the July 2025 findings, we immediately re-engaged with LVMH’s Investor Relations team to gain clarity and assess the robustness of the company’s controls. Our engagement focused on three key areas:

#### 1. Understanding the nature and origin of the breach.

LVMH outlined how post Covid migration trends had contributed to an increase in small, informal, often non compliant Chinese run workshops in parts of northern Italy. These dynamics—combined with the complexity of multi tier subcontracting—created an environment where unauthorised production could occur without the Maison’s direct knowledge.

#### 2. Evaluating the credibility of LVMH’s immediate and structural response.

We assessed both immediate actions—such as the rapid termination of supplier relationships—and broader structural improvements, including strengthened governance, expanded audit resources, and enhanced visibility across supplier tiers.

#### 3. Confirming whether the improvements following the Dior incident were being meaningfully applied.

We explored whether accountability mechanisms, expanded audits, and stricter subcontracting approval protocols were functioning as expected. LVMH provided examples of prior issues—such as earlier safety conformity findings at Loro Piana—being resolved within months, demonstrating that the updated controls were producing tangible remediation.

Our engagement was therefore not limited to the specifics of the incident but also aimed to understand how effectively LVMH’s controls could identify and manage risks inherent in a complex and fragmented supply chain.

## OUTCOMES

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Our engagement reaffirmed that LVMH is taking supply chain risks seriously and dedicating significant resources to strengthen oversight across its European manufacturing base. From an investor's perspective, the company's actions—enhanced governance structures, strengthened audit functions, fast termination of non compliant suppliers, and greater scrutiny across supplier tiers—represent meaningful progress in mitigating a difficult and highly localised set of risks.

From an investment perspective, this supported our view that LVMH remains investable, while warranting continued close monitoring. The company's response demonstrated an understanding of the operational and reputational risks involved, alongside a willingness to strengthen controls in response.

Importantly, we recognise that these risks are not unique to LVMH but are characteristic of certain parts of the luxury goods supply chain. We therefore continue to monitor developments in this area closely across relevant holdings, using insights from this engagement to inform our broader assessment of supply chain risk.

This case illustrates how we incorporate an **understanding of systemic risks** into our company-level analysis, and how this **informs both our engagement approach and investment decisions**.



## Principle 3: Engaging to maintain or enhance the value of assets

### FROM CLIMATE REPORTING TO TARGETED STEWARDSHIP

In 2025, we published our second TCFD-aligned Climate Report, further embedding climate considerations into our investment and stewardship approach. The report set out our Net Zero pathway and reinforced our expectation that all investee companies will have credible carbon reduction targets—supported by recognised frameworks such as SBTi or CDP—and accompanying transition plans by 2030.

The report also enhanced transparency around portfolio emissions and company-level data. As part of this analysis, we identified that **7 out of 59 holdings (12%) did not have publicly available data confirming carbon reduction pledges**, based on Bloomberg data. This gap provided a clear basis for prioritising stewardship activity.

#### ACTIVITY

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During 2025, we used this analysis to target our engagement efforts. Specifically, we:

- Prioritised companies without publicly disclosed carbon reduction targets or transition plans
- Conducted engagement with **the companies** identified as lacking such disclosures
- Undertook additional engagement with a **high carbon-emitting company**, recognising its disproportionate contribution to portfolio emissions
- Focused dialogue on encouraging the adoption of credible, validated Net Zero targets and the development of clear transition pathways
- Continued to monitor emissions data and disclosures to inform ongoing prioritisation

These activities reflect a targeted, data-led approach, focusing stewardship efforts where the potential impact on portfolio alignment is greatest.

#### OUTCOME

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This work has strengthened the integration of climate reporting into stewardship activity and improved our ability to direct engagement effectively. In particular:

- We established a **clear link between portfolio data and engagement prioritisation**, focusing on both disclosure gaps and emissions concentration
- Engagement was initiated with most companies lacking publicly available targets, supporting progress toward our 2030 objective
- Our approach ensures that **both laggards (no targets)** and **high emitters (highest impact)** are subject to appropriate stewardship focus

While these engagements are ongoing, this framework enhances our ability to track progress over time and to escalate where companies fail to make sufficient progress against expectations.

We will continue to engage with these companies, encouraging the adoption of validated targets and credible transition plans, and will monitor delivery against commitments—particularly for higher-emitting companies where the implications for portfolio alignment are most significant.

This demonstrates how the development of our Climate Policy combined with our annual Climate Reporting continues to shape and inform **targeted stewardship activity** aiming to **enhance the value of assets for our clients**.

## Case Study - SYSMEX

### Context and Stewardship Objective

Sysmex, a global leader in diagnostic equipment, experienced share price weakness during the reporting period, driven by regulatory pressure in China affecting pricing and near-term earnings expectations. This led to market concerns regarding growth sustainability. We assessed these challenges to be temporary and not reflective of the strength of the wider business, which continues to benefit from a strong balance sheet and structural growth opportunities.

In line with Principle 3, our engagement was undertaken with the objective of maintaining and enhancing the long-term value of the asset by addressing what we believe to be a market undervaluation.

