



BETTERWORLD

FUND

IMPACT REPORT 2021

MONTANARO

Certified



Corporation

A certification for companies
who meet the highest standards
of verified environmental
and social performance.

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Better World Fund

> **INVESTMENT OBJECTIVE & STRATEGY**

Long-term capital growth by investing in global developed markets in Small & MidCap companies that make a **positive impact on the world**.

> **LAUNCHED**

April 2018

> **EXCLUSIONS**

No: Tobacco; Alcohol; Weapons; Adult Entertainment; Gambling; High-interest Rate Lending; Fossil Fuels; Animal Testing (ex-healthcare).

> **AWARDS**

Best Impact Fund 2019: *Investment Week, Sustainable & ESG Investment Awards*

Best Impact Report 2019: *Pensions for Purpose*

Highly Commended 2020: *Investment Week, Sustainable & ESG Investment Awards*

> **RATINGS**

Label ISR: sustainability rating awarded by the French Finance Ministry

Square Mile: AAA rating from 3D Investing

Morningstar: 5 Star rating (as of May 2021)

> **SFDR**

Better World Fund classified as an Article 9 Fund.

> **STRUCTURE**

UCITS Fund domiciled in Dublin (Ireland). We also manage a similar Fund, the LF Montanaro Better World Fund, domiciled in the UK.

Welcome

A very warm welcome to our fourth Impact Report. When we launched the Better World Fund, our goal was to deliver strong investment returns by investing in companies making a positive impact on the world. Over the next few pages, we will share with you some of the challenges we faced in lockdown and some of the achievements as we continue our journey.

The overriding message remains important and simple: the greatest threat to health in our history has coincided with the twin challenges of climate change and a social crisis as we emerge from the pandemic. The fall in global carbon emissions during Covid-19 will inevitably see a rebound as economies re-open. A focus on Net Zero Carbon is needed now more than ever. We are energised and excited about the impact we can have as responsible investors.

Thankfully, investors have woken up to the importance of not only Environmental, Social and Governance (ESG) considerations, but impact investing too.

We are pleased to report strong performance particularly in the past two years: in Sterling terms, +30% (2019) and +35% (2020). Since launch on 10 April 2018, returns have been +65%, more than 25% above the benchmark.

We also applaud the positive impact that our companies have made in 2020. Many are heroes in the battle against Covid-19, ranging from Tecan's testing equipment that was sent to the front line in Asia when the pandemic first broke; to Masimo, who swiftly developed a new product to help doctors monitor patients remotely; and Sartorius Stedim Biotech, whose equipment was central to the production of Covid vaccines. It is possible to "do good" and achieve attractive returns.



A stylized, handwritten signature in dark ink.

Charles Montanaro

SECTION

1

Strategy & Performance

Strategy

The Better World Fund is a positive impact Fund that invests globally in Small & MidCap companies whose products or services help to solve some of the world's greatest problems. To select "Better World" companies, we remain true to our heritage by only investing in high quality businesses. Every company in the Fund must have the majority of its revenue aligned to six themes and be approved for impact by members of our Sustainability Committee.

Our themes support the aims of the UN Sustainable Development Goals.



Performance

After a gain of 30% in 2019, the Fund rose by 35% in 2020, outperforming its benchmark by 23% (based on the Sterling share class). The Portfolio fared well last year, helped by its structural overweight in healthcare and technology. These two sectors performed strongly in a difficult economic environment caused by the global pandemic.

Healthcare budgets increased in the quest for a vaccine and improved testing for Covid-19. Several of our companies were actively and directly involved in helping to save lives. Technology was largely unaffected by the move to working from home and was quite defensive.

PORTFOLIO CHANGES

As the severity of the pandemic became evident in the Spring of 2020, we reviewed the Portfolio to identify those business models that might be especially vulnerable. With their retail outlets closed, we sold our investment in Amplifon, the manufacturer of hearing aids. As a result of our impact focus, the Portfolio had little exposure to the consumer and end markets most impacted by the pandemic such as restaurants, high street retail, airlines, banks, oil and gas.

