



DUNDAS
GLOBAL
INVESTORS

CLIMATE REPORT 2024

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OUR CLIMATE REPORTING – AN INTRODUCTION

Welcome to our second Climate report.

As responsible stewards of our clients' assets, we believe that addressing climate change is essential to delivering sustainable, long-term value. Dundas is committed to achieving Net Zero greenhouse gas emissions by 2050 in line with the Paris Agreement and the UK Climate Change Act. **By Net Zero, we mean reducing emissions as much as possible across our investments and operations with any remaining emissions balanced through credible carbon-removal or offsetting measures.**

We see the low-carbon transition as both a financial risk and a meaningful opportunity for growth. Companies with strong climate governance, transparent reporting and credible, science-based plans for reducing emissions are, in our view, better positioned to deliver sustainable dividend growth and long-term value.

We published our first TCFD Report in 2023, setting out the foundations of our governance, strategy, and metrics. This second 'Climate' report (aligned with TCFD guidelines) provides an update on our progress for the year ended 31 December 2024 and outlines how we will be aligning with the International Financial Reporting Standards (IFRS) for sustainability disclosures.

Our aim is to continue enhancing transparency, supporting global best practice, and contributing to an effective transition to a low-carbon economy for the benefit of our clients, stakeholders, and future generations.

EXECUTIVE SUMMARY

The past year has seen meaningful progress in embedding climate considerations across Dundas Global Investors' business and investment activities. Climate risk and opportunity analysis is now a core element of our investment process, stewardship priorities, and operational planning.

Even though U.S. political priorities have shifted and the SEC has rolled back parts of its climate disclosure rule, many of our U.S. companies are still moving ahead with stronger, clearer climate reporting. In fact, we're seeing the quality of disclosures improve as firms increasingly view transparent, decision-useful climate information as a source of competitive advantage. By aligning more closely with TCFD and global expectations, these companies are positioning themselves to build trust, attract long-term capital and better navigate the risks and opportunities of the energy transition. It's a helpful reminder that real progress isn't being driven by regulation alone—forward-looking companies recognise that strong climate governance simply makes good business sense.

During 2024, we strengthened oversight of climate-related matters through clearer governance structures and enhanced data integration. The Stewardship Committee, chaired by the Head of Stewardship, now serves as the central forum for climate strategy, policy development, and reporting. Regular updates to the Investment Committee, Management Board, and Compliance and Audit Committee ensure consistent oversight and accountability across the firm.

On the investment side, we continued to refine how climate-related factors inform stock selection and portfolio construction. Our analysis of company-level greenhouse gas (hereinafter referred as GHG) performance, targets, and transition plans has expanded, supported by data from Bloomberg, MSCI, and company disclosures. This informs engagement priorities and helps ensure portfolios remain aligned with the transition to a low-carbon economy.

Our scenario and resilience testing indicates that Dundas portfolios remain well-positioned against global equity benchmarks under multiple climate transition pathways. Exposure to carbon-intensive industries remains minimal, and the overall carbon footprint of our portfolios is substantially lower than that of the relevant benchmarks.

Operationally, we continue to reduce our own emissions in line with our commitment to reach Net Zero by 2050. We have completed our third year of full Scope 1, 2, and 3 reporting and are pursuing incremental reductions through travel policies, energy efficiency, and supplier engagement.

Looking ahead, we will deepen alignment with the new IFRS S1 and S2 sustainability disclosure standards. These frameworks will further enhance transparency and comparability in climate-related reporting, both for Dundas and the companies in which we invest.

Our long-term objective remains unchanged: to deliver sustainable dividend growth for clients by investing in high-quality companies that are well-governed, financially resilient, and committed to the Net Zero transition.



David Keir
Managing Partner and Head of Stewardship

THE BASELINE

To assess the progress of our portfolios and investee companies, we will compare using data from 2023 - our base year.

As at the end of 2023 more than 80% of our assets under management pledged to reduce their (Scope 1 and 2) direct emissions by 19% by 2030.

By 2030, we expect all the companies we invest in to have credible, independently verified carbon-reduction targets.

By 2050, we expect all portfolios to have achieved Net Zero emissions.

This Climate report reflects the publicly reported climate-related data from the companies in the portfolios as of 31 December 2024.

OUR APPROACH

RESEARCH

We rely upon audited reports and accounts which from 2025 onwards increasingly will include reports prepared under the new IFRS Sustainability standards. Climate-related data will be available just as information on inventory, capital expenditure and senior management compensation is today.

Company and portfolio emissions target pathways are aggregated from company pledges.

ENGAGEMENT

We will engage with portfolio companies primarily on three topics:

- Engagement to ensure that 100% of investee companies have credible emissions-reduction targets by 2030.
- Engagement with our highest emitters, to ensure their decarbonisation plans remain credible and on track.
- Conditional divestment from 2030 for laggards showing no credible progress.

REPORTING

Annual reports to clients on the progress of portfolios' carbon footprint and carbon intensity, emissions reduction and impact of portfolio turnover.

GOVERNANCE



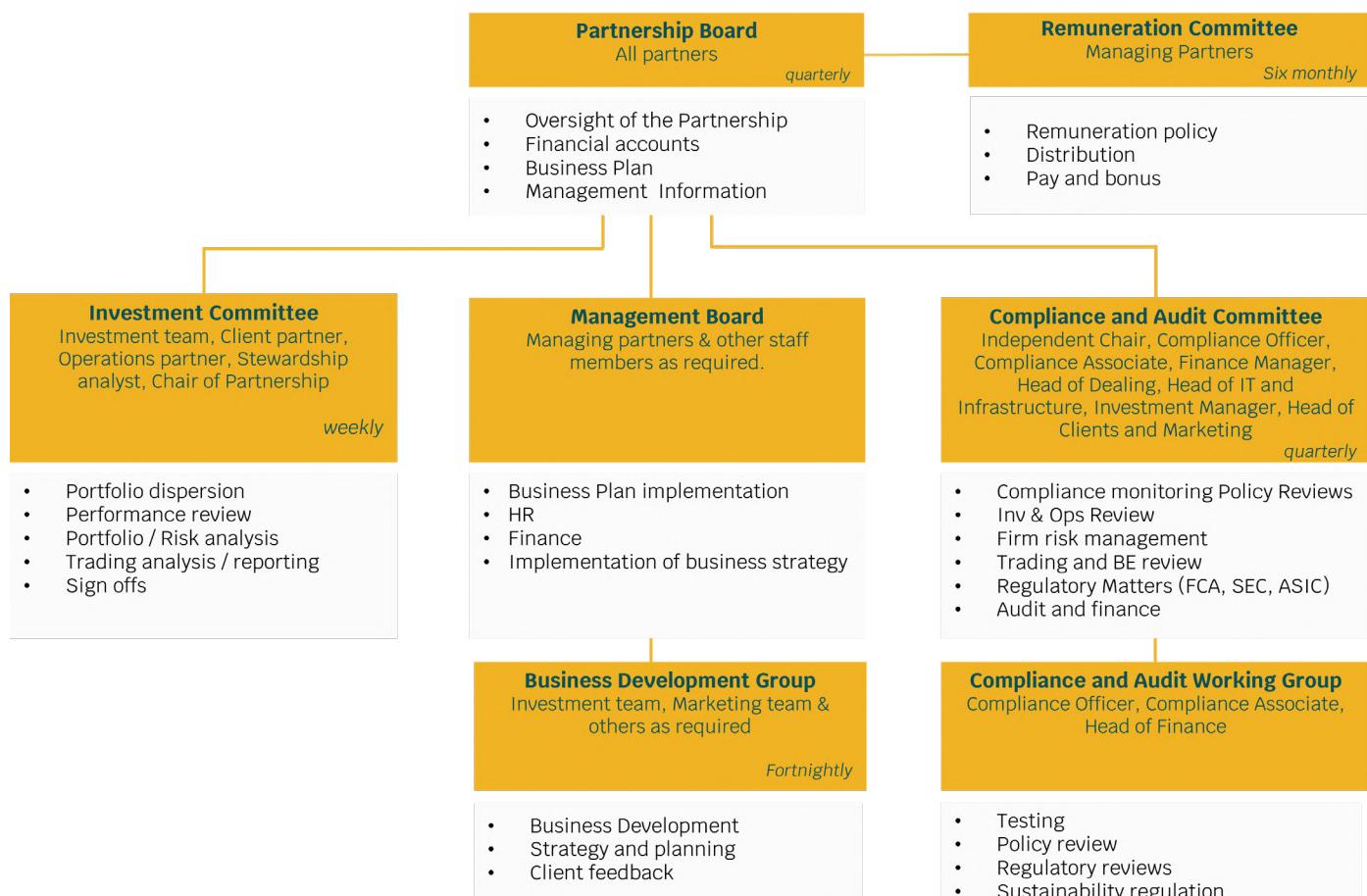
GOVERNANCE

ABOUT THE DUNDAS PARTNERSHIP APPROACH

We are an independent partnership whose partners and staff invest alongside our clients.

We invest in around 120 companies in total across all our portfolios, which are split into Global, International (ex-USA) and Smaller Companies.

OUR GOVERNANCE STRUCTURE (in effect from March 2025)



BOARD OVERSIGHT – ACCOUNTABILITY

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

The **Board** considers climate-related issues when reviewing and guiding strategy, which it does formally through the approval of the annual budget and business plan. Discussions take place on progress against goals and targets for addressing climate-related issues. It has overall accountability for ensuring that the products and services the firm offers meet current regulations and reporting requirements.

During 2024 the Board approved Net Zero metrics and took the decision to integrate ISS (Institutional Shareholder Services) climate voting policies.