### Engagement Activity

We engaged with the Chair of the Board on capital allocation, proposing that the company consider a meaningful share buyback.

Our rationale was that:

- The company's net cash position provides capacity to return capital efficiently
- Repurchasing shares at depressed valuation levels represents a value-accretive use of capital
- A buyback could help stabilise market sentiment during a period of externally driven earnings pressure

Through this engagement, we sought to encourage actions that would support valuation, improve capital efficiency, and reinforce investor confidence, thereby directly contributing to value preservation and enhancement.

### Outcome and Evidence of Progress

The company responded positively, confirming that capital return options—including share buybacks—are under active consideration by the Board.

As a result of our engagement:

- Capital allocation has been elevated as a key Board-level topic
- In early 2026 the Sysmex Board announced that a buyback would be implemented

### Assessment of Effectiveness

This engagement reflects our commitment to Principle 3 by proactively identifying a valuation dislocation and engaging to address it. The final outcome demonstrates the Board responsiveness and has **enhanced the value of the asset over time.**

## Principle 4: Actively exercising our rights and responsibilities

### TARGETED ENGAGEMENT ON ESG CONTROVERSIES AND CLIMATE RISK – THE HOME DEPOT, INC.

#### KEY STEWARDSHIP THEMES

- ESG controversies (supply chain and deforestation risk)
- Climate risk oversight and transition alignment
- Board accountability and governance
- Investment decision making

#### CONTEXT AND RISKS IDENTIFIED

The Home Depot was identified as a high risk holding from a stewardship perspective. Notably, the company was flagged by the Climate Action 100+ investor coalition as one of the world's largest corporate greenhouse gas emitters, misaligning with investor expectations and commitments for Net Zero by 2050.

In addition, ISS ESG research (April 2025) highlighted moderate to severe ESG controversies, including allegations that The Home Depot's supply chain was linked to deforestation in Indonesia, via a supplier (Solaris) reportedly sourcing from Asia Pulp & Paper Sinar Mas, an entity associated with historical forest and peatland destruction.

These issues raised concerns around:

- Climate transition risk, given the company's emissions profile and lack of alignment with Net Zero expectations
- Nature-related and supply chain risk, particularly deforestation exposure and supplier due diligence; and
- Governance and oversight, including the adequacy of board level accountability for climate and ESG risks

In line with **Principle 4**, our objective was to **actively exercise our shareholder rights to hold the company accountable, improve risk management, and protect long-term value.**

#### STEWARDSHIP ACTIVITY

Engagement with The Home Depot intensified during 2025 and was explicitly targeted at material ESG controversies and climate risk oversight.

Key stewardship actions included:

- Voting against the re-election of the director responsible for climate risk oversight, reflecting concerns around Board accountability
- Support for shareholder proposals requesting:
  - ▷ A biodiversity impact and dependency assessment across the full value chain; and
  - ▷ Improved disclosure on packaging circularity and plastic reduction, to better assess regulatory and environmental risk exposure
- Direct written engagement with the company in June 2025, raising concerns regarding:
  - ▷ Climate risk governance and Net Zero alignment
  - ▷ Deforestation allegations linked to the supply chain
  - ▷ The adequacy of supplier due diligence and remediation processes; and
  - ▷ Requests for greater transparency, including access to the company's Net Zero transition plan and TCFD reporting

The company responded to the engagement in early July 2025, and a follow up request for additional information was subsequently issued.

## ASSESSMENT AND OUTCOME

While engagement remained constructive, the response did not sufficiently mitigate concerns around:

- The credibility and ambition of the company's climate transition pathway
- Ongoing exposure to severe ESG controversies, particularly deforestation-related supply-chain risks; and
- The effectiveness of governance and oversight mechanisms in managing these risks

These stewardship considerations were assessed alongside broader investment fundamentals, including weakening earnings momentum, valuation concerns, and deteriorating outlook signals identified in internal analysis during 2025.

As a result, and **reflecting the cumulative assessment of ESG risks, climate risk exposure, governance concerns, and financial fundamentals, the decision was taken to sell The Home Depot from all portfolios in July 2025.**

This case illustrates how targeted engagement on ESG controversies and climate risk forms an integral part of our investment decision-making process. Where engagement does not lead to sufficient progress, and risks remain material, stewardship outcomes may include capital reallocation.

The experience reinforced the importance of:

- Linking climate and nature-related risks to board accountability;
- Escalating engagement through voting and direct dialogue; and
- Taking decisive action where risks are judged to be structural and inadequately managed

## Case Study: Novo Nordisk – A Pragmatic Investor Response To A Governance Structure Change

### OVERVIEW

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In October 2025, Novo Nordisk announced it would convene an Extraordinary General Meeting (EGM) to elect a new Board of Directors after failing to reach agreement with the Novo Nordisk Foundation on the future composition of the Board. The Board had aimed for a measured renewal focused on adding new competencies while maintaining continuity, whereas the Foundation — controlling a majority of voting rights — sought a more extensive overhaul. As a result, all independent, non employee elected Board members, including the Chair and Vice Chair, will step down on 14 November 2025 and be replaced by candidates aligned with the Foundation’s preferences.