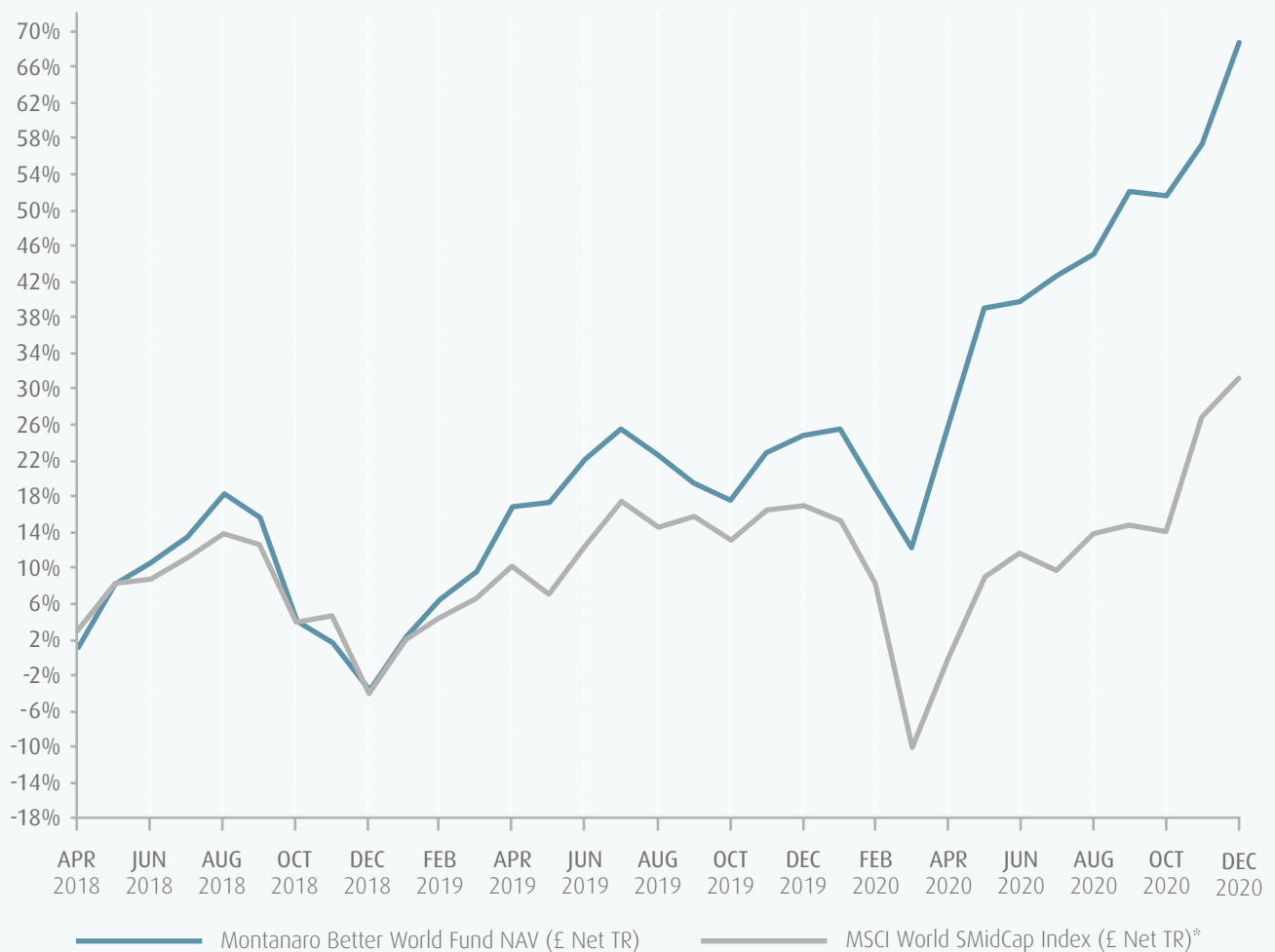
New information came to light from the Grenfell Tower Inquiry that identified shortcomings in the certification and testing process of certain Kingspan products. We viewed these as serious failings of governance and sold our holding in November 2020.

During the year, we identified a number of more attractive investment opportunities, such as Siemens Gamesa Renewable Energy, a leading supplier of wind power solutions with a market leading share in the offshore sector; Novocure, a medical technology company attempting to scale a novel form of cancer treatment; GoodRx, a consumer-facing digital platform that offers consumers the best prices for prescription drugs in the US; and Xylem, a water technology company creating innovative and smart technology solutions to meet the world's water needs.

