



CLIMATE-RELATED DISCLOSURES

GLOBAL ALPHA CAPITAL MANAGEMENT LTD.

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INTRODUCTION

Since becoming a supporter of the Task Force on Climate-related Financial Disclosure (TCFD) in 2019, Global Alpha Capital Management (GACM) has remained committed to enhancing transparency around its approach to identifying, assessing, and managing climate-related risks in its investments on behalf of clients.

While the TCFD was formally disbanded in 2023 following the integration of its recommendations into the International Financial Reporting Standards (IFRS) via the International Sustainability Standards Board (ISSB), its core disclosure principles continue to serve as a global foundation for climate-related reporting.

Building on this foundation, GACM is progressively aligning its climate-related disclosures with the ISSB's IFRS S2 standard, which consolidates and advances the TCFD framework. Although not yet fully aligned, GACM remains committed to evolving its practices and reporting in line with global best practices—ensuring the firm continues to meet the expectations of clients, stakeholders, and the broader market.

GOVERNANCE

As an investment manager, climate-related risks and opportunities pertain mainly to GACM's investments and, as such, are primarily the responsibility of the investment team with ultimate responsibility for management and oversight sitting with the Chief Investment Officer. Global Alpha has two dedicated sustainability analysts who support the investment team with ESG and climate-related risk analyses and engage with investee companies on climate-related topics.

GACM established an ESG Committee to provide governance over sustainability topics across the firm and its investment practices. This committee, on which sits the Chief Investment Officer, senior portfolio managers, and other members of the team, meets on a bi-annual basis to discuss trends, processes and developments related to responsible investment. While climate change is not a standing agenda item nor is it formally included in the committee's mandate, related topics—such as emerging climate risks, evolving regulations, carbon metrics, the firm's carbon offsetting initiative and sector-specific exposure to transition and physical risks—may be part of committee discussions.

Furthermore, GACM measures the carbon footprint of its strategies on a quarterly basis. The full reports provided by Institutional Shareholder Services (ISS) are monitored by the ESG committee and could serve as the basis of discussions surrounding the climate impact of the different strategies. Furthermore, an internal climate roadmap is kept for monitoring the climate commitments of investee companies and help plan the firm's ESG engagements.

STRATEGY

GACM recognizes that climate-related risks and opportunities can materially influence the long-term prospects of its investment strategies and operations. It recognizes its climate responsibility as encompassing both the identification of climate-related risks across its operations and investment portfolio, and the proactive pursuit of climate-related opportunities with investee companies. Additionally, GACM views climate change as an important general consideration as its investment universe presents many opportunities related to climate change adaptation and mitigation, such as investing in the energy transition. GACM recognizes the importance of seizing such opportunities as well as engaging with investee companies to capitalize on them. As a bottom-up fundamental investor, GACM does not typically use top-

down scenario analysis, however, they will consider doing so in future as data availability, accuracy and the level of uncertainty associated with modelling future corporate emissions improve, particularly in the small cap asset class.

GACM assesses how physical and transition climate risks may impact the companies in which it invests in, as well as its own business model. These considerations are integrated into investment decision-making processes through its ESG integration and engagement approaches. Global Alpha also identified its most material transition risks, which include physical, market, reputational, policy and legal risks, mostly associated with increasing frequency and severity of weather events, changing consumer behavior, increased stakeholder concern, as well as enhanced emissions-reporting obligations and regulation of existing products.

Climate-related risks and opportunities identified as material for Global Alpha Capital Management

Climate risk/opportunity	Change	What Global Alpha is doing to reduce the risks	Time of occurrence*
Acute and chronic physical risks	Potential impact on investment performance resulting from extreme weather events (droughts, flooding, wildfires, cyclones, etc.).	<ul style="list-style-type: none"> Engaging with investee companies to increase ESG disclosures and understand risks. In-house ESG integration to assess the exposure to physical risks. 	Short-term
Policy and Legal risks	Enhanced ESG and climate-reporting obligations for companies and asset managers alike, which could lead to increased disclosure requiring additional resources.	<ul style="list-style-type: none"> Engaging with investee companies to increase ESG disclosures. Using ISS to calculate the carbon footprint of its portfolio on a quarterly basis. Calculating emissions from business travels annually. CC&L recently undertook an analysis of GHG emissions (scopes 1, 2, 3) at the group level, including associate emissions. 	Short-term
Market risks	Shift in consumer preferences may lead businesses to adapt and change their business model.	<ul style="list-style-type: none"> Investing in companies aligned with carefully selected investment themes and with strong growth potential. Engaging with companies regarding ESG risks within their business models. 	Medium-term
Reputational risks	Shifts in consumer preferences, increased stakeholder concern and stigmatization of certain sectors can lead to reduced revenue from decreased demand for specific products.	<ul style="list-style-type: none"> Diversifying the product offering. Ensuring communication is as transparent and accurate as possible. 	Short-term

	Increased greenwashing claims and disclosure regulations can increase risk.		
Market opportunity	Shifts in consumer preference can open access to new markets for investment products.	<ul style="list-style-type: none"> • Engaging with customers to collect feedback and trends. • Monitoring new trends in the industry. • Diversifying the product offering. 	Medium-term

* GACM defines short-term risks as those materializing within 0–2 years, medium-term within 2–4 years, and long-term including 5 years and more, aligning with investment horizons and regulatory expectations across its portfolios.