The Foundation’s rationale centred on concerns that the existing Board had been too slow in responding to shifting market dynamics, particularly in the United States — an assessment with which we agree. However, the proposed incoming Board members were identified primarily as “friends of the Foundation,” with limited public disclosure regarding their specific competencies. Gender diversity among the proposed nominees was also below expectations. This development unfolded in parallel with ongoing consumer protection controversies linked to side effects of Novo Nordisk’s obesity drugs, adding complexity to the governance backdrop.

### ACTION

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Initially, the recommendation from ISS was to abstain from voting at the EGM due to insufficient disclosure around both the rationale for the overhaul and the qualifications of the proposed new directors. Our Committee reviewed this guidance and held its own discussion regarding the governance implications of a full Board reconfiguration driven by the controlling Foundation.

We considered three important factors:

#### 1. Clarity of the Foundation’s intentions

While disclosure was limited, the Foundation’s concerns regarding strategic responsiveness — particularly in the U.S. market — were credible and broadly aligned with our own observations.

#### 2. Continuity vs. stability of governance

Although the loss of all independent directors represents a significant shift, the Board’s resolution to call an EGM proactively, rather than allow ongoing uncertainty, helped provide governance clarity.

#### 3. Shareholder alignment

Given the Foundation’s majority voting power, its preferred candidates were likely to be elected regardless of minority shareholder positioning. Supporting the resolution therefore avoided unnecessary friction without materially affecting governance outcomes.

Following discussion, and having weighed ISS’s recommendation against our own assessment, **the Committee elected to revise the voting decision from “Abstain” to “For”.**

### OUTCOME

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Our final position reflects a pragmatic investor response to a governance structure dominated by a controlling foundation. While the lack of transparency around individual Board nominees and the disappointing gender diversity remain concerns, we acknowledge that the Foundation’s strategic expectations are valid and that the proposed changes are consistent with its rights as majority owner.

Supporting the reconstituted Board provides stability at a critical juncture for the company, particularly given heightened scrutiny around its obesity drug portfolio. As long term investors, we will continue monitoring how the new Board strengthens its competencies, responds to U.S. market dynamics, and oversees the company’s handling of ongoing ESG and consumer protection issues.

## Case Study: Steadfast – Using Our Access And Influence To Scrutinise Company Behaviour And Governance Practices

### CONTEXT AND STEWARDSHIP OBJECTIVE

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During 2025, Steadfast became subject to a workplace complaint involving its CEO, triggering an internal investigation. The subsequent departure of the complainant raised potential concerns regarding organisational culture, employee protection mechanisms, and broader reputational risk.

In line with **Principle 4**, we sought to **actively exercise our rights and responsibilities as a shareholder** to ensure appropriate governance oversight, transparency, and accountability in the handling of this issue, recognising the potential implications for long-term value.

### ENGAGEMENT ACTIVITY

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We initiated engagement with Steadfast through written correspondence, followed by a direct discussion with the Head of Investor Relations.

Our engagement focused on:

- Assessing the independence and robustness of the investigation process
- Evaluating the effectiveness of whistleblowing procedures and employee protections
- Seeking clarity on the sequence of events and Board oversight of the issue

We explicitly communicated our expectation for **high standards of transparency and governance**, and provided feedback where disclosure was insufficient—particularly regarding the timeline and handling of the complaint.

This approach reflects our responsibility to **hold companies to account and seek improved disclosure where risks are identified**.

### OUTCOME AND EVIDENCE OF ACTION

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Through our engagement:

- The company confirmed that the investigation was externally led and initiated by the Board, providing some assurance regarding independence
- We obtained additional insight into internal processes, including whistleblowing mechanisms and employee engagement monitoring
- We formally challenged the level of disclosure, reinforcing expectations for greater transparency

These actions demonstrate our willingness to **use our access and influence to scrutinise company behaviour and governance practices**.

### ONGOING STEWARDSHIP AND MONITORING

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We continue to hold Steadfast in selected portfolios and maintain active oversight of developments.

Our ongoing stewardship will focus on:

- Monitoring any further disclosures or governance actions arising from the investigation
- Assessing whether the company strengthens transparency and accountability practices
- Evaluating any implications for culture, reputation, and stakeholder trust

Where appropriate, we will consider escalation of our engagement, including further direct dialogue or use of voting rights, should concerns persist.

### ASSESSMENT OF EFFECTIVENESS

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This engagement illustrates our application of Principle 4 by actively seeking information, challenging company responses, and reinforcing expectations of good governance. While the company provided some reassurance, continued monitoring and potential escalation remain important to ensure that shareholder rights are effectively exercised and risks are appropriately managed.

## CONFLICTS OF INTEREST IN STEWARDSHIP ACTIVITIES

We recognise that conflicts of interest may arise in the course of our stewardship activities, particularly where we act on behalf of multiple clients with differing objectives, priorities, or regulatory constraints. While we have not identified any material conflicts during the reporting period, we maintain robust processes to identify, manage, and mitigate potential conflicts to ensure fair and consistent client outcomes.