Following a multi-year engagement, our Sustainability Committee recommended the sale of Kingspan, the manufacturer of insulation materials.

We cautioned last year that investors should not expect a repeat of the strong returns of 2019. Remarkably, the returns in 2020 were even greater. After two consecutive years of such high returns, a period of consolidation would come as no surprise.

CUMULATIVE PERFORMANCE SINCE INCEPTION OF FUND (10 APRIL 2018)



Source: Bloomberg, Internal. Based on the GBP Share class. *The MSCI World SMID Cap became the official benchmark as of April 2020. Previous to this it is shown for comparison purposes only.

Investment Process

How do we select “Better World” companies? There are three stages to the investment process for the Better World Fund. A company cannot make it into the Portfolio unless it has been approved for both “impact” and “quality”.



Stage 2 and Stage 3 form part of the traditional Montanaro process that is applied to all of our Funds. Stage 1 is unique to the Better World Fund. Our experienced sector specialist Analysts are involved in every stage of the investment process.

1 Impact

Analysts complete an “Impact Profile” and the following “Key Sustainability Criteria” must be met:

- The company’s products / services address a key sustainability challenge
- At least 50% of revenue aligned to our impact themes
- Alignment with the UN Sustainable Development Goals
- Management intention to deliver impact
- Product / service different to what already exists

We also want to identify:

- If there is support to a UN Sustainable Development Goal target and indicator
- What measurable output can be used to determine impact
- The quality of reporting
- If the customer base includes “underserved groups”
- How we can improve the impact of the company via engagement
- How impact should be classified according to the Impact Management Project methodology

Members of our Sustainability Committee vote to determine if a stock passes or fails for impact.

2 Quality

We assess “Quality”, considering the business attributes, competitive profile, growth prospects, financials, ESG and management credentials. We conduct site visits to “kick the tyres”. We want to understand if a company’s footprint may offset the positive impact of its products/services. Our Investment Committee votes on whether a company passes or fails for quality.

3 Valuation

Once a stock has been approved for Impact and Quality, we complete detailed valuation work and apply a rating to the company.

We target 50-55 holdings in the Fund. Weighting criteria is determined by our conviction in the investment case, valuation, and risk and liquidity factors.

SECTION

2

Global Crises & Impact Solutions



Three Global Crises

The world is shaped by three crises: the Climate crisis; the Healthcare crisis; and the Social crisis. Through impact investing, investors can direct capital towards companies providing products or services that help to solve these problems.

“It’s turning an existential risk into one of the greatest commercial opportunities of our time.”

Mark Carney

Climate Crisis

Global warming is the defining crisis of our time. As the United Nations has stated *"no corner of the globe is immune from the devastating consequences of climate change"*.

Global CO₂ emissions fell by 9% in the first half of 2020 due to Covid-19 lockdowns. A similar decrease is required every year for the next decade to limit global warming to 1.5°C.¹

The world adds fifty-one billion tonnes of greenhouse gases to the atmosphere each year...

Zero
is what we need to aim for¹

Climate Solution

Siemens Gamesa Renewable Energy is a leading supplier of wind power solutions to customers across the globe, from Peru's largest wind farm Punta Lomitas, to the world's largest offshore wind project, Hornsea Two, off the Yorkshire Coast. This will provide clean energy for over 1 million British households once operational in 2022.

IMPACT

Siemens Gamesa has installed a total of over 100 gigawatts (GW) of wind capacity in more than 90 countries. This is a huge amount. 1 GW can power about 100 million LED lightbulbs, according to the US Department of Energy.

Siemens Gamesa delivers both onshore and offshore wind power solutions. They have a 30% market share in total but are the clear market leader in offshore wind with a market share of 70%.

Siemens Gamesa produces enough clean energy to power 87 million European households each year.

ENGAGEMENT

We engaged with the company to understand the geo-political issues they face in the disputed Western Sahara territory. Management informed us that the wind farms in the area are developed by private investors: they are simply the supplier, designing and delivering commissioned wind turbines. From an impact perspective, having renewable energy products helps to promote jobs and sustainability in the region.