RISK MANAGEMENT

Physical and transition risks of investee companies related to climate change are considered in GACM’s in-house ESG scoring, which is fully integrated into the investment process. Material climate-related factors—such as emissions, vulnerability to physical risk, and energy use—are among the factors assessed using GACM’s internal financial materiality tool. This too is incorporated into GACM’s ESG scoring and analysis methodology. The team collects raw ESG data on a company’s activities and products through company websites, reports, meetings with management and third-party vendors. Each prospective holding is assigned a score in five areas: Sustainability Reporting, Environmental (E), Social (S) and Governance (G) and Business Model and Leadership. These individual scores are combined to establish an issuer’s overall score, which must meet a minimum standard for inclusion in the portfolio.

Climate-risks are primarily included in the E score and are assessed based on the level and evolution of greenhouse gas emissions disclosure, the presence of a climate commitment or emissions reduction target as well as initiatives in place to reduce emissions and ensure mitigation of climate-related risks. Global Alpha also evaluates whether the company’s products are environmentally friendly and contribute to the transition towards a low-carbon economy. Further details regarding the general scoring methodology are available upon request. The ESG score is then incorporated into the valuation process via an adjustment of the discount rate. A high ESG score indicates lower ESG risk, thus companies with higher ESG scores are valued using a lower weighted average cost of capital (WACC). Companies with lower scores, and thus higher ESG risk, are valued using a higher WACC. In this way, ESG risks, including climate-related risk, are directly factored into GACM’s valuation of each security.

Where applicable, GACM also addresses risks and opportunities associated with a particular issuer in stock pitch meetings. As a long-term investor, GACM considers risk present across various time horizons. They generally consider short-term to refer to periods less than two years, medium term to refer to periods of two to four years and long term refers to periods of five years or longer. While they believe that the risks associated with climate change, including physical risks or transition risks such as regulatory change, technological change and changing consumer preferences are more likely to be material over longer time horizons, these risks may still be present in the short term, depending on the sector. As noted above, ESG

risks, including climate-related risk, are factored into the investment process using adjustments to the discount rate used for valuation.

In addition, GACM seeks to proactively manage ESG risk, including climate-related risk, via engagement and proxy voting. GACM's direct engagement with issuers involves regular meetings and calls between the investment team and company management. GACM frequently uses these engagements to encourage companies to better address ESG risk and improve disclosure. GACM additionally seeks dialogue with company management whenever considering casting proxy votes against management recommendations. With respect to engagement and proxy voting, the team at GACM also receives support from the dedicated Stewardship & Engagement (S&E) team at Connor, Clark & Lunn Financial Group. For further details regarding GACM's engagement and proxy voting please refer to the Responsible Investment Policy and Proxy Voting Policy.

Finally, GACM measures the carbon footprint of its strategies on a quarterly basis. The full reports provided by Institutional Shareholder Services (ISS) are made publicly available on the firm's website. Although Global Alpha does not utilize climate-related scenario analysis in its investment process, the ISS reports include scenario alignment analyses that display the estimated temperature performance of the portfolio by 2050 using the IEA Sustainable Development Scenario (SDS). This information is used by the team for informational purposes only.

METRICS AND TARGETS

While GACM does not set formal targets, at the portfolio and holding level, Global Alpha primarily considers Relative Carbon Footprint and Carbon Intensity. As a result of the investment process, rather than explicitly by design, Global Alpha's portfolios have demonstrated lower carbon intensity relative to the benchmark. This disclosure is provided for transparency and informational purposes only and does not reflect a formal decarbonization objective.

The ESG Committee will review the risks and opportunities related to climate change on an annual basis and revise the report for material changes.

Indicator	Unit	Strategy	Value in 2024	Benchmark in 2024	Net performance from benchmark
Relative Carbon Footprint	tCO ₂ e/Invested	CCL Global Alpha Fund	78.82	143.8	-45.2%
		Global Alpha International Small Cap Fund LP	58.29	220.96	-73.6%
		Global Alpha Sustainable Global Small Cap Fund	56.99	143.8	-60.4%
		Global Alpha Emerging Markets Small Cap Fund	58.42	482.05	-87.9%
Carbon intensity	tCO ₂ e/Revenue	CCL Global Alpha Fund	89.70	145.72	-38.4%
		Global Alpha International Small Cap Fund LP	58.66	165.41	-64.5%
		Global Alpha Sustainable Global Small Cap Fund	81.36	145.72	-44.2%
		Global Alpha Emerging Markets Small Cap Fund	93.88	389.78	-75.9%

Indicator	Unit	Strategy	Value in 2024	Benchmark in 2024	Net performance from benchmark
Scope 1 & 2	tCO ₂ e	CCL Global Alpha Fund	7,639	13,938	45.20%
		Global Alpha International Small Cap Fund LP	5,662	21,464	73.60%
		Global Alpha Sustainable Global Small Cap Fund	5,382	13,579	60.40%
		Global Alpha Emerging Markets Small Cap Fund	5,486	45,269	87.90%
Scope 1, 2 & 3	tCO ₂ e	CCL Global Alpha Fund	63,098	145,993	56.80%
		Global Alpha International Small Cap Fund LP	81,386	204,464	60.20%
		Global Alpha Sustainable Global Small Cap Fund	83,126	142,242	41.60%
		Global Alpha Emerging Markets Small Cap Fund	42,179	227,464	81.50%

Source: ISS Climate Impact Assessment Reports as of 12/31/2024

Note on coverage:

CCL Global Alpha Fund coverage: 96.92%

Global Alpha International Small Cap Fund LP coverage: 97.14%

Global Alpha Sustainable Global Small Cap Fund coverage: 94.43%

Global Alpha Emerging Markets Small Cap Fund coverage: 93.91%