

Climate Policy

As responsible stewards of our client's assets, it is essential to integrate climate considerations into our investment process and business operations.

We are committed to Net Zero by 2050 for both our portfolios and our business operations. We support the objective of limiting global temperature rises to well below 2°C, and ideally 1.5°C, by 2050 as set out by the Paris Climate Summit in 2015.

As a firm based in the UK, we are bound by the UK's Climate Change Act, a legal commitment for the UK Government to achieve Net Zero greenhouse gas emissions also by 2050.

We are taking action to meet these targets and to manage the risks and opportunities associated with climate change.

This policy sets out our expectations of companies with regards to climate change and our approach to engagement with our investee companies. This document should be read alongside our other stewardship documents including our [Stewardship report](#), our [Proxy voting and Engagement Policy](#), our [Responsible Investment Policy](#) and our [TCFD report](#) and subsequent [Climate report](#), all of which can be found on our website.

Dundas' approach to Net Zero (our pathway)

As long-term investors in global equities, our strategy serves individuals, wealth managers, and asset owners addressing long-term pension and savings liabilities. We define our horizons as:

- **Short term: 2030.** Based on the year that most of our investee companies have made short term reduction pledges. This is also consistent with our minimum expected investment horizon.
- **Medium term: 2040.** The mid-point.
- **Long term: 2050.** As agreed by the Paris Agreement.

Our targets

- By 2030, we expect our investee companies to have validated (by Science Based Targets Initiative (SBTI) or by the Carbon Disclosure Project (CDP)) carbon reduction pledges to 2050 or earlier.
- By 2030, we expect our portfolios which represent over 80% of our AUM to have reduced their carbon footprints by 19% in absolute Scope 1&2 tCO₂e (Tons of CO₂ equivalent greenhouse gas) emissions based on company level pledges from 2023 levels.
- By 2050, we expect that 100% of our Assets under Management across all portfolios, will have achieved Net Zero emissions.

We published our inaugural [TCFD report](#) in 2024, followed by our Climate report in 2025.

Our Climate report and future reports on climate-related risks and opportunities will increasingly align with new IFRS (S1 & S2) Sustainability Standards and covers:

- Our governance around climate-related risks and opportunities.
- The impact of climate-related risks and opportunities on our business strategy.
- The assessment and management of climate-related risks; and the
- Metrics and targets we are using to assess and manage climate-related risks.

Risks and Opportunities

We define climate-related risks as potential impacts on future financial returns because of climate change. These risks are categorised into transition risk—stemming from policy changes or technological advancements—and physical risk, which arises from changing weather patterns and increased extreme events. Their likelihood and intensity vary depending on the pace of the transition to a low-carbon economy.

We have explored the impacts of climate-related risks and opportunities on our firm's business, strategy, and financial planning, as well as how our portfolios may be affected by the transition to a low-carbon economy.

Net Zero and climate related opportunities are becoming an instrument of corporate competitive advantage.

We are seeing companies getting to grips with their Scope 1 and 2 reporting and producing more detailed, thorough and credible climate-related reports. Companies that navigate this transition effectively and address Scope 3 emissions are likely to see stronger long-term growth and higher valuations.

We believe that proper, measurable carbon reduction plans showing climate ambition, audited and reported under IFRS Sustainability Standards will lead to competitive advantage for the companies in which we invest.

Companies lacking credible Net Zero by 2050 commitments will become uncompetitive and unsustainable. They cannot form part of our portfolios.

What we are doing with our portfolios

We see a risk in companies that are unprepared for the Net Zero transition, and we aim to address this through our ownership and engagement activities. We actively monitor climate-related progress from portfolio companies and exercise our ownership rights to vote and engage with Boards on behalf of our clients.

Through our engagement with our investee companies, we aim 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 assess climate methodologies and metrics, using a combination of company reported data (obtained directly or via data providers such as Bloomberg and FactSet) and support this with ESG metrics and research from MSCI ESG.

We have identified sectors and industries that we believe are likely to face the greatest risks and opportunities associated with climate change.

Our climate specific exclusions

We do not currently hold any companies whose principal activity is the production or extraction of fossil fuels and since 2024, we specifically exclude companies whose principal activity is thermal coal mining or its use in power generation. This exclusion policy is reviewed annually to ensure alignment with evolving climate goals and regulations.

You can read more about our exclusions in our [Responsible Investment Policy](#).

Voting

We endeavour to vote all proxies with our proxy adviser, Institutional Shareholder Services Inc. (ISS), who support us in voting management, processing, and execution. Where we have full voting discretion, we apply a Global Voting Policy. All voting decisions are underpinned by the ISS Global Voting Principles.

From January 2025, we vote 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 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 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 – You can find details of our full voting policy and our most recent Proxy voting summary report on our [website](#).

Engagement

In addition to voting, active engagement with companies takes the form of in-person meetings, group video calls with investors, writing to Board members and making our stance clear on climate-related governance priorities through the investor relations teams at these firms.

We believe that there is a value from pushing for change as a long-term investor with active engagement. Divestment would be a final step if we believed that no progress was being made after repeated attempts to engage.

We conduct targeted engagements and prioritise issues deemed as a potential risk to the company's long-term outlook.

Escalation

We aim to engage with portfolio companies first before deciding to escalate our stewardship. Escalation can be triggered by a lack of responsiveness or transparency by a company, or if more time-sensitive issues become apparent. Methods of escalation come down to the materiality of the ESG/Climate 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.

Where we have full voting responsibility, we will vote against the re-election of directors or other board members where there is a failure to adequately manage material ESG risks—including those related to climate change. Our policy applies across all sectors and geographies and reflects our view that effective board-level oversight of environmental, social, and governance matters is fundamental to long-term value creation and risk management. Scrutiny will be given to board members directly responsible for sustainability oversight or where governance structures have not supported credible ESG performance.

All such votes will be publicly disclosed (quarterly) on our website, ensuring transparency and reinforcing our commitment to holding boards accountable for aligning company strategy and risk management with our clients' long-term ESG and Net Zero expectations.

What we are doing with our business operations

We expect that our business operations will need to involve the use of carbon offsets in the future, but for now we are focusing on ways to reduce our direct emissions.

Using the industry recognised, GHG (Greenhouse gas) protocol for recording carbon emissions, we have been tracking our own operational Greenhouse gas emissions across Scope 1, 2 and 3 since April 2022.

You can read more about the [Monitoring of our operational Carbon Footprint](#) on our website.

The transition to Net Zero will not be straightforward but improving disclosure and data quality are giving investors clearer insight into companies' preparedness for change. This enables us to identify leaders and laggards, set more informed expectations, and direct our engagement and voting activity towards the areas of greatest climate-related risk and opportunity. Through this approach, we will continue to hold investee companies accountable for credible action, transparent reporting and measurable progress towards Net Zero.

As of 1 August 2026.

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