Healthcare Crisis

The Covid pandemic has been likened to an x-ray, revealing long-standing problems in global healthcare systems. Before the pandemic, 87 million Americans were uninsured or underinsured. Meanwhile, hospitals across the world struggled to cope with surging demand, exposing multiyear funding and supply shortfalls in equipment, staff and protective gear.



The average cost of bringing a new drug to market is estimated at
\$1.3 billion²

Healthcare Solution

Sartorius Stedim Biotech is a leading developer of equipment used to bring biologic drugs to market faster, cheaper and with lower environmental impacts compared with traditional steel-based alternatives. This removes barriers to entry for drug producers, ultimately lowering the cost of bringing a drug to market.

IMPACT

Sartorius' equipment has been used by biopharmaceutical companies to successfully develop and manufacture vaccines for infectious disease outbreaks such as Ebola, Zika and H1N1.

Its products have been used at all stages of Covid-19 vaccine development, from discovery and testing, to large scale manufacturing. Their experience has supported drug manufacturers to manage the risks of vaccine discovery and production, while maintaining quality and speed.

ENGAGEMENT

We wanted to better understand what the company is doing to eliminate the use of unnecessary single-use plastics. The CEO, Dr Joachim Kreuzburg, explained that they want to be pioneers by only developing products where the environmental and health benefits align. They have set up a Plastics Working Group, led by the Chief Technology Officer, and have invited us to visit them to learn more about this area of focus.



Social Crisis

Covid-19 has disproportionately impacted the health of the elderly, while young adults, who have isolated to protect vulnerable members of society, face serious challenges to their education, economic prospects and well-being.

Covid-19 has been labelled the “inequality virus” and has the potential to increase inequality in almost every country³

Social Solution

Ryman Healthcare designs, builds and operates retirement villages and aged care facilities in New Zealand and Australia. Villages include independent houses, apartments, serviced apartments and care centres, providing hospital and dementia level care. Ryman was founded by John Ryder and Kevin Hickman in 1984 who determined that their facilities had to be “*Good Enough for Mum*”.

IMPACT

Like most of the developed world, New Zealand has an ageing population. Via the provision and operation of retirement villages and care facilities, Ryman provides an important service for a society that is rapidly ageing.

Ryman Healthcare provide over 11,000 beds to elderly residents. In 2020, it was one of the few care home operators not to experience a single Covid-19 case among its residents.

ENGAGEMENT

We engaged with management at the height of the Covid-19 pandemic to understand how they were ensuring the well-being of staff and residents. The company introduced a number of measures, including the introduction of enhanced sick-pay for staff; placing more staff on night shifts responsible for fewer residents; guaranteeing supply of PPE equipment; and ensuring residents could contact loved ones remotely, given physical visits were not possible.



SECTION

3

Impact Assessment



Measuring & Reporting

The concept of impact investing sounds simple: to invest in companies whose products or services are helping to solve a problem. Yet it is not quite so easy. Investing for impact, as defined by the Global Impact Investing Network (GIIN), requires “*measurable social and environmental impact*”. Measuring impact continues to be a challenge for investors.

While a consistent standard and methodology for measuring the impact of public equity investments has yet to fully emerge, over the past year we have taken a number of important steps to enhance reporting for the Better World Fund:

Impact Management Project

We use the Impact Management Project's framework to classify impact investments. This allows investors to assess, track and compare their impact performance and alignment to the SDGs and other evolving standards.