MANAGEMENT'S ROLE – RESPONSIBILITY

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

The **Investment Committee** oversee all aspects of investment research, portfolio management and risk assessment, performance analysis and stewardship activities both in general and specifically for climate-related issues.

They embed climate-related factors into the stock research notes, conduct company engagement, approve proxy voting policies, manage key portfolio metrics and the alignment to the agreed pathway stated in this document.

The **Compliance and Audit Committee** is Chaired by an Independent Non-Executive. It oversees compliance across the three regulatory frameworks 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. With respect to climate-related issues this committee oversees all reporting, both internal and external assurance and validation of policies and procedures. It reviews key risks impacting the business including the impact of Environmental, Social and Governance factors including climate change.

The **Stewardship team** is part of the Investment Committee. During 2024 this team met weekly and comprises: the Head of Stewardship, the Senior Dealing and Stewardship Analyst and the Client Partner, and others as required.

This group drafts the firm's Net Zero strategy and climate-related policies for approval and is responsible for drafting all stewardship reports and submissions, including this climate document.

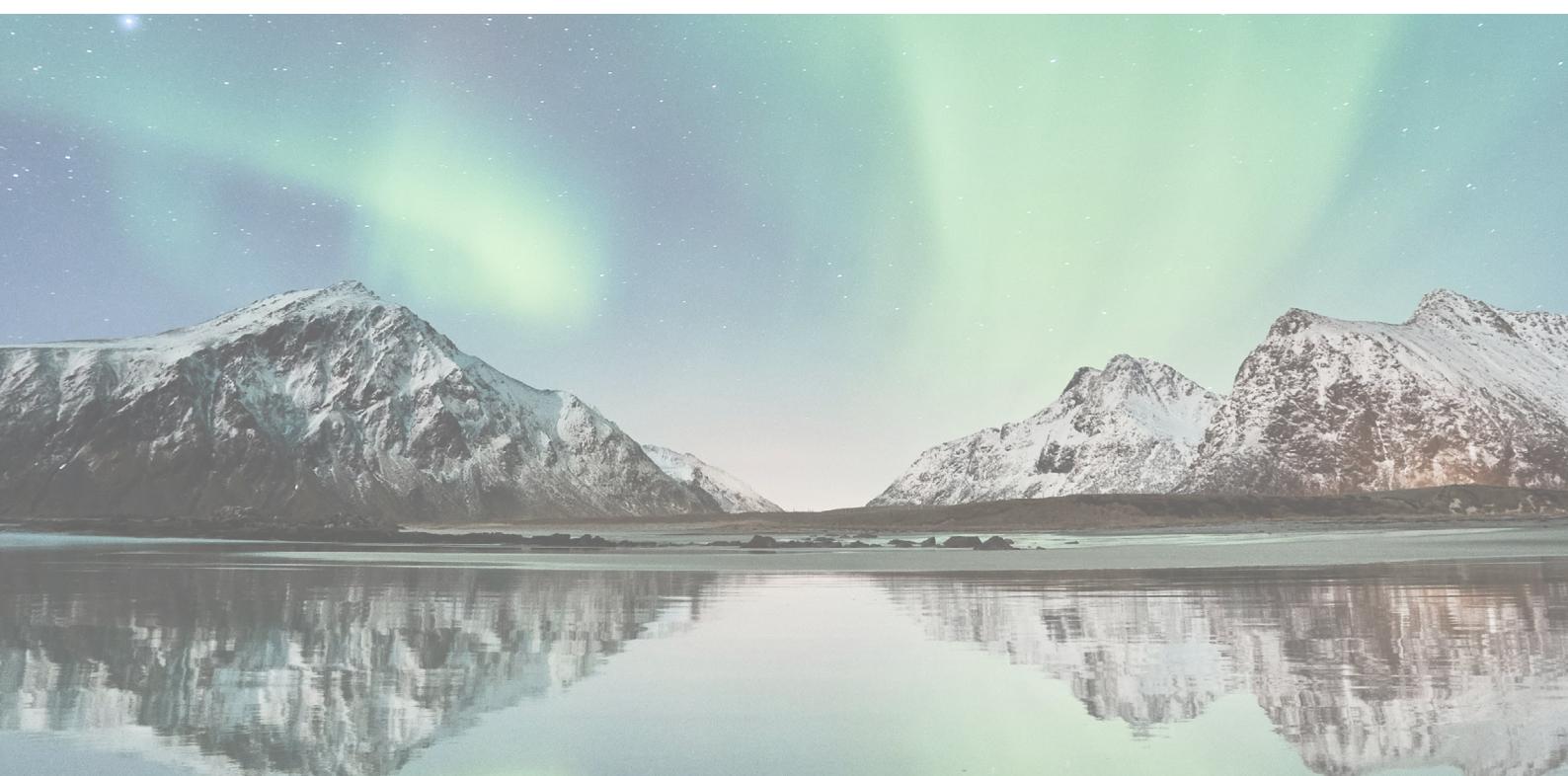
With respect to the monitoring of climate-related issues for the organisation, this group acts as the main clearing house for data and metrics for both internal management information and client portfolios reporting. These documents are prepared for the Investment Committee and Management Boards for review, with the final version being approved by the Compliance and Audit Committee.

The Senior Dealing and Stewardship Analyst along with our Office Manager and Head of Finance, calculate Scope 1,2 and Scope 3 emissions for our business operations and are responsible for the firm's operational emission strategy.

They are focused on achieving Net Zero for our business operations by 2050. The Management Board will review and approve recommendations made by this group.

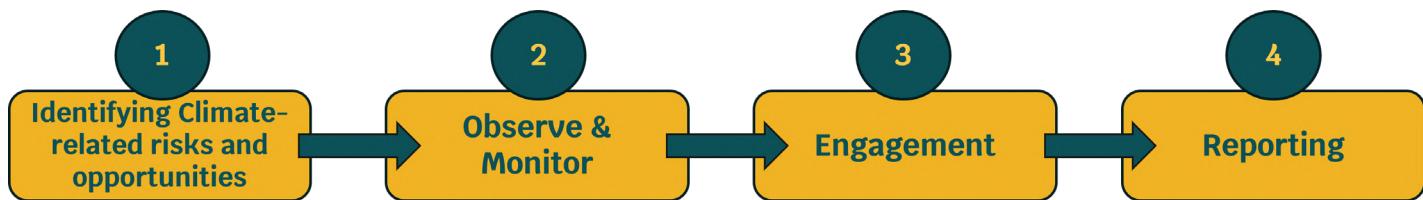
The table below shows the responsibilities of each committee in assessing and managing climate-related issues.

Committee/ team	Data Analysis	Policy & Strategy	Report drafting	Decision Making	Implement	Approval
Stewardship team	X	X	X		X	
Investment				X	X	X
Compliance and Audit						X
Management					X	X
Partnership						X



STRATEGY





IDENTIFYING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate change affects both the businesses we invest in and the way we manage our portfolios. We think of **climate-related risks** as potential impacts on future financial returns. These come in two main types:

- **Transition risks** – from changes in policy, technology, or regulations as the world shifts to a low-carbon economy.
- **Physical risks** – from extreme weather or long-term changes in climate patterns.

But **climate change also creates opportunities**. Companies that actively manage their emissions, including through their supply chains, are often stronger and better positioned for long-term growth.

As long-term investors, we look at three-time horizons:

- **Short term (2030):** when most companies have set near-term reduction targets, also matching our minimum investment horizon.
- **Medium term (2040):** middle of the transition
- **Long term (2050):** in line with the Paris Agreement.

Using these horizons, the tables on the next pages highlights the main climate-related risks and opportunities we have identified across our investments, client work, and our own operations.

MATERIALITY OF CLIMATE-RELATED RISKS

We assess climate-related risks for their potential to materially affect portfolio returns and the long-term sustainability of the Dundas business. For our investment strategies, the most financially material risks relate to the **transition to a low-carbon economy**. These include tighter regulation, rising carbon prices, shifts in consumer preferences, and technology disruption. Companies that fail to adapt may face higher operating costs, stranded assets, or declining competitive strength, all of which can impair future cashflows and valuations.

Physical climate risks can also influence long-term returns, particularly for companies with geographically concentrated operations or supply chains. While our portfolios have limited exposure to high-risk sectors, we continue to monitor potential impacts on revenue, costs, and operational resilience.