### ACTIVITIES

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#### Managing differing client priorities:

We engage with a diverse client base, which may include varying expectations on stewardship topics such as climate transition, ESG integration, and engagement intensity. We ensure that stewardship activities are undertaken in a manner that is consistent with our investment philosophy, while remaining aligned with individual client mandates and preferences.

#### Consistent and impartial stewardship approach:

Our engagement and voting activities are conducted on a pooled basis where appropriate, supported by internal governance frameworks designed to prevent the preferential treatment of any individual client or group of clients.

#### Client dialogue and transparency:

We maintain ongoing dialogue with clients to understand evolving stewardship priorities, including areas of sensitivity such as exposure to sectors with differing societal perspectives (e.g. defence-related holdings). These discussions inform our approach while ensuring decisions remain grounded in our fiduciary responsibilities.

#### Case-specific consideration of sensitive holdings:

During the period, discussions with certain clients in relation to holdings with potential ethical sensitivities (for example, defence-related companies) provided additional insight into client perspectives. These interactions supported our understanding of differing client positions and informed how we communicate and contextualise such exposures within portfolios.

#### Policy framework and oversight:

Conflicts of interest are managed in line with our internal policies and governance structures, including oversight by relevant committees to ensure stewardship decisions remain objective, consistent, and in clients' best interests.

### OUTCOMES

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- Stewardship activities are delivered in a manner that ensure **equitable treatment of clients**, with no evidence of preferential engagement or voting outcomes
- Enhanced **understanding of client-specific stewardship priorities**, particularly in relation to climate ambition and sector sensitivities, supports more informed and transparent engagement
- Strengthened **client relationships and trust** through proactive communication on potentially sensitive areas, including defence-related exposures
- Continued alignment between **Dundas' stewardship approach and client mandates**, ensuring that differing client expectations were appropriately considered without compromising investment integrity or consistency

## Principle 5: Integrating stewardship considerations into our selection and oversight of external managers.

We manage assets on behalf of our clients internally – we do not appoint external managers.

## Principle 6: Monitoring and holding to account stewardship service providers

### OVERSIGHT OF PROXY ADVISORS (ISS)

We utilise proxy research and voting recommendations from Institutional Shareholder Services (ISS) as an input to support our stewardship and voting activities. ISS is one of a number of information sources used to inform our decision-making.

#### ACTIVITIES

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##### Use of ISS research and policy framework:

ISS research is underpinned by publicly available voting guidelines, which are subject to regular review and incorporate feedback from a range of market participants. We consider these guidelines, alongside ISS research outputs and any subsequent updates or alerts, as part of our broader assessment of voting matters. ISS is periodically reviewed as part of our broader service provider framework.

##### Supplementary input and independent judgement:

ISS research is not determinative of our voting decisions. We retain full discretion and consider additional internal analysis, company disclosures, and, where relevant, direct engagement with issuers. Where appropriate, we may deviate from ISS recommendations to ensure alignment with our investment approach and client mandates.

##### Understanding of provider processes and market practice:

We are aware that ISS maintains processes to support the accuracy and integrity of its research, including engagement channels for issuers and external assurance such as SOC1 Type II reporting. These form part of our general understanding of market practice in the provision of proxy research services.

#### OUTCOMES

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- Voting decisions are informed by **multiple inputs**, supporting balanced and considered stewardship outcomes
- Maintained **independence in voting**, ensuring that proxy advisor recommendations do not unduly influence decision-making
- Continued alignment of voting activity with **Dundas' investment philosophy and client mandates**
- Appropriate reliance on **established market providers**, without over-dependence on third-party recommendations

## BLOOMBERG PORT ENTERPRISE – MONITORING AND OVERSIGHT OF A STEWARDSHIP SERVICE PROVIDER

During the year, we implemented Bloomberg PORT Enterprise to enhance portfolio analytics and performance reporting. While the project improved efficiency, a key focus was ensuring robust oversight of Bloomberg to confirm outputs met our operational and stewardship standards.

The implementation was delivered through structured collaboration with Bloomberg, including clear specification of reporting requirements, workflow expectations, and validation standards. We maintained active oversight through regular check-ins, joint planning sessions, and progress tracking to ensure timelines, technical requirements, and quality controls were adhered to.

We developed a suite of standardised template reports within Bloomberg's PREP environment, to ensure consistency and efficient reuse. We also configured monthly and quarterly batch workflows using the Job Manager, enabling automated data outputs, thereby reducing manual intervention.

Comprehensive data validation and user testing were carried out to ensure accuracy and operational resilience. Where issues were identified, we worked with Bloomberg to resolve them prior to rollout. Training and knowledge transfer were prioritised to embed operational understanding across our teams.

The result was a successful, firm-wide implementation of Bloomberg PORT Enterprise, delivering accurate, scalable, and repeatable reporting workflows, reducing manual intervention and strengthening the reliability of portfolio analytics used in client reporting.

This case demonstrates our active oversight of stewardship service providers, ensuring they meet our standards and support informed investment and stewardship decisions.

## CYBER SECURITY AND VENDOR MANAGEMENT

As part of our Vendor Management programme, Dundas Partners LLP actively monitors service providers to ensure the delivery of high-quality, secure, and efficient services, in line with Principle 6. This oversight helps safeguard operational integrity, data security, and governance standards.