Impact Cubed

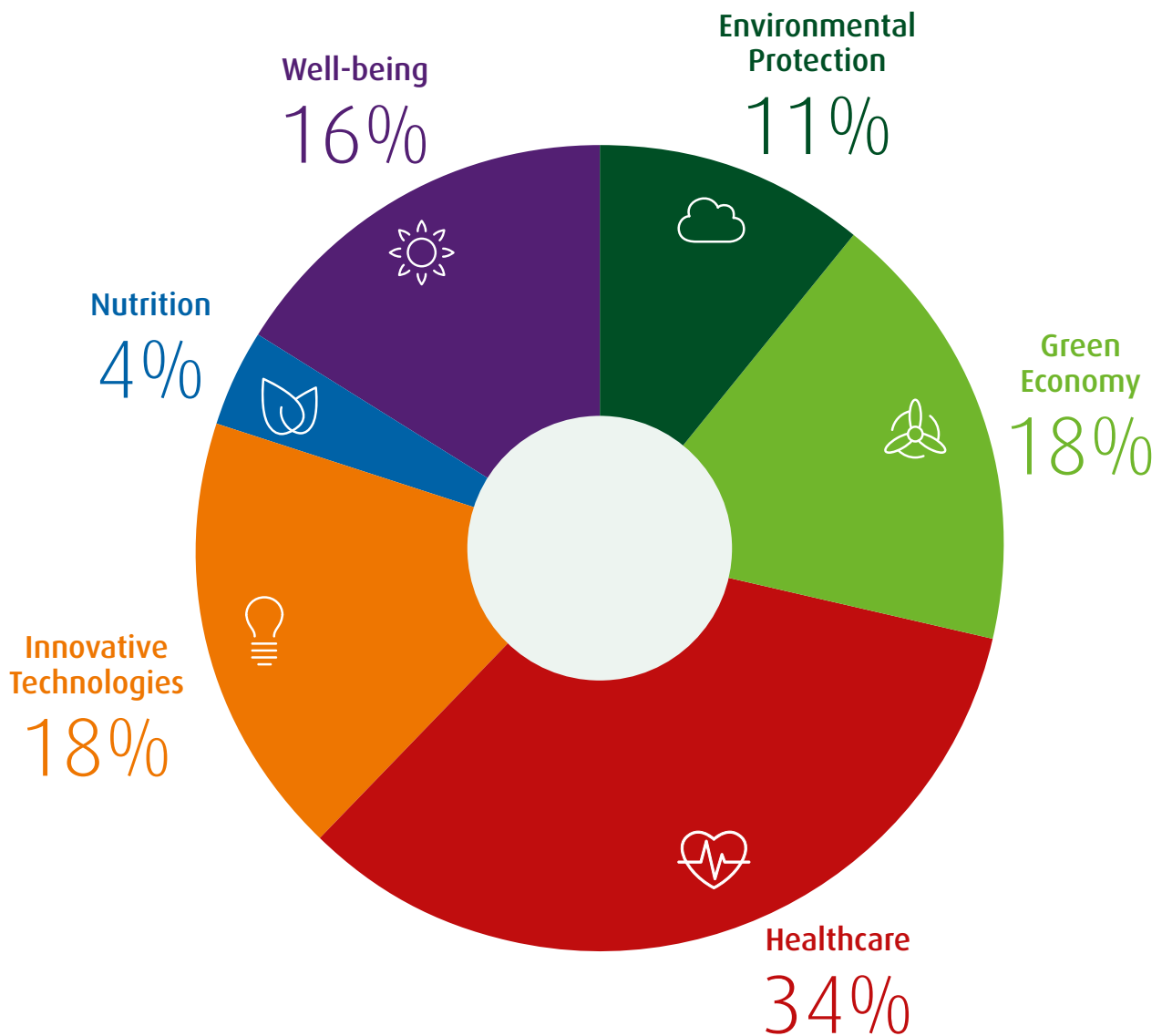
After a long search, our Sustainability Committee appointed Impact Cubed to aid our reporting. They offer an independent factor assessment of the Fund versus 14 sustainability measures and quantify the active sustainability exposures versus the Fund's benchmark.

EU Sustainable Finance Action Plan

The Better World Fund has been classified as an Article 9 Fund under the EU's Sustainable Financial Disclosure Regulation (SFDR). This regulation supports the wider aims of the EU Sustainable Finance Action Plan, which includes the taxonomy for sustainable activities.

Thematic Revenue

The Better World Fund offers exposure across a broad set of impact themes. Thematic exposure is the result of bottom-up stocking picking – we do not set targets for our themes.



Impact Management Project

The Impact Management Project offers a useful framework for classifying different types of impact and is one that is championed by the Impact Management Alliance.

Investors classify investments into three categories: A, B, or C:

Act to avoid harm:

mitigates or reduces negative outcomes for people, the planet and the economy.

0%
exposure in the Fund

Benefit stakeholders:

generates positive outcomes for people, the planet or the economy.

51%
exposure in the Fund

Contribute to solutions:

generates positive change for groups that would otherwise experience outcomes below the nationally or locally acceptable level.

49%
exposure in the Fund

B Classification: Melexis - supplier of semiconductors for the automotive industry.