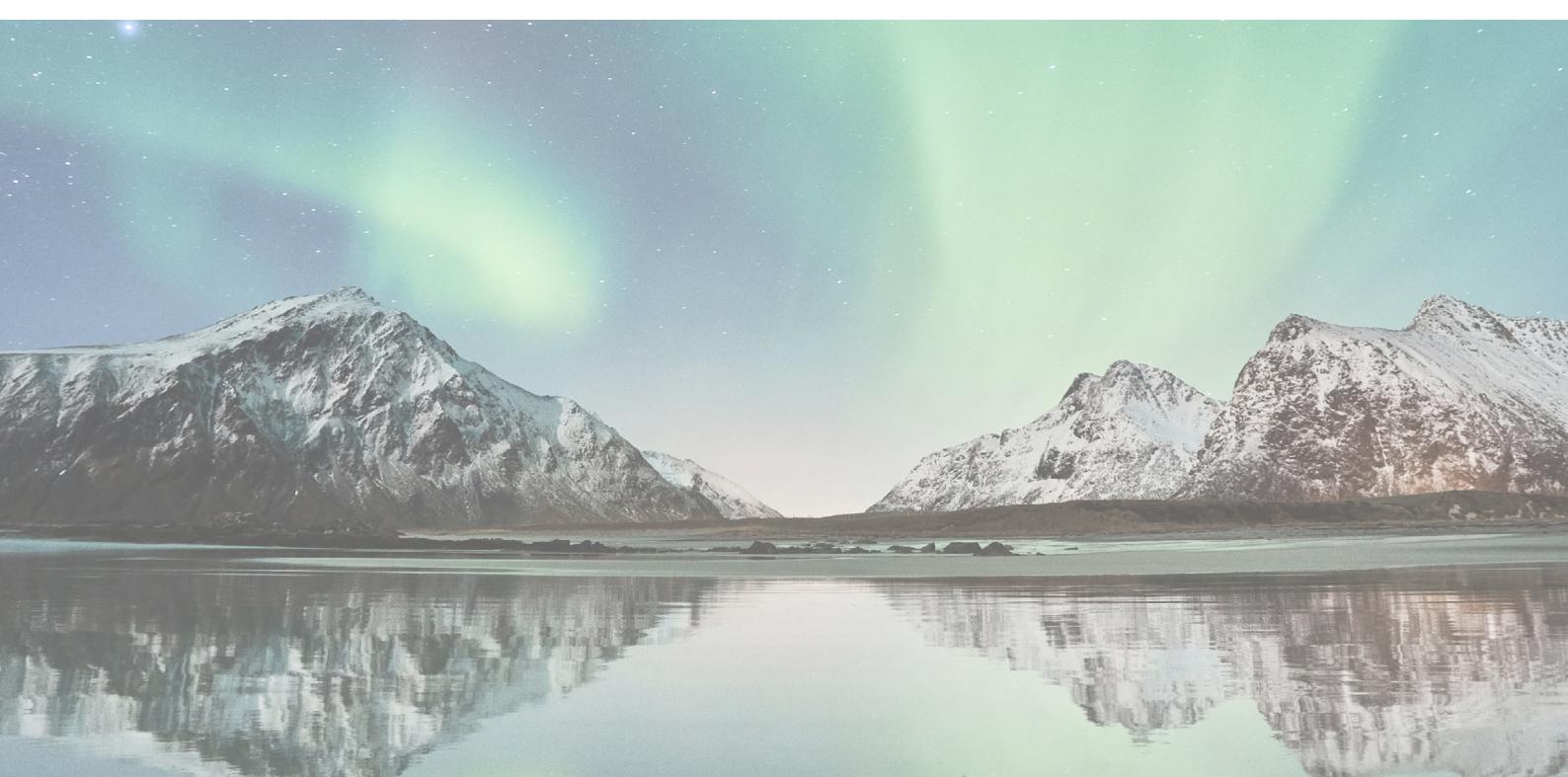
At a business level, the most relevant risks to Dundas relate to regulatory change, expectations for transparent climate reporting, and the ability to maintain robust data coverage. These factors influence how we deliver investment services and meet client and regulatory expectations.

VALUE CHAIN CONSIDERATIONS

IFRS S1 and S2 expect organisations to consider climate-related impacts across their wider value chain. For Dundas, this includes both upstream and downstream relationships.

- **Upstream:** We depend on sustainability data and analytics from third-party providers such as Bloomberg, MSCI and FactSet. Gaps, inconsistencies, or methodology changes in these datasets can affect portfolio-level analysis. Regulatory developments, including the implementation of IFRS S1 and S2 and evolving stewardship codes, also influence how we assess and report climate-related risks.
- **Downstream:** Our clients seek transparent, decision-useful climate information to assess long-term investment risks. Client expectations shape our reporting standards, stewardship priorities, and approach to integrating climate considerations into investment decisions. Clear, consistent disclosures support clients in meeting their own regulatory obligations and Net Zero commitments.

Understanding these value chain dynamics helps ensure that our strategy remains resilient, our reporting meets evolving standards, and our clients receive high-quality, reliable climate insights.



RISKS AND OPPORTUNITIES WE HAVE IDENTIFIED

Risks	Identified Risks	Potential Outcome	Short Term	Medium Term	Long Term
Investment Activities	Competitive disadvantage of investing in non-climate aligned companies	Poor client returns. Reputational risk.	Mid	High	High
	Physical impact of climate change	Poor client returns. Reputational risk.	Mid	High	High
	Transition risks of climate change	Poor client returns. Reputational risk.	Mid	Mid	High
Client	Not committing to Net Zero	Loss of clients.	High	High	High
	Greenwashing/greenwashing	Reputational risk. Regulatory intervention.	High	High	High
	Client priorities differ in terms of climate-related targets	Loss of business.	High	Mid	Mid
Firm operations	Cost of inaction	Financial impact and reputation.	Mid	High	High

Opportunities	Identified Opportunities	Potential Outcome	Short Term	Medium Term	Long Term
Investment Activities	Competitive advantage of investing in climate aligned companies.	Positive impact on client returns. Reputational benefit.	Mid	High	High
	Avoided stranded assets.	Reduce volatility. Positive impact on client returns.	Mid	High	High
Client	Increased demand for Net Zero aligned mandates.	Greater firm revenues. More income for reinvestment in firm.	Mid	High	High
Firm operations	Attracting and retaining skilled and experienced staff.	Growing reputation for climate-related investing makes firm more attractive.	Low	Mid	High

INVESTING ACTIVITIES

INVESTMENT STRATEGY AND INTEGRATION OF CLIMATE CONSIDERATIONS

Our investment strategy focuses on identifying companies worldwide with the potential to deliver sustainable, long-term dividend growth. Portfolios are built from the bottom up by our investment team, who combine financial analysis with a considered approach to understanding climate-related risks and opportunities.

We believe that climate change can materially affect a company's ability to sustain dividend growth. As a result, climate considerations are integrated throughout our investment process—from initial research and stock selection to ongoing portfolio monitoring. We actively assess how companies manage the risks of climate change.

To manage exposure to high climate risks, we apply a universal exclusion for companies whose principal activity is thermal coal mining or coal-based power generation. We believe these businesses face significant long-term challenges that limit their potential for sustainable dividend growth. This exclusion forms part of our broader responsible investment policy and reflects our commitment to aligning investment decisions with climate objectives and client expectations.

Our research process draws on a range of information sources, including company reports, sustainability disclosures, and data from FactSet, Bloomberg, and our proprietary financial analysis tools. We supplement this with insights from MSCI ESG Research & Ratings to evaluate companies' resilience to long-term climate risks. This includes assessing their exposure to physical and transition risks associated with the move to a lower-carbon economy.

We also assess companies' own climate ambitions by reviewing their Net Zero strategies (evaluating the impact our companies have on climate change via Scope 1 and 2 absolute emissions, and plans to reduce these emissions), target dates, and whether these targets are validated by recognised initiatives such as the Science Based Targets initiative (SBTi) or the Carbon Disclosure Project (CDP).

We track progress annually and engage with companies to understand how they are managing risks and pursuing opportunities related to the low-carbon transition. We will include an assessment of Scope 3 post adoption of IFRS S1 and S1 accounting standards.

At the portfolio level, we monitor and report key climate metrics in our quarterly client reports, including:

- **Carbon Footprint:** Portfolio emissions per million dollars invested (tCO₂e/\$M).
- **Carbon Intensity:** Emissions normalised by company sales (tCO₂e/\$M Sales).
- **Weighted Average Carbon Intensity:** Portfolio-weighted measure of companies' carbon intensity.

INTEGRATING CLIMATE-RELATED RISKS AND OPPORTUNITIES WITHIN OUR STEWARDSHIP ACTIVITIES.

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.

VOTING AND ENGAGEMENT

As a long-term investor, we believe there is a value from pushing for change with active engagement.

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. We work with ISS to vote all proxies where authority is delegated to us as investment managers.

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.

From January 2025, we will vote in line with ISS's Climate Policy recommendations 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 the 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
 - ▶ Whether the company has a decarbonisation strategy.

All such votes will be publicly disclosed 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.

Aside from 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.

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. Divestment would be a final step if we believed that no progress was being made after repeated attempts to engage.

OUR CLIENTS

THE EFFECTS OF CLIMATE RISKS AND OPPORTUNITIES ARE CONSIDERED IN HOW WE COMMUNICATE WITH OUR CLIENTS

Our clients are diverse in type, geography, size, and their approaches to Net Zero commitments, and we operate within a complex framework of global regulations. This broad perspective, enhanced by regular engagement, enables us to provide a well-rounded, informed view of global risks and opportunities for our clients.

We see the greatest risks to ourselves and our clients as the failure to act appropriately or to report accurately (including greenwashing or hushing). Intense regulatory and media scrutiny is accelerating industry efforts to enhance disclosure standards, mitigate greenwashing risks, and demonstrate genuine progress on climate commitments.

BUSINESS AND FINANCIAL PLANNING

INTEGRATING CLIMATE-RELATED RISKS AND OPPORTUNITIES ON BUSINESS, AND FINANCIAL PLANNING

The Management Board, together with the Finance Manager, sets firm-wide budgets and business plans on an annual basis and monitors performance quarterly. The Compliance and Audit Committee is responsible for oversight of the the firm's Risk Register. Risks are assigned and owned by individual senior managers within the firm and reviewed by the appropriate Committee; these, include risks related to climate change.

Budgets are adjusted to reflect anticipated climate impacts, including costs associated with maintaining climate-aligned investment capabilities and managing operational emissions. As the firm's revenues are primarily derived from fees linked to assets under management, climate-related factors may influence performance through both global market returns and our ability to retain and attract clients.

While evolving regulation and increasing client expectations may place upward pressure on the firm's cost base, we remain well-capitalised and profitable, positioning us to manage these challenges and capitalise on emerging opportunities.