During 2025, key activities included:

**Cyber Security Oversight:** Dundas undergoes annual Cyber Essentials testing, a UK Government-approved standard. We changed our IASME-registered testing consultant last year to improve efficiency and reduce costs. This year, we continued the relationship and monitored testing procedures, ensuring that cybersecurity controls remained robust and aligned with our standards. Dundas successfully passed the Cyber Essentials Basic test and was tested for Cyber Essentials Plus, providing additional assurance of our technical controls.

**Operating Model and Infrastructure:** As part of a multi-year Operating Model refresh, we monitored external providers supporting the migration of all business files to Microsoft SharePoint. This included validating secure access, version control, and process centralisation. Oversight ensured providers delivered services according to agreed operational and security standards, enabling accurate risk management and efficient business operations.

**Sunsetting Legacy Infrastructure:** We oversaw the decommissioning of legacy systems and deployment of Microsoft Entra, Intune, and Windows Hello for Business, confirming that providers implemented security features such as passwordless authentication effectively.

**Supplier Due Diligence:** Two providers were reviewed through our Compliance and Audit Committee, confirming no additional risks and demonstrating how structured oversight informs governance decisions.

**AI Governance and Secure Adoption:** Rolled out Microsoft Copilot across the firm within a controlled environment, supported by an updated Acceptable Use Policy, staff training, and leadership oversight. This enabled secure, efficient use of AI for document analysis, reporting support, and data extraction, while strengthening controls around data security, accuracy, and environmental impact.

### OUTCOME:

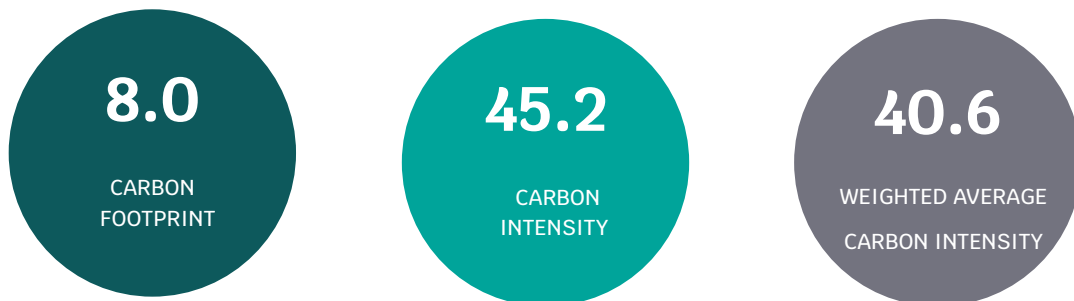
These activities ensured providers delivered reliable, secure, and operationally sound services. Active monitoring reinforced accountability, strengthened controls, and supported the integrity of our systems, demonstrating Dundas' commitment to holding stewardship service providers to account.

## CARBON METRICS

We report quarterly. The climate-related risk metrics for our flagship global equity strategy are detailed below.

### METRICS FOR GLOBAL STRATEGY\*

To effectively assess and track the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face over time, we report on the following metrics at a portfolio level in our quarterly client reporting.



- t CO<sub>2</sub>e/\$M Invested – Normalised measure of a portfolio's contribution to climate change.
- t CO<sub>2</sub>e/\$M Sales – The ratio of portfolio carbon emissions normalised by sales.
- Weighted Average Carbon Intensity – The sum product of each company's Carbon Intensity and portfolio weight.

\*Source: MSCI. Data as at 31 December 2025. Certain information ©2023 MSCI ESG Research LLC. Reproduced with permission.

### DUNDAS OPERATIONS AND NET ZERO

We are committed to Net Zero for the portfolios we manage and our business operations by 2050.

You can read more about this and our journey and pathway to get to Net Zero in our most recent climate report (aligned with the Task force for Climate-related Financial Disclosure' -TCFD) on our [website](#).

As part of this commitment, we will update our [carbon footprint](#) and publish this annually.

The table below shows our carbon emissions for each Scope across our operations between April 2022 -March 2025:

### MONITORING OUR CARBON FOOTPRINT

Using the industry recognised, GHG (greenhouse gas) protocol Corporate Standard alongside the UK Government's Conversion Factors, we have been tracking our own operational (Scope 1, 2 and relevant scope 3) greenhouse gas emissions since April 2022.