On average, modern cars have 13 Melexis chips inside them. These help to improve the safety, automation, and energy efficiency of vehicles. Despite these positive outcomes, we cannot exactly measure the lives or energy saved by the company's products. This lack of granularity means Melexis is classified as a "B" company – its positive impact is clear, but we cannot measure its effect on an underserved group directly.

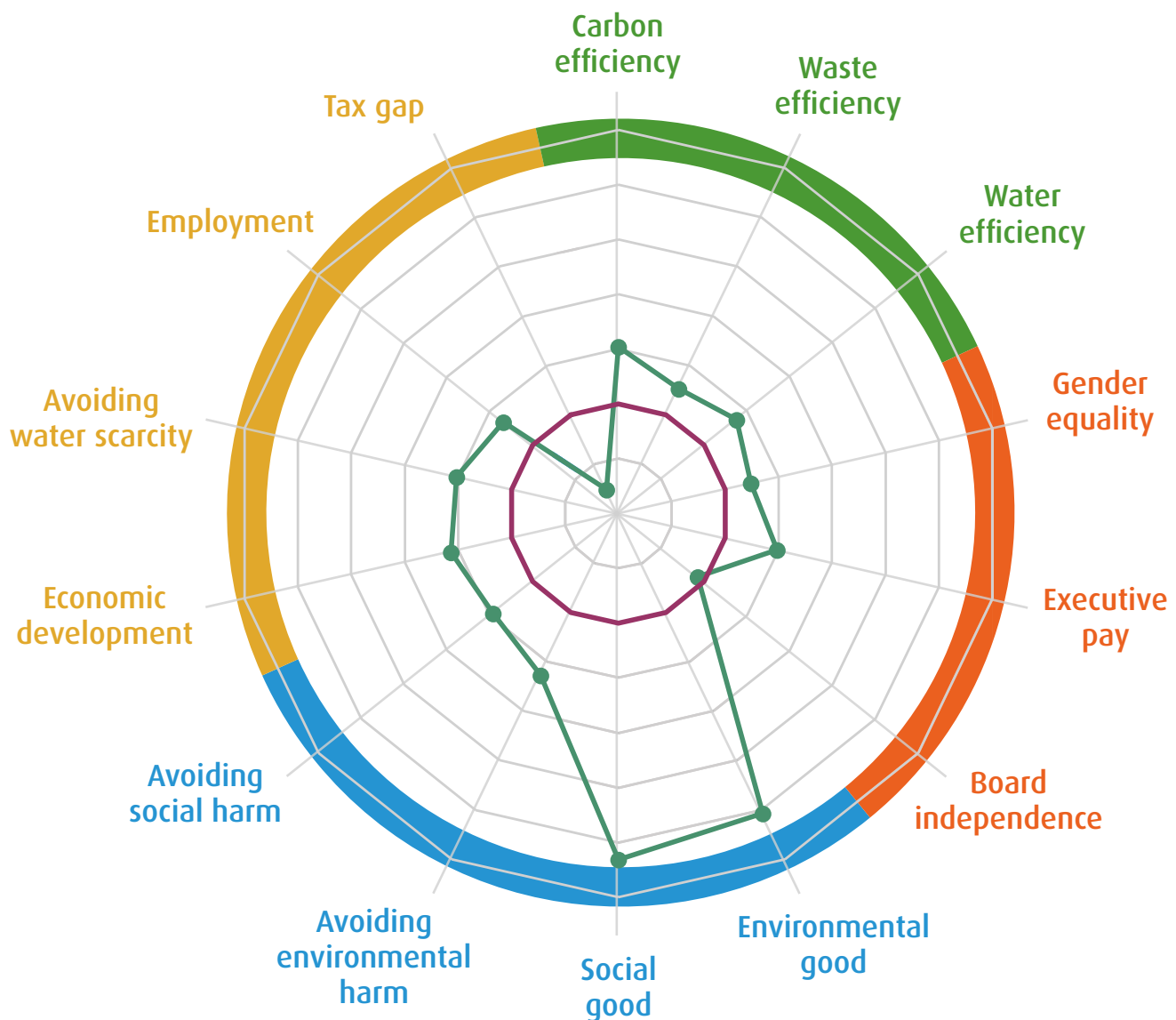
C Classification: GoodRx - a consumer-facing digital platform that offers consumers the best prices for prescription drugs in the US.