FIRM OPERATIONS

INTEGRATING CLIMATE RISKS AND OPPORTUNITIES WITHIN OUR BUSINESS OPERATIONS

We consider physical risks to be the main type of climate risks that has the potential to impact our day-to-day operations. We consider this risk low given the location of our office and the ability of colleagues to work from home.

We have been reporting our operational GHG emissions across Scope 1, 2 and 3 since 2022. Our emissions are disclosed in the metrics section of this report and will be updated annually going forward, with a target of reducing our operational emissions each year.

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

TRANSITION PLAN TO NET ZERO

OVERVIEW

As long-term investors in global equities, our Net Zero pathway is focused on supporting our investee companies to transition effectively while protecting and enhancing long-term value for our clients.

Our transition plan focuses on transparent measurement, targeted engagement, disciplined stewardship and selective divestment.

We encourage all investee companies to achieve **Net Zero emissions by 2050**, initially focusing on the **reduction of Scope 1 and 2 absolute emissions**, with increasing attention on Scope 3 as reported data aligns with the new IFRS S1 & S2 disclosures.

We expect companies to provide climate-related disclosures in line with evolving international sustainability reporting standards, covering Scope 1, 2, and 3 emissions, and to develop and implement credible Net Zero strategies by 2030 – backed with science-based targets for carbon emission reductions, validated by either the Science Based Targets Initiative or the Carbon Disclosure Project.

To monitor progress, we maintain a carbon emissions pathway tracker, which allows us to analyse portfolio-level metrics and take engagement or remedial action as required.

DECARBONISATION LEVERS

PORTFOLIO EMISSIONS REDUCTION

- Continuous annual measurement of Scope 1 and 2 emissions; Scope 3 to be measured and disclosed by **2030**.
- Prioritisation of companies with credible, time-bound decarbonisation plans validated through SBTi, CDP, or equivalent frameworks.
- Exclusion of companies whose principal activity is thermal coal mining or its use in power generation.

STEWARDSHIP AND ENGAGEMENT

- Engagement to ensure that **100%** of investee companies have credible emissions-reduction targets by **2030**.
- Escalation through proxy voting when climate governance or disclosure is inadequate.
- Conditional divestment from 2030 for laggards showing no credible progress.

STEWARDSHIP AND ENGAGEMENT

- An active interest in companies whose products, technologies or services enable customers to reduce emissions.
- Integration of climate resilience into dividend-growth stock selection, favouring companies aligned with the transition and financially resilient to carbon pricing and regulation.

INVESTMENT PLANS

- Prioritise companies demonstrating strong climate governance and R&D pipelines that support low-carbon solutions.
- Allocate capital to companies that meet our dividend-growth criteria and demonstrate credible Net Zero commitment.
- Engaging with those lacking credible plans.

GOVERNANCE OVERSIGHT

- **Stewardship Team:** Leads climate strategy and monitors transition progress.
- **Investment Committee (IC):** Integrates transition risks, emissions data, and scenario analysis into investment decisions and oversees escalation decisions.
- **Compliance and Audit Committee:** Ensures regulatory alignment including IFRS S1/S2 and oversees climate-related disclosures.
- **Management Board:** Provides overall accountability for the transition plan and approves targets, policies, and escalation pathways.

KPIs AND TARGETS

KPI	Target	Timeline
Absolute Scope 1 and 2 portfolio emissions	-19% vs 2023 baseline	2030
Companies with credible climate targets	100% of holdings	2030
Scope 3 portfolio emissions disclosure	Full coverage	By 2030
Net Zero alignment (across AUM)	100% aligned	2050
Engagement outcomes tracked	Annually disclosure	Ongoing
Exclusion of companies whose principal activity is thermal coal mining or use in power generation.	0% of holdings	Ongoing
Conditional divestment	For laggards with no progress	By 2030

KEY ASSUMPTIONS

- Scope 3 disclosure quality will improve materially by 2030 due to IFRS S2 and global regulatory convergence.
- Temperature-alignment pathways will continue to converge on 1.5–2°C scenarios as methodologies mature.
- Company-level emissions data will increasingly be third-party verified, reducing uncertainty in portfolio metrics.
- Dividend growth and long-term value creation will increasingly favour companies aligned with the transition.

Quantitative progress and target data are provided in [Section 5: Metrics & Targets](#).

SCENARIOS AND RESILIENCE ANALYSIS

CONSIDERING DIFFERENT CLIMATE RELATED SCENARIOS

Scenario analysis helps us evaluate how our portfolios and business strategy might perform under different climate outcomes. The exercise is designed to test resilience rather than predict outcomes, using plausible transition and physical risk pathways consistent with international climate models.

For this report, we analysed our global and international portfolios using the MSCI Climate Value at Risk (VaR) model as at 31 December 2024. Three scenarios were considered:

Scenario	Description	Global temperature Pathway	Primary Risk Type
Orderly Transition	Rapid and coordinated policy action drives a smooth shift to low-carbon technologies and markets.	Below 2 °C	Transition risks (policy, technology, regulation).
Disorderly Transition	Delayed response followed by abrupt regulatory tightening, causing market disruption and higher volatility.	1.5 – 2 °C	Transition + market volatility.
Hot House World	Limited global mitigation leads to rising physical impacts and chronic climate disruption.	Above 3 °C	Physical risks (acute + chronic).

PORTFOLIO RESILIENCE

Across all three scenarios, Dundas portfolios showed stronger resilience than the relevant benchmarks (MSCI ACWI and MSCI EAFE + Canada).

PORTFOLIO VS BENCHMARK METRICS

Metric	Dundas Global	MSCI ACWI Benchmark	Dundas International	MSCI EAFE + Canada Benchmark
Carbon Footprint (t CO2e / US \$ million invested)	5.9t	31.1t	11.5t	52.4t
Implied Temperature Rise (°C)	2.1°C	2.6°C	2.1°C	2.4°C
Climate Value at Risk (2 °C Orderly Scenario)	-1.5%	-3.8%	-1.4%	-6.6%
Carbon Intensity (T CO2e / US\$ million revenue)	38.9t	154.00	-	-
Carbon Pricing Impact (EU ETS @ US \$ 78.7 / t CO2)*	-0.4pp	-1.6 pp	-	-
Carbon Pricing impact (using Swedish, higher carbon pricing @ USD 158/tCO2.)	-0.6pp	-2.4pp	-	-

Date as at 31 December 2024.

Data sources: MSCI Climate VaR Model, Bloomberg, Dundas analysis.

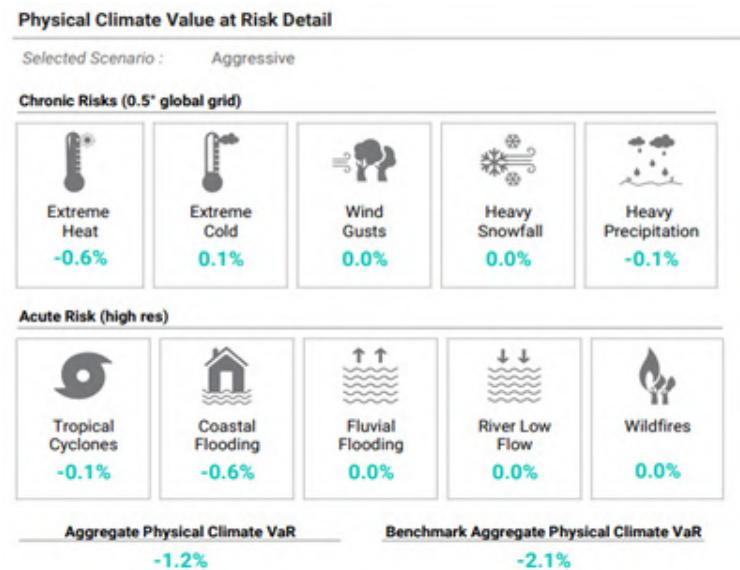
*Notes

- pp = percentage-point change in average net income margin under EU/ Swedish ETS pricing.

Compare these metrics against our 2023 Base line – view our first [TCFD report here](#).

KEY FINDINGS

- **Data coverage:** over **97%** of investee companies now report actual Scope 1 and 2 emissions data, enhancing confidence in portfolio analysis.
- **Climate Value at Risk:** portfolio exposure to transition and physical risks is significantly lower than the benchmark, reflecting low weighting to energy and utilities and higher exposure to financially resilient companies.
- **Physical risks:** Physical climate risks are similar across all three scenarios and in each case less than the benchmark. Coastal flooding and extreme heat constitute most of the aggregated portfolio physical risks.



Source: MSCI data for Global Portfolios at end December 2024.

- **Carbon Footprint:** financed emissions per million dollars invested are **81% lower** (global) and **78% lower** (international) than respective benchmarks. We exclude the Energy and Utilities sectors from our strategies. Other differences between the carbon footprint of our portfolios and that of the Benchmark is shown in sectorial analysis below:

Financed Carbon Emission (S1+S2) by Sector

	Portfolio	Benchmark	Active
Materials	144.6	250.9	-42.4%
Consumer Staples	4.6	21.9	-79.2%
Consumer Discretionary	3.0	10.1	-70.8%
Communication Services	3.9	3.3	18.5%
Health Care	3.9	3.2	23.6%
Industrials	2.6	28.1	-90.7%
Information Technology	2.8	2.1	36.2%
Utilities	0	310.7	0.0%
Energy	0	221.2	0.0%
Real Estate	0	7.6	0.0%
Financials	0.6	3.6	-82.1%
Total	5.9	31.1	-81.0%

Source: MSCI data for Global Portfolios at end December 2024.