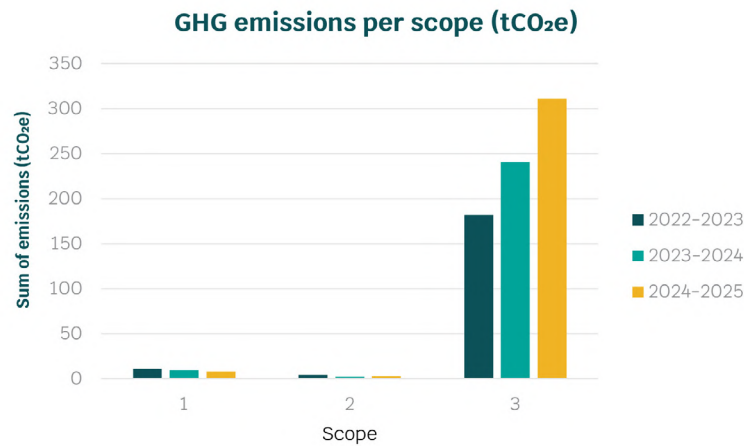
The table below shows our carbon emissions for each scope across our operations between April 2022 -March 2025:

Scope	2022 - 2023 Sum of emissions in tCO <sub>2</sub> e*	2023 - 2024 Sum of emissions in tCO <sub>2</sub> e*	2024 - 2025 Sum of emissions in tCO <sub>2</sub> e*	Percentage change since base year
1	11.22	9.62	8.42	-24.95%
2	4.32	2.52	2.72	-37.04%
3	182.12**	240.83**	311.21	+70.88%
<b>Total</b>	<b>197.66</b>	<b>252.97</b>	<b>322.35</b>	

Source: Dundas Partners LLP

\*tCO<sub>2</sub>e = Tonnes of Carbon Dioxide Equivalent

\*\*We have recalculated and re-stated our 2022-2023 and 2023-2024 Scope 3 emissions to allow for more meaningful comparisons in the future.



Source: Dundas Partners LLP

During the 2024-2025 reporting period:

- Operational Emissions (for Scope 1, 2 and relevant Scope 3) totalled: **322.35 tCO<sub>2</sub>e**
- Scope 1 and 2 Operational Emissions equate to **0.74 tCO<sub>2</sub>e per employee**

Since our baseline report, we have seen **a drop in Scope 1 emissions of: 24.95%** and a drop in our **Scope 2 emissions of: 37.04%**.

We reduced operational emissions by implementing stronger energy management within our office. We made better use of heating controls, encouraged active behaviour amongst staff to ensure lights & monitors were switched off when not in use and ensured curtains and shutters were used for the evenings during the colder months – retaining the heat within the building. Our office is a leased, listed Georgian townhouse in the historic New Town area of Edinburgh, so we are somewhat restricted in pursuing other larger changes that may reduce our Scope 1 & 2 carbon emissions further.

By contrast, we have seen an **increase** in our **Scope 3** data. Having **increased by 70.88%** since our baseline year, this is in part due to increasingly accurate data collection (where some categories have moved from a per spend basis to a more accurate actual carbon emissions basis) increased vendor costs and increased business travel over the period.

Whilst many of our emissions are beyond our direct control, we continue to monitor and identify opportunities to reduce our emissions where we can, working with our suppliers and clients in particular to reduce our emissions through our purchased goods and services and business travel categories.

## OPERATIONAL ESG AND RESOURCE MANAGEMENT INITIATIVES

In addition to the emissions captured within our operational carbon footprint, we implement a range of environmental, social and governance (ESG) and workplace resource management initiatives. While these activities are not currently quantified within our carbon accounting boundary, they contribute meaningfully to our broader objective of reducing environmental impact and promoting responsible operational practices.

### Key initiatives include:

#### Waste segregation and recycling:

Comprehensive recycling practices are in place across the office, covering IT equipment, confidential waste, paper, cardboard, plastics, and aluminium.

#### Sustainable procurement – hygiene products:

We prioritise suppliers that demonstrate strong environmental and social credentials. This includes, toilet paper, kitchen rolls, and tissues made from recycled materials or bamboo, packaged without plastic, and, where possible, supporting organisations that reinvest profits into environmental or social causes.

#### Low-impact consumables:

Cleaning consumables such as dishwashing products are selected based on criteria including reduced plastic use, absence of unnecessary chemicals, cruelty-free production, and overall environmental performance.

#### Reduction of single-use plastics:

Handwash and similar consumables are procured in bulk to minimise packaging waste, with a preference for local or small-scale suppliers where feasible.

#### Responsible catering partnerships:

We engage a limited number of preferred catering providers, prioritising small, local businesses, including social enterprises. We source locally produced organic milk delivered in glass bottles. These initiatives, support community value and reduce supply chain impacts.

#### Water-efficient facilities management:

Outdoor cleaning practices utilise non-toxic, biodegradable products that reduce water consumption compared to traditional pressure-washing methods, while also minimising infrastructure damage.

#### Environmentally preferable cleaning products:

Office cleaning materials are selected based on plant-based formulations and reduced environmental toxicity, supporting safer use and lower ecological impact.



## LOCAL COLLABORATION, COMMUNITY ENGAGEMENT AND TALENT

We continue to engage with local organisations and initiatives to support knowledge-sharing, community wellbeing, and long-term talent development within our operating environment and the wider financial services industry.

### Key initiatives include:

#### Waste segregation and recycling:

Industry collaboration and knowledge-sharing:

We regularly organise and host compliance forums with peer organisations to share regulatory updates and industry best practice, supporting improved standards and transparency across the sector.

#### Charitable partnerships and volunteering:

We have a long-standing relationship with Edinburgh Children's Hospital Charity and, from 2026, will formalise this as an official partnership. This will include structured employee volunteering and fundraising initiatives, enabling practical support for patients, families, and hospital staff.

