

Dundas Partners LLP: Sustainability Disclosures

- **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 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). 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 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,
 - Manufacturers of cluster bombs or similar anti-personnel weapons,
 - Variable Interest Entities where the listed entity is in a different country to the operating assets
 - 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 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](#).

As of 22 May 2026