- **Implied Temperature Alignment:** Expressed in degrees Celsius it is a forward-looking metric that shows how a company aligns with the ambitions of the Paris Agreement. Portfolios align with a **2.1°C** pathway versus **2.4–2.6°C** for benchmarks, indicating stronger progress toward the goals of the Paris Agreement.



This analysis reinforces our conclusion that Dundas portfolios are structurally less sensitive to rising carbon costs and policy tightening than the wider market.

FORWARD FOCUS

We will continue to refine our use of scenario analysis to reflect evolving methodologies and new IFRS S2 guidance. Future analyses will expand to include a more explicit assessment of **financial implications** (e.g., valuation sensitivity and sectoral performance under transition pathways).

BUSINESS AND FINANCIAL RESILIENCE

Regulatory change and rising client expectations are resulting in a gradual increase in the firm's cost base. The most challenging scenario would be a disorderly carbon transition with volatile markets and potential clients refraining from making decisions to change managers. Having modelled this scenario, the firm remains well capitalised with satisfactory profitability.

The firm will continue to assess how it can improve the communication of the resilient investment strategy described above to potential clients which would result in increasing assets under management. This would serve to further enhance the resilience of its business and financial strategy.

RISK MANAGEMENT



We take a structured approach to identifying, assessing, and managing climate-related risks across our investment strategies and our own business operations. Climate risks are evaluated alongside traditional financial, operational, and compliance risks, using the same governance processes that support our broader risk management framework. Our focus is on understanding how transition and physical risks could affect company fundamentals, portfolio resilience, and the firm's long-term strategic objectives.

These risks are assessed and managed as part of Dundas' broader risk management framework rather than as a standalone process. Climate considerations are embedded in the firm's **Investment Committee** through regular reviews of transition and physical risks, portfolio emissions, and scenario analysis results, which inform investment decisions and engagement priorities. The **Compliance and Audit Committee** oversees regulatory developments and ensures climate-related disclosures, controls, and stewardship activities remain aligned with evolving standards, including IFRS S1 and S2. At an operational level, climate risks are incorporated into the firm's annual **budgeting and business planning cycle**, where we assess potential impacts on operational costs, resourcing needs, and long-term strategic priorities. This integrated approach ensures climate-related risks are considered alongside financial, operational, and compliance risks across the business.

INVESTMENT ACTIVITIES

STOCK RESEARCH

- We place reliance on audited accounts and validated targets.
- We embed carbon data in every stock note – both candidates and existing holdings.
- We analyse both the company level and portfolio level.
- We have built a portfolio emissions target pathway based on aggregated company pledges.

The goal is to assess climate-related risks and opportunities in relation to the company's finances, strategy, and competitive landscape. Research findings inform decisions on long term dividend growth, security, and our broader strategy, while also considering relevant regulatory requirements based on the company's sector and markets.

INDUSTRY RESEARCH

We constantly seek new companies to enhance future dividend prospects, increase diversification, or replace sold holdings. The investment team focus on industrial sectors or end markets and typically cover 6-8 industries per year. These broader industry research pieces allow the team to identify emerging regulatory trends and potential gaps in the portfolio. We revisit sectors periodically to stay informed on the evolving risk landscape.

DIVIDEND GROWTH MONITORING

Our strategy is predicated on the understanding that over long periods equity returns correspond closely to the rate of dividend growth.

It is through the lens of dividend growth that we determine the relative significance of risk (including climate-related risks).

RISK MANAGEMENT ASSESSMENT

Research outputs from company and industry analysis, along with dividend growth monitoring, lead to a Red, Amber, Green (RAG) classification for each holding where all risks, including climate-related, are assessed.

- Red:** Companies where we consider the sustainable dividend growth rate is likely to be impaired and /or the valuation risk is excessive and may include risks such as lack of Net Zero targets, a validated pathway or insufficient disclosures. Would require a review within 3 months. We will engage with the companies on these climate related issues.
- Amber:** Companies where we consider the sustainable dividend growth rate to be under pressure and/ or the valuation poses excessive risk and may include risks such as lack of Net Zero commitment or insufficient disclosures. Requires a review within 6 months. We will engage with the companies on these climate related issues.
- Green:** Companies that exhibit sustainable dividend growth at attractive valuations and typically includes companies that have validated Net Zero plans.

The table below summarises **how climate-related factors affect company finances**, helping us assess their impact on future cash flows and dividend growth. This is our main process for managing climate-related risks over time.

Financial metric	Potential climate impact T- transition, P – physical risk	Risk to our business	Management mitigation
Revenue growth	Change in customer preferences (T). Supply chain on-shoring (T/P). Lower economic growth due to macro shocks (T/P).	Lower growth profile than past. Increased competition from fewer players. Revenue mix more inflation less volume.	Ongoing search for new faster growing companies. Cross reference issues in one company with others.
Gross Profit	Increased cost of goods due to higher input costs – energy, commodities (T/P). Supply chain disruption & transport (P). Carbon pricing impact (T).	Gross profit margin under pressure. Higher costs from redundancy in supply chain. Carbon taxes increase costs.	Monitor gross margin trends. Examine supply chains more closely. Look at value chain to assess margin resilience. Model resilience to carbon price change.
Operating profit/cash flows	Disruption costs of climate events (P). Increased insurance costs (P). Longer term improved efficiency (T). Higher depreciation charges (T/P). Costs of meeting regulations and disclosure needs (T).	Operating profit under pressure. Cash flows reduced. Boards constrained on dividend growth.	Monitor cash flow trends. Model higher costs of doing business. Focus on competitive advantage and ability to pass on cost increases.

Reinvestment: capex, R&D and acquisition	Need for higher and different capital expenditures (T/P). Stronger firms more likely to acquire weaker as competition increases (T). Increase R&D for market opportunities (T).	Overall higher levels of reinvestment restrict dividend growth in short – medium term. Acquisition of weaker firms may increase financing risks. R&D successes offset some risks.	Anticipate higher reinvestment needs of firms through short to medium transition. More pressure to retain profits rather than distribute via dividends.
Dividends	Board perception of risk may lead to higher retention rates (T).	Past dividend growth rates may overestimate transition period prospects (T/P).	Closely monitor pay-out ratio, funding needs and Board guidance.
Balance sheet	Some assets may not be appropriate in lower carbon economy (T/P). Higher borrowings under pressure due to lower cash flows to service debt (T/P).	Likelihood of asset write downs. Higher cost of borrowing for many firms and rating downgrades.	Analysis of physical asset base of firms. Preference for stronger balance sheets.
Goodwill/impairments	Likelihood of overpayment for past acquisitions (T/P). Change in asset base leads to impairments (T/P).	Goodwill and tangible assets impairments more likely.	Analysis of composition of goodwill and intangible assets.

The management of portfolio holdings using the framework described above for climate-related risks results in **two** outputs:

- Our assessment of future dividend growth covering the medium-term horizon of up to 10 years which corresponds to the average holding period of investee companies.
- A Red Amber Green overall risk assessment described in the previous section.

Expected Returns: Companies within the portfolio can be compared and any potential new candidates assessed based on this expected return methodology:

- Our estimated future dividend growth
- Current dividend yield
- Valuation change

INTEGRATING RISK MANAGEMENT WITHIN OUR PORTFOLIOS

COMPANY-LEVEL RISK ASSESSMENT

Our investment approach combines long-term value creation with practical integration of climate and ESG risks. We focus on company-driven progress, balancing lower-emitting businesses with those demonstrating credible emissions improvements. By leveraging recognised standards for emissions measurement and validated climate targets, our assessments are robust, comparable, and actionable.

PORTFOLIO-LEVEL AGGREGATION

Climate-related risks are assessed at the individual company level through our research process, which considers anticipated long-term dividend growth alongside other ESG factors. At the portfolio level, these insights are aggregated to monitor overall climate risk exposure and trends.

MATERIALITY IS A KEY CONSIDERATION

Our immediate priorities are to increase the proportion of companies with credible Net Zero targets and measurable interim milestones. These are likely to remain the key focus areas in the short-term while in the medium-term engagement and potential divestment are likely to become greater management priorities.

We will also engage with the companies contributing most to the portfolio's carbon footprint and intensity. Companies that effectively manage their emissions—particularly Scope 3—are likely to gain competitive advantage, highlighting the strong link between climate risk management, portfolio construction, and sustainable long-term returns for our clients.

The table below describes the various risk management processes for assessing materiality.

Pathway topic	Short term 2030	Medium term 2040	Long term 2050	Management actions
Portfolio – bottom-up aggregation of investee companies	Quarterly data analysis on overall portfolio pathway, targets and Net Zero commitment.	Investigate departures from company stated goals. Monitor portfolio trajectory against targets.	Reduced tolerance for portfolio to depart from stated emissions targets.	Mitigate Continue search for new investment ideas. Monitor progress against portfolio pathway.
Industry/sector abatement or exclusion	Continue to manage risk through minimal or no exposure to highest climate-risk industries. Seek alternative routes to portfolio diversification.	Likely move to hard exclusions of most at risk industries and sectors. Monitor country physical risks as they develop.	Hard exclusion of growing number of at-risk industries and countries.	Control Monitor portfolio existential risks as they have collateral consequences.
Engagement – active investor activities	Tighten proxy voting requirements for climate-related issues. Higher frequency of engagement with companies straying from targets.	Increase in collaboration efforts for those companies lagging stated pathway.	Establish clearer dividend commitments through carbon transition.	Mitigate May require more resource. Seek to influence Board decisions.