#### Community health and safety contribution:

We funded and installed a publicly accessible defibrillator to support emergency response within the local area. This initiative enhances community resilience by improving access to potentially life-saving equipment.

#### Local business engagement:

We remain an active member of the Edinburgh Chamber of Commerce, making use of its training, networking, and advisory services to support organisational development and local economic participation.

#### Student development and early careers engagement:

We have supported the Saltire Scholar Programme, Entrepreneurial Scotland's flagship initiative designed to identify and develop future business leaders. The programme connects high-potential undergraduate students from Scottish universities with global internship opportunities. Dundas has hosted interns through this programme on several occasions and will continue to participate where suitable opportunities arise, contributing to the development of emerging talent.

#### Promoting diversity in investment management:

We are a member of Future Asset, a charity focused on encouraging girls across Scotland to consider careers in investment management. Through industry engagement with schools, educators, and students, the initiative aims to broaden awareness of the sector and improve diversity within the talent pipeline. During 2026, we will engage further with Future Asset to assess how we can expand our support, with the objective of enabling greater access to career opportunities and contributing to improved gender diversity across the industry.



## CLOSING STATEMENT

This report aims to enhance the understanding, transparency and deepen understanding of our ongoing stewardship activities and demonstrating how we preserve and grow the value of our clients' assets through long-term engagement.

Over the past year, we have strengthened our stewardship approach by refining our proxy voting guidelines and by broadening the scope and depth of our company engagements.

Whilst challenges remain, we are encouraged by the progress we are seeing in how our investee companies report, and capture data. This is crucial in setting both interim and long-term Net Zero targets and it enables us to better focus our engagements and stewardship efforts .

We hope this report provides a clear view of our responsible investment approach at Dundas and the actions we have taken on behalf of our clients during 2025. We look forward to updating you on our progress during 2026.

Should you wish to learn more in the meantime, please contact our Stewardship team:

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## STEWARDSHIP TEAM



Natasha Hayward



David Keir

**Dundas Global Investors. Investing with you.**

## APPENDIX

### INVESTMENT PERFORMANCE

An ongoing measure of our stewardship is the investment performance of our composites. Performance is reviewed on a quarterly basis by the Investment Committee, forming part of our internal assurance of effective stewardship of client assets. As at 31 December 2025:

#### DUNDAS GLOBAL EQUITY GROWTH COMPOSITE\* VS. MSCI ACWI BENCHMARK

Period	Composite gross of fees return (%)	Composite net of fees return (%)	Benchmark return (%)
1 year	12.6	12.0	22.3
3-year annualised	14.2	13.6	20.70
3-year annualised	7.8	7.2	11.2
10-year annualised	11.5	11.0	11.7

\*Composite inception 1 September 2012.

All data in US dollars as at 31 December 2025.

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1. Dundas Global Investors claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein.
2. The firm's GIPS compliant performance information is available by contacting [performance@dundasglobal.com](mailto:performance@dundasglobal.com)
3. For the purposes of GIPS the Firm is defined as an independent investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority. Dundas Global Investors manage equity portfolios on behalf of institutional investors, with total assets under management of US\$2.4 billion as at 31 December 2025.
4. The Dundas Global Equity Growth Composite includes all fee-paying, fully discretionary accounts which invest in global equities with the goal of delivering long term capital and dividend growth. A typical portfolio will consist of between 50 – 65 companies with a market capitalisation greater than \$2bn, which demonstrate sustainable cash generation that can fund both business expansion and dividend increases.
5. The benchmark for the composite is the MSCI All Country World Index. The MSCI ACWI captures large and mid-cap representation across 23 Developed Market and 24 Emerging Market countries. With around 2,500 constituents, the index covers approximately 85% of the global investable equity opportunity set. Benchmark performance is presented after the deduction of withholding taxes.
6. The composite prohibits the use of leverage, derivatives or short positions.

## DUNDAS INTERNATIONAL EQUITY GROWTH COMPOSITE\* VS. MSCI EAFE + CANADA BENCHMARK

Period	Composite gross of fees return (%)	Composite net of fees return (%)	Benchmark return (%)
1 year	11.3	10.8	31.9
3-year annualised	10.2	9.8	17.6
3-year annualised	3.6	3.2	9.5
10-year annualised*	8.1	7.7	8.9

\*Composite inception 1 June 2016.

All data in US dollars as at 31 December 2025.

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2. The firm's GIPS compliant performance information is available by contacting [performance@dundasglobal.com](mailto:performance@dundasglobal.com).

3. For the purposes of GIPS the Firm is defined as an independent investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority. Dundas Global Investors manage equity portfolios on behalf of institutional investors, with total assets under management of US\$2.4 billion as at 31 December 2025.

4. The Dundas International Equity Growth Composite includes all fee-paying, fully discretionary accounts which invest in international equities with the goal of delivering long term capital and dividend growth. A typical portfolio will consist of approximately 35 – 50 companies with a market capitalisation greater than \$2bn, which demonstrate sustainable cash generation that can fund both business expansion and dividend increases.