GoodRx is a digital platform, app and website that sources the best drug prices in the market on behalf of consumers. This aids underserved people without healthcare insurance, or with low insurance coverage. We can measure its impact directly: 6.1 million consumers use its services each month, saving \$30bn since the company was founded in 2011. We classify GoodRx as a "C" company.

Sustainability Footprint

Impact Cubed has assessed the profile of the Better World Fund against 14 sustainability measures relative to a Global Developed SMidCap benchmark. This combines traditional ESG metrics with an assessment of the impact of the companies' products and services. The top scored areas are "Environmental Good" and "Social Good", reflecting the strong impact focus of the Fund.

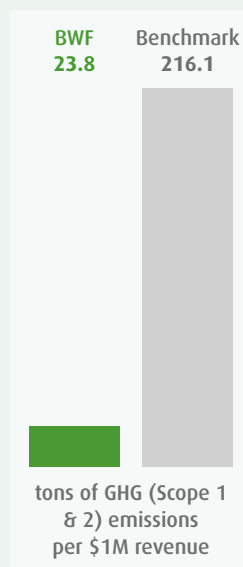
■ Environment ■ Governance ■ Products & Services ■ Society ■ Global Developed SMidCap Benchmark



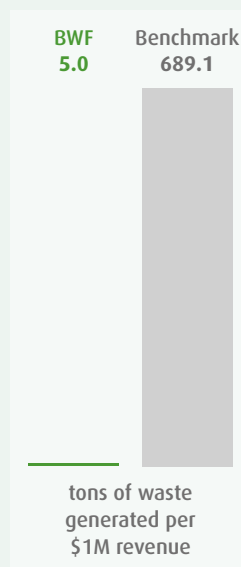
Sustainability Data

The Better World Fund ranks in the top quartile of funds within Impact Cubed's universe of over 500 funds. It scores well across almost every metric that has been analysed. Some of the weaker ESG areas are a result of the SmallCap focus of the Fund (e.g. Board Independence) and are a focus of our engagement efforts.