Pathway topic	Short term 2030	Medium term 2040	Long term 2050	Management actions
Stranded assets	Identify investee companies which may have stranded assets. Monitor M&A activity and policy across investee companies.	Increasing prevalence of asset write downs or transfers. Greater focus on balance sheet strength.	Funding costs and access to capital becomes limited for companies with low climate resilience.	Accept Unlikely within portfolio companies but threat from outside.
Emissions trade offs	Allow some higher emissions investee companies. Case made on basis of future transition e.g. hydrogen.	Reduced tolerance for higher emitters as need to meet portfolio pathway.	Limited or no tolerance for higher emitters.	Control Reducing scope for higher emitters.
Divestment	Board U-turn on emissions targets. Increasing regulatory risks. Acquisitions leading to higher climate-related risks.	Failure to meet emissions reduction timetable. Inadequate investment in future growth.	Business strategy impaired in transition economy. Cash flows not supportive of dividend growth.	Control Divestment only likely after extensive engagement.
Risk mitigation vs opportunity	New research seeking climate related opportunities.	Manage trade-off between risk reduction while investing in climate opportunities.	Portfolio balance shifts to low carbon economy opportunities.	Mitigate Manage research time allocation between climate risks and opportunities.

INTEGRATING RISK MANAGEMENT WITHIN OUR PORTFOLIOS (Cont.)

Looking at the carbon footprint of the (Global) portfolio:

Carbon Footprint GHG/M \$ Invested		
Global portfolio	5.9	
Benchmark	31.1	

Source: MSCI and Dundas using data as at end of Dec 2024.

As the **fossil fuel exposure of our portfolios is 0%** (including Thermal Coal, Conventional Oil & Gas, unconventional Oil & Gas and Fossil Fuel Power Generation), the **carbon footprints of our portfolios** are already substantially below that of **the benchmark indices**.

However, by **looking at the contribution to overall carbon footprint and carbon intensity from the highest ten emitters**, it is these companies which will have by far the largest impact (and the biggest risk) in meeting the overall portfolio pathway objectives in the short to medium term.

The following tables reflect the ten highest emitters in our global portfolios – per Carbon footprint and Carbon Intensity:

Carbon Footprint - the highest ten emitters					
Name	Portfolio weight %	Financed GHG	Carbon Footprint	Carbon Intensity	
Air liquide SA	1.00	1,430.94	413.39	1,566.82	
Taiwan Semiconductor ADF	2.32	226.86	28.12	211.09	
Lonza Group	1.32	89.29	19.45	86.64	
Novonesis	1.29	49.46	11.08	68.45	
Costco Wholesale Group	1.08	39.60	10.60	16.18	
Walt Disney Co	1.42	42.47	8.61	20.72	
Essilorluxottica	2.57	72.12	8.07	30.03	
Amphenol Corp	2.01	54.05	7.73	38.54	
Lindt - PC	0.95	25.00	7.57	38.67	
Alcon Inc	1.38	32.66	6.80	30.71	

Carbon intensity from the highest ten emitters					
Name	Portfolio weight %	Financed GHG	Carbon Footprint	Carbon Intensity	
Air liquide SA	1.00	1,430.94	413.39	1,566.82	
Taiwan Semiconductor ADF	2.32	226.86	28.12	211.09	
Lonza Group	1.32	89.29	19.45	86.64	
Novonesis	1.29	49.46	11.08	68.45	
Geberit	0.68	15.83	6.73	43.83	
Zoetis	1.44	18.90	3.79	42.12	
Lindt - PC	0.95	25.00	7.57	38.67	
Amphenol Corp	2.01	54.05	7.73	38.54	
Alcon Inc	1.38	32.66	6.80	30.71	
Essilorluxottica	2.57	72.12	8.07	30.03	

Source: Bloomberg and Dundas at end December 2024.

Carbon footprint – represents Greenhouse Gas emissions, financed per million invested, for scope 1 and 2 (allocated based on EVIC). Uses reported emission data when available, otherwise estimated.

Units: MT of CO2e / MM invested in Portfolio

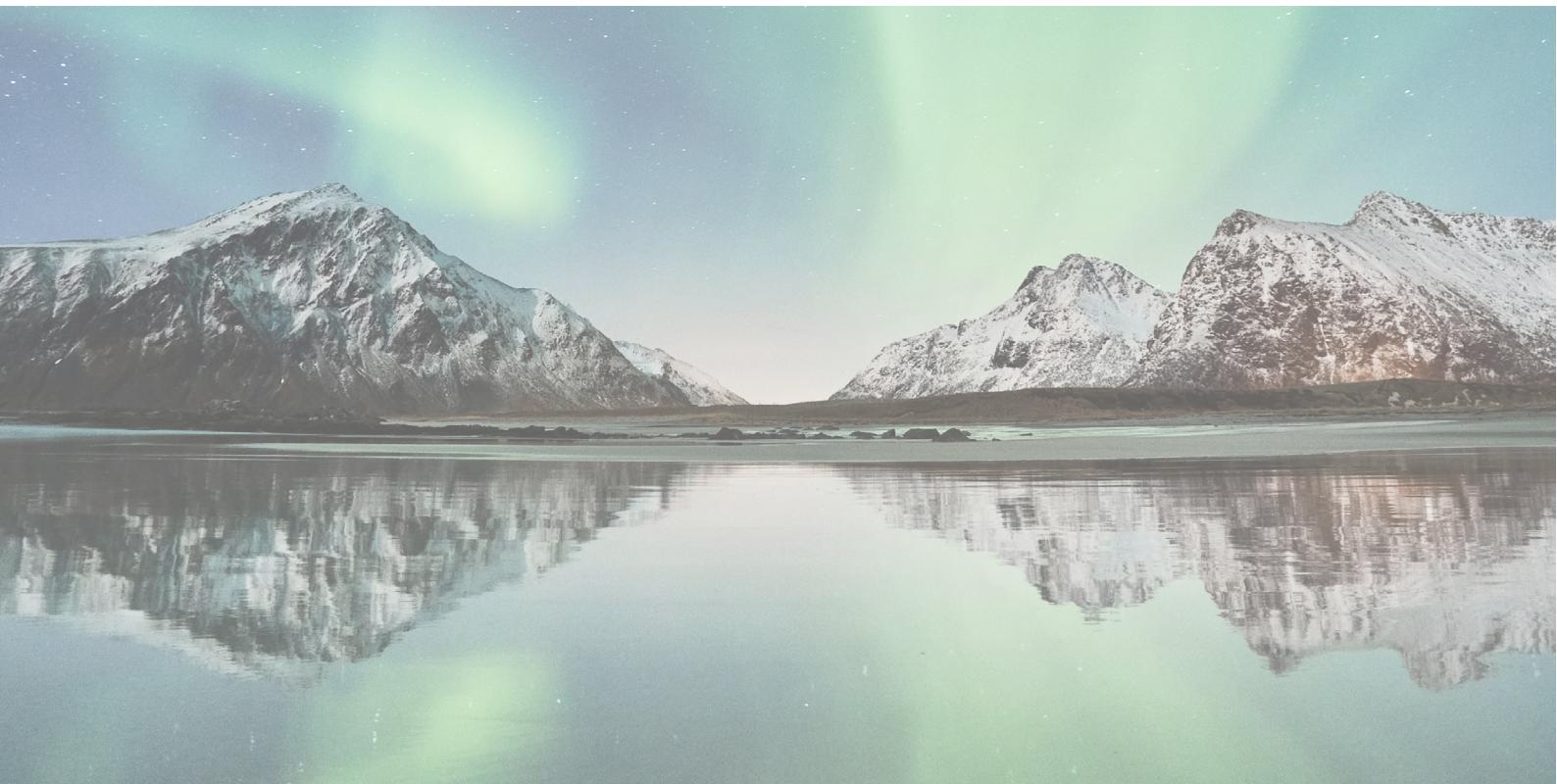
Carbon Intensity – represents GHG emissions per Million generated in revenue (Per sales) for scope 1 and 2. Uses reported emission data when available, otherwise estimated. **Units: MT of CO2e / MM\$ in Portfolio base currency.**

INTEGRATING RISK MANAGEMENT INTO OUR BUSINESS STRATEGY AND FINANCES

The firm operate a top-down and bottom-up approach to risk management, where current and emerging risks are identified and assessed as part of our strategy and budget process. At least twice a year, the partners formally review and assess the risks for their business areas and update as necessary.

The principal risks associated with the Firm's strategy are divided into four categories:

- Those specific to ourselves and our strategy
- Industry-related risks
- General business risks for any international company
- Client harm risks



OWNERSHIP OF RISKS

The specific climate-related risks identified at the firm level risk management programme are described in the table below alongside the category of risk and the committee owning that risk along with mitigants and management of that risk.

Risk register	Description	Impact	Mitigation	Owner/Type of risk
Poor investor returns relative to expectations.	Portfolio returns lag similar competitors and/or behind dividend growth.	AUM growth curtailed, client losses and fewer new business opportunities.	Maintain investment disciplines and manage expectations. Excellent client communications.	<i>Investment Committee</i> Firm Strategy Risk.
Failure to meet Net Zero Goals.	Portfolio holdings do not make planned progress towards Net Zero.	Decision to stay or go for those businesses and communication ramifications.	Monitor the progress of companies by industry and cross reference likely difficulties.	<i>Investment Committee</i> Firm Strategy Risk.
Greenwashing or similar allegations.	Tightening regulations in fund marketing of ESG and climate-related issues.	Limits on how we can position the sustainable features of portfolios.	Seek to work within new framework to reassure existing and potential clients.	<i>Investment Committee</i> Industry Related Risks.
Climate Change.	Failure to anticipate and respond to transition to low carbon economy.	Greater volatility of equity markets, rising costs and curtailed client travel.	Keep portfolios on agreed pathway., communicate risks to clients and reduce operational carbon footprint.	<i>Partnership</i> General Business Risk.
Investment style out of fashion.	Strategy not in vogue for extended period.	Sustained period of under performance against comparator benchmark.	Clear communication of strategy risks and investment time horizons.	<i>Partnership</i> Client Harm Risks.
Fall short of Stewardship/ ESG goals.	Inadequate evidence and/or standards of governance of ESG.	Loss or reputation, regulatory oversight, and client losses.	Build stewardship compliance metrics and resourcing.	<i>Investment Committee</i> Client Harm Risks.

Metrics for the carbon footprint of the firm's own operations show that one of the largest areas of carbon emissions directly under control relates to business travel. To manage climate-related risks the firm has adopted a travel policy within the UK which favours the use of trains rather than air travel. For travel overseas the firm has adopted more virtual meetings and video conferences to reduce the frequency of long-haul trips to Australia and the USA which account for around 70% of firm wide assets under management.

We have long been advocates of desk-based research rather than face to face meetings with investee companies. The recent greater use of video conferencing and ongoing regulatory change towards common disclosures to all investors has further enhanced our stance on desk research which has helped to keep research-based travel to a minimum while still allowing clients the choice to have face to face meetings.

METRICS AND TARGETS



We use a set of climate-related metrics to monitor portfolio exposure to transition and physical risks, assess alignment with global climate goals, and track progress against our Net Zero commitment. These metrics include portfolio emissions, carbon intensity, implied temperature alignment, Climate Value at Risk, and sensitivity to carbon pricing. Together, they provide a consistent framework for evaluating resilience and informing investment decisions and stewardship priorities.

DATA GOVERNANCE

We report our metrics annually and evaluate them against the long-term targets outlined later in this section. These targets form a key part of our Net Zero pathway and are reviewed periodically to reflect evolving science, methodologies, and market standards.

DATA QUALITY, ESTIMATION UNCERTAINTY AND LIMITATIONS

Portfolio climate metrics rely on a combination of company-reported data and modelled estimates. While disclosure continues to improve across global markets—particularly for Scope 1 and 2 emissions—some companies still publish incomplete or non-standardised information. In these cases, third-party providers apply estimation methodologies that introduce uncertainty. Differences in modelling assumptions, Scope 3 boundaries, and temperature-alignment pathways can also affect comparability across datasets and over time. We mitigate these limitations by prioritising company-reported data, using reputable sources, and reviewing provider methodologies regularly. However, in line with IFRS S1 requirements, all portfolio metrics should be interpreted with an understanding of these inherent uncertainties.

KEY METRICS

As of year-end 2024, more than 85% of the firm's assets under management are included in this report. These assets include companies held within the Apostle Dundas Global Equity Fund and the Heriot Global Funds. The companies held within the Heriot Smaller Companies Fund are not included. Also, model portfolios managed on behalf of wealth advisors, are not included in this report.

All emission metrics are calculated in line with the GHG Protocol methodology.

The table below describes the four key output metrics:

Type	Output Metric	Measurement
Absolute Emissions Metric.	<p>Measures the total carbon emissions for which an investor is responsible by their equity ownership. Sum of all emissions in the portfolio based on the investor's ownership share. Measures the carbon footprint of a portfolio.</p> <p>Total Financed Carbon Emissions.</p>	<p>The volume of Scope 1 and Scope 2 emissions from our portfolio investments.</p> <p>Measured in tons of CO2e.</p>
Emissions intensity by \$\$\$ invested.	<p>Measures the carbon emissions for which an investor is responsible per USD million invested. Emissions apportioned based on equity ownership (% of market capitalisation).</p> <p>Financed Carbon Emissions.</p>	<p>Volume of Scope 1 and 2 emissions per unit of capital invested in our portfolios.</p> <p>Measured in tons CO2e per \$m invested.</p>
Emissions intensity by sales Metric Carbon efficiency of a portfolio.	<p>The ratio of portfolio carbon emissions normalised by the investor's claims on sales. Ratio of carbon emissions for which as investor is responsible to the sales for which an investor has a claim by their equity ownership.</p> <p>Expresses carbon efficiency of the portfolio and allows investors to measure how much carbon emissions per dollar of sales are generated by portfolio companies.</p> <p>Financed Carbon Intensity.</p>	<p>Volume of Scope 1 and 2 emissions per GBP million in sales revenues.</p>
Portfolio exposure to carbon-intensive industries.	<p>The portfolio weighted average of companies' Carbon Intensity (emissions/sales).</p> <p>Weighted Average Carbon Intensity.</p>	<p>Volume of Scope 1 and 2 emissions per GBP million in sales revenues.</p>

Aside from the carbon output metrics outlined above, we also consider a further six input metrics focused on: data quality, investee company commitment to Net Zero emissions, portfolio value at risk under different scenarios, alignment of portfolio companies with global temperature goals, trend analysis of exposure to carbon intensive industries, and emissions concentration within the portfolios.

These six metrics in the table below complement the 4-output **metrics** above by being **more forward-looking in their focus** and more representative of the climate-related metrics considered in investment decisions and monitoring the pathway to Net Zero described in the Strategy section above.

Type	Input Metric	Measurement
Information coverage.	Data quality – measure of the level of actual data available from investee companies.	Percentage of investee companies for which actual data has been used to calculate carbon footprint.
Portfolio alignment metric.	Companies with Greenhouse Gas emission reduction targets.	Measured as the percentage of portfolio at year end with specific reduction targets.
Climate value at risk – scenario output.	Portfolio value at risk against ACWI benchmark under different transition scenarios.	Potential portfolio value impact vs benchmark value impact.
Alignment of investee companies with global temperature goals.	Implied Temperature Rise of portfolio against that of ACWI benchmark.	Degrees Celsius.
Trend analysis.	Trend for portfolio of weighted average carbon intensity.	Weighted average portfolio carbon intensity for past 5 years.
Emissions concentration within portfolio.	Percentage of absolute emissions from top 10 emitters.	% of total emissions.

METRICS AND OUR PATHWAY TO NET ZERO

We have considered the value of including metrics on **Scope 3 emissions** and decided not to include this data in this report. We have questions around the consistency with which the methodology for identifying and reporting Scope 3 emissions is applied in different jurisdictions and have decided to await the general acceptance of new accounting standards in the next year or two before committing to report Scope 3 emissions on a consistent basis.

We also considered including metrics on climate-related risks associated with water, energy, land use and waste management but have decided not to include these metrics in this report because they are not consistently recorded across companies.

Within investee companies' climate-related metrics are starting to be incorporated into remuneration policies and in our engagements with Boards we will be encouraging them to do so.

As described in the Strategy section, the pathway we are working to has these main elements:

- Portfolio alignment
- Stewardship and engagement
- Escalation and divestment

The table below highlights identified pathway topics mapping each to the relevant output and input metrics. The associated management actions are also shown for each topic.

Pathway topic	Output Metric	Input Metric	Management actions
Portfolio – bottom-up aggregation of investee companies.	Financed Carbon Intensity.	Information coverage (data quality). Portfolio alignment to Net Zero. Implied temperature rise.	Mitigate Continue search for new investment ideas. Monitor progress against portfolio pathway.
Industry/sector abatement or exclusion.	Weighted Average Carbon Intensity.	Climate Value at Risk. Trend analysis of weighted average carbon intensity.	Control Monitor portfolio existential risks as they have collateral consequences.
Engagement – active investor activities.	Total Financed Carbon Emissions.	Information coverage (data quality). Portfolio alignment to Net Zero.	Mitigate May require more resource. Seek to influence Board decisions.
Stranded assets.	Weighted Average Carbon Intensity.	Climate Value at Risk Emissions concentration. Alignment to Net Zero.	Accept Unlikely within portfolio companies but threat from outside.
Emissions trade offs.	Financed Carbon Intensity.	Emissions concentration. Trend analysis of weighted average carbon intensity.	Control Reducing scope for higher emitters.
Divestment.	Total Financed Carbon Emissions.	Alignment to net zero. Implied temperature rise. Emissions concentration.	Control Divestment only likely after extensive engagement.
Risk mitigation vs opportunity.	-	Implied temperature rise. Portfolio value at risk.	Mitigate Manage research time allocation between climate risks and opportunities.

SCOPE 1 AND SCOPE 2 DISCLOSURES

OUTPUT METRICS

Absolute Scope 1 and 2 emissions: = **17,405.9 tons CO2e** based on the total assets under management of **US\$2.347 million** (as at 31 December 2024) for the Global and International strategies.

Type – output Numbers in <i>italics</i> are for comparator benchmark	Global (\$2.102bn) (MSCI All Country World Index)	International (\$238m) (MSCI EAFE plus Canada index)
Absolute Emissions Metric. Total Financed Carbon Emissions. Tons of CO2e (Scope 1 and 2).	5,929.9 tons CO2e. 31,133.00 tons of CO2e.	11,476.00 tons CO2e. 52,354.90 tons of CO2e.
Emissions intensity by US\$ invested. Financed Carbon Emissions. Tons of CO2e per \$m invested.	5.9 tons CO2e/USD million invested. 31.1 tons CO2e/USD million invested.	16.9 tons CO2/USD million invested. 69.3 tons CO2/USD million sales.
Emissions intensity by sales Metric Carbon efficiency of a portfolio. Financed Carbon Intensity. Emissions per US\$ million in sales.	30.3 tons CO2e/USD million sales. 105.2 tons CO2e/USD million sales.	81.7 tons CO2e/USD million sales. 140.6 tons CO2e/USD million sales.
Portfolio exposure to carbon-intensive industries. Weighted Average Carbon Intensity. Emissions per US\$ million in sales.	29.2 tons CO2e/USD million sales. 91.4 tons CO2e/USD million sales.	59.3 tons CO2e/USD million sales. 123.7 tons CO2e/USD million sales.