5. The benchmark for the composite is the MSCI EAFE + Canada Index. The MSCI EAFE + Canada Index is an equity index which captures large and mid-cap representation across Developed Markets countries around the world including Canada. With around 800 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country. Benchmark performance is presented after the deduction of withholding taxes.

6. The composite prohibits the use of leverage, derivatives or short positions.

## OUR STEWARDSHIP DOCUMENTS

The links to our Stewardship related documents/policies (referred to throughout this document) can be found on our website.

We have also listed them separately below:

- ▷ [Climate Report \(2024\)](#)
- ▷ [PRI - Public Transparency Report](#)
- ▷ [Proxy Voting Summary](#)
- ▷ [Proxy Voting and Engagement Policy](#)
- ▷ [Conflict of Interest Policy](#)
- ▷ [Responsible Investment Policy](#)
- ▷ [Modern Slavery Code of Conduct](#)
- ▷ [Climate Policy](#)
- ▷ [Monitoring our Carbon Footprint](#)

## DISCLAIMERS

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Dundas Partners LLP provides investment management services to clients in the UK, USA, Australia, and New Zealand. In this communication Dundas Partners LLP may be referred to as DGI, Dundas or Dundas Global Investors.

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In relation to FCA handbook ESG 4.3, Dundas does not market any product as a 'sustainability product'. Use of any sustainability related terms in describing the characteristics of the strategy, or inclusion of any third party information which measures sustainability of our portfolios are for information purposes only.

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## SUSTAINABILITY DISCLOSURE

**Sustainability label.** The Financial Conduct Authority (FCA) has issued standards governing the use of sustainability vocabulary in the promotion and description of fund and asset management services. Funds may adopt one of four FCA labels describing their approach, or they may opt not to have a label. For reasons discussed below, Dundas has decided for the present to operate without a label for its two UK domiciled funds – Heriot Global and Heriot Global Smaller Companies.

Dundas makes investment decisions in large part based upon audited annual reports which in recent years have expanded to address wider sustainability matters. Disclosure on CO<sub>2</sub> emissions and sustainability has improved but remains incomplete, inconsistent, and heavily reliant on estimation. In response, IFRS Sustainability accounting standards were issued in 2023 (now out for adoption across the world outside the USA, where GAAP standards are moving in the same direction). Dundas welcomes the new standards. They are thorough, stringent and, when fully adopted, will raise and level the playing field for corporate sustainability reporting.

We will reevaluate the appropriateness of adopting a label once our analysis of improved sustainability reporting is complete.

**Sustainability Goal:** to invest in companies with long-term growth potential that are simultaneously becoming more environmentally and socially sustainable. Progress will be measured largely via reporting under the new IFRS Sustainability standards. Dundas believes that companies which shoulder these responsibilities and communicate effectively will gain competitive advantage which is why we advocate for sustainable practices by those we invest in.

**Investment Policy and Strategy:** Dundas invests in global equities for dividend and capital growth with an investment horizon of five years or more. Sustained dividend growth is produced by well managed companies that respect all their stakeholders' interests. As a result, we believe that these companies will meet our clients' long term investment needs.

### Stocks we decline to own on principle:

- ▷ Companies whose principal activity is the manufacture, production, or distribution of tobacco,
- ▷ Manufacture of cluster bombs or similar anti-personnel weapons,
- ▷ Corporate structures that deny investors title to the underlying operating business assets, such as Variable Interest Entities;
- ▷ State-owned or controlled companies where minority shareholders' interests are not respected.
- ▷ Companies whose principal activity is thermal coal mining or its use in power generation

**Relevant Metrics:** Dundas monitors the progress of the businesses it invests in on behalf of clients against metrics such as: carbon footprint, carbon intensity, weighted average carbon intensity (all for Scope 1 and 2 emission), MSCI ESG ratings, board independence, workforce pay & conditions, employee turnover, productivity. We rely upon MSCI and Bloomberg reports whose accuracy will improve as IFRS Sustainability standards are applied.

Progress on these metrics will be covered in our annual Stewardship Report and TCFD/Climate Report document along with discussion on quality and availability of data from audited sources.

**Resources and Governance:** The firm's Investment Committee is responsible for all aspects of its investment activities, including sustainable investment policy. Within the investment committee, a partner has lead responsibility for Stewardship, supported by other team members.

**Voting / associations:** Dundas' investor contribution includes voting all proxies aided by a proxy advisor. Its PRI report is available on the firm's website. The firm's Stewardship Report sets out how it upholds the UK Stewardship Code and the EU's Shareholder Rights Directive II.

**Lexicon:** The FCA's labels tighten up how the word 'sustainable' can be used in fund marketing. Whilst agreeing that greenwashing needed to be confronted, Dundas may use 'sustained' in reports and communications in its plain English sense of 'something continuing into the future'. We'll take care not to use it inappropriately.

Accessing other relevant information: other disclosures can be found on the Dundas website ([www.dundasglobal.com](http://www.dundasglobal.com)).

Further information can be found in the Consumer Facing Disclosures for the [Heriot Global](#) and [Heriot Global Smaller Companies Fund](#).



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