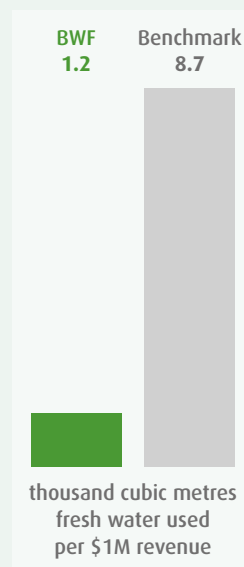
Carbon efficiency



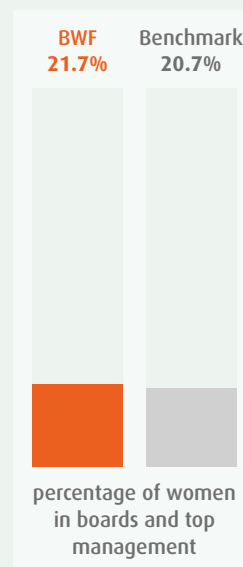
Waste efficiency



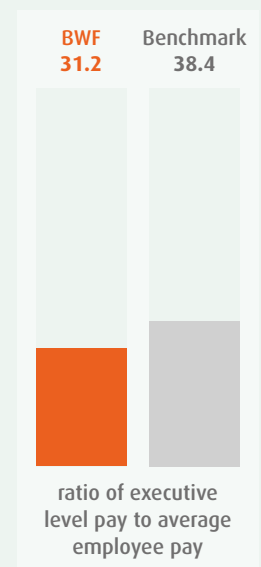
Water efficiency



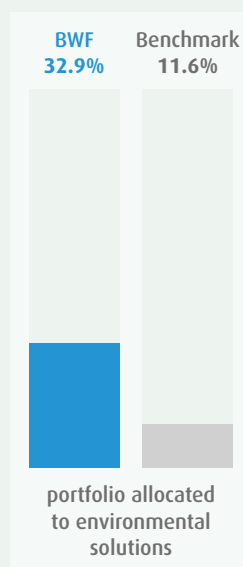
Gender Equality



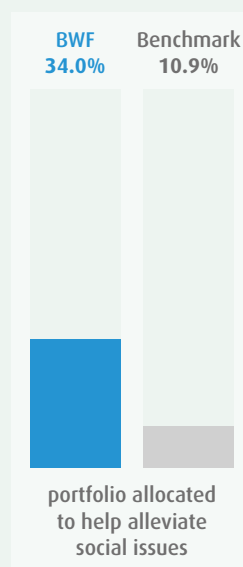
Executive pay



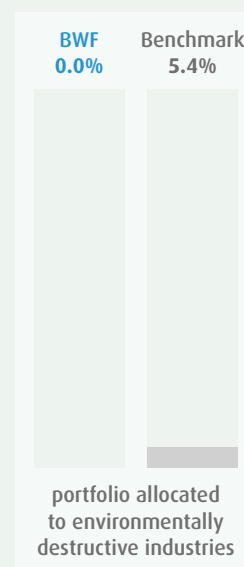
Environmental good



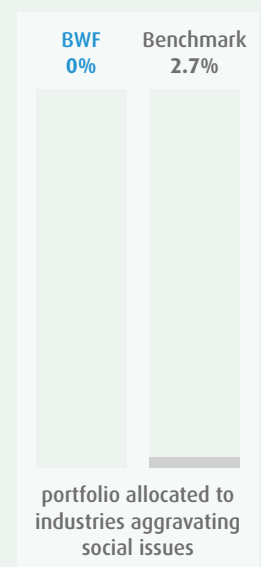
Social good



Avoiding environmental harm



Avoiding social harm



UN SDG Alignment

All of the companies in the Better World Fund provide products or services that are helping to realise the UN SDGs. Many also have internal initiatives designed to support the goals, from Net Zero Carbon targets to projects designed to reduce inequalities and improve stakeholder engagement. The below shows the alignment of our companies to the SDGs relative to the Fund's benchmark.

The bar below shows to what degree the Fund contributes to each of the 17 SDGs. The measure used is a weighted average of all factor exposures relative to the benchmark (e.g. carbon efficiency, please see page 22 for all 14 factors) and mapped to a particular SDG. The weighted average takes into account the direct or indirect relationship between factors and a specific goal.

← SDG exposure relative to benchmark →



Carbon efficiency, gender equality, environmental good, social good, economic development, employment.



Tax gap, environmental good, social good, avoiding environmental harm, economic development, employment, avoiding water scarcity



Carbon efficiency, waste efficiency, water efficiency, gender equality, tax gap, environmental good, social good, avoiding environmental harm, avoiding social harm, employment, avoiding water scarcity.



Gender equality, tax gap, social good, employment.



Water efficiency, gender equality, executive pay, economic development, avoiding water scarcity.

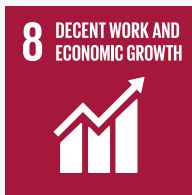


Waste efficiency, water efficiency, environmental good, social good, avoiding environmental harm, avoiding social harm, avoiding water scarcity.



Carbon efficiency, environmental good, avoiding environmental harm.





Carbon efficiency, waste efficiency, water efficiency, executive pay, board independence, tax gap, environmental good, social good, avoiding environmental harm, economic development, employment, avoiding water scarcity.



Carbon efficiency, waste efficiency, water efficiency, tax gap, environmental good, social good, avoiding environmental harm, avoiding social harm, economic development, avoiding water scarcity.



Gender equality, executive pay, board independence, tax gap, economic development, employment, avoiding water scarcity.



Carbon efficiency, waste efficiency, water efficiency, tax gap, environmental good, social good, avoiding environmental harm, avoiding social harm, economic development, employment, avoiding water scarcity.



Carbon efficiency, waste efficiency, water efficiency, environmental good, social good, avoiding environmental harm, avoiding social harm.



Carbon efficiency, waste efficiency, water efficiency, environmental good, avoiding environmental harm, economic development, avoiding water scarcity.



Carbon efficiency, waste efficiency, water efficiency, environmental good, avoiding environmental harm, avoiding water scarcity.



Carbon efficiency, waste efficiency, water efficiency, environmental good, social good, avoiding environmental harm, avoiding water scarcity.



Gender equality, executive pay, board independence, tax gap, environmental good, social good, avoiding environmental harm, avoiding social