Source: MSCI Climate risk report as at end December 2024.

Compare these metrics against our 2023 Base line – view our [first TCFD report here](#).

Emissions intensity by US\$ invested: for both our strategies, emissions intensity was substantially lower than that for the relevant comparator benchmarks. It is noteworthy that the EAFE plus Canada benchmark (a subset of the ACWI benchmark) has considerably higher emissions intensity, this is partly why our strategies are different.

Emissions intensity by US\$ sales: for each US\$ million of sales our strategies generated substantially less carbon emissions than the respective benchmarks.

Weighted Average Carbon Intensity by US\$ sales: this metric emphasises the portfolio exposure to carbon intensive industries. Its highlights the low sector weightings in our strategies to these sectors such as Energy and Utilities.

The output climate-related metrics outlined above are used internally and in client reporting. The input metrics below have been assembled since 2023 as more information has become available from investee companies and data providers such as MSCI.

INPUT METRICS

Portfolio Alignment: **92.7% / 89.6%** of our holdings have **specific GHG reduction targets**.

Type - Input	Global (MSCI All country world index)	International (MSCI EAFE + Canada index)
Information coverage. Percentage of investee companies for which reported (not estimated) data has been used to calculate carbon footprint.	96.6% 95.3%	88.9% 91.7%
Portfolio alignment metric. Measured as the percentage of portfolio at year end with specific GHG emission reduction targets.	92.7% 92.5%	89.6% 95.7%
Climate value at risk – scenario output. Potential portfolio value impact vs benchmark value impact.	-1.5% -3.8%	-1.4% -6.6%
Implied temperature rise. Alignment of investee companies with global temperature goals. Degrees Celsius.	2.1 degrees Celsius 2.6 degrees Celcius	2.1 degrees Celsius 2.4 degrees Celsius
Trend analysis. Weighted average portfolio carbon intensity for past 5 years of current holdings.	-27.4%	-26.2%
Emissions concentration within portfolio. Percentage of absolute emissions from top 10 emitters.	85.0%	94.8%

Source: MSCI Climate risk report and Bloomberg carbon footprint as at end December 2024.

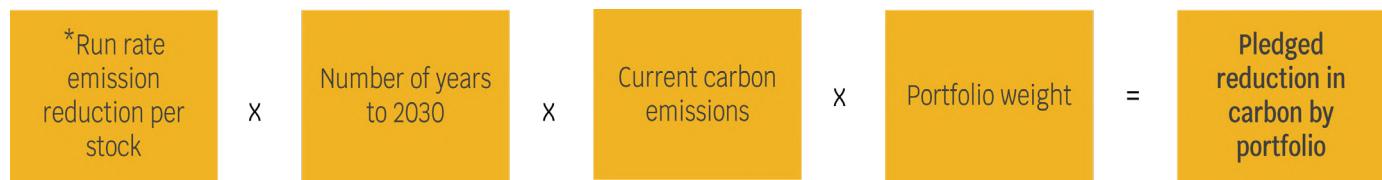
Compare these metrics against our 2023 Base line – view our [first TCFD report here](#).

Information coverage: Our companies tend to be good at reporting data on Scope 1 and Scope 2 emissions meaning data providers do not need to estimate.

Climate value at risk: the result of the climate scenario modelling shows our portfolios to have substantially lower value at risk metrics than the comparator benchmarks. This is largely due to lower exposure to carbon intensive industries. The figures given are for the 2°C orderly scenario.

Alignment with global temperature goals: Our investee companies have policies which align broadly align with the Paris Agreement to keep global temperature rise this century to well below 2°C.

Trend analysis: using the weighted average portfolio carbon intensity metric, a portfolio comprising of the current holdings would have seen **carbon intensity fall by 27.4%** for Global and **26.2%** for International strategies **over the past 5 years.**



OUR TARGETS

SHORT TERM (BY 2030) GOAL METHODOLOGY:

Methodology	Number of stocks	% of Portfolio Market Cap	Pledged Scope 1 and 2 carbon-run rate reduction by 2030 based on total carbon pledge (per stock multiplied by current carbon emissions)
Companies with Scope 1 and 2 or 1,2 and 3 carbon reduction pledges	52	88%	19%
Companies with no carbon reduction pledges	7	12%	-

PROGRESS TO DATE

Emissions over time – Global Fund Emissions Reduction Progress



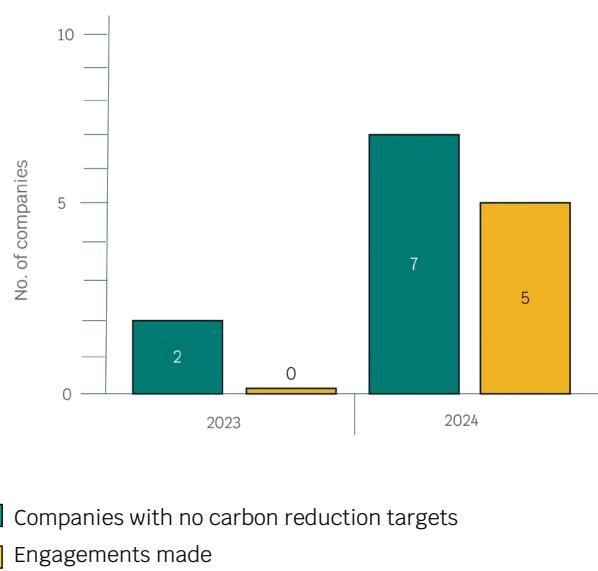
■ Emissions trending down

Scope 1 and 2 emissions across our global portfolio have fallen since 2019, reflecting stronger climate alignment and improved emissions data quality.

■ Net Zero Pathway on track

The downward trend demonstrates real progress by investee companies in strengthening transition plans and climate disclosures.

Source: Bloomberg



Source: Bloomberg and Dundas analysis

TARGETS UNDER REVIEW

By the end of 2024, around 12% (or 7) of our portfolio companies had yet to formalise Net Zero targets or transition plans — up from 3% (or 2 portfolio companies) in 2023. This increase, in part, reflects the standard five-year review cycle, as some firms update or resubmit targets to the SBTi and CDP.

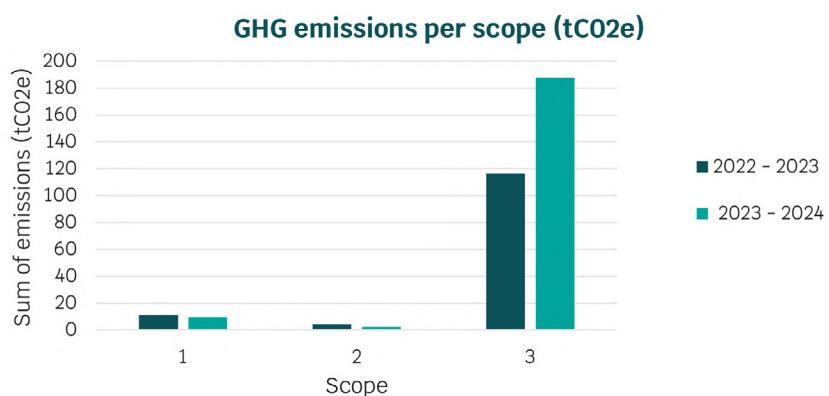
STEWARDSHIP IN ACTION

Beginning in 2025 we engaged with 5 companies that do not have science backed climate targets - reinforcing our focus on constructive, long-term stewardship.

OPERATIONAL 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.

Scope*	2022-2023	2023-2024
	Sum of emissions in tCO2e	Sum of emissions in tCO2e
1	11.22	9.62
2	4.32	2.52
3	116.37	187.77
Total	131.91	199.91



Source: Dundas Partners LLP

*Scope 1 - Direct emissions from the company operations (Gas, for heating and hot water)

Scope 2 - Emissions relating to provided utilities including electricity, water, sewage

Scope 3 - Emissions of third parties directly relating to Dundas Partners LLP operations

Across Scope 1 and 2 operational emissions, this equates to 0.81 tons of CO2 equivalent greenhouse gas emissions per employee.

Over the two years of recording this data, we can see a **drop in our Scope 1 and 2 emissions** of 14.26% and 41.67%.

Our Scope 3 emissions have increased by 61.20%, in part due to more accurate data collection, and also increased vendor costs over the period.

CLOSING STATEMENT

Through this report we intended to enhance the understanding and transparency around our ongoing climate reporting and demonstrate how we preserve and improve the value of our clients' assets.

Whilst there is no doubt that challenges remain, we are starting to see some improvements with the ways that our investee companies are reporting, and recording data, crucial in setting interim and long-term Net Zero targets and giving us leverage to target our engagements and stewardship activities.

We hope this report has given you a sense of how we go about investing responsibly at Dundas and the actions we have taken on behalf of our clients during 2024. We look forward to updating you on our progress during 2025.

Should you wish to learn more in the meantime, please feel free to contact our Stewardship team, comprising of David Keir (dkeir@dundasglobal.com) and Natasha Hayward (nhayward@dundasglobal.com).

STEWARDSHIP TEAM



Natasha Hayward
Senior Dealing and Stewardship Analyst



David Keir
Managing Partner and Head of Stewardship

APPENDIX

SUSTAINABILITY DISCLOSURE

- **Sustainability label.** The Financial Conduct Authority (FCA) has issued new 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 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 CO₂ 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) effective 1 January 2024. 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 documents 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 Global Investors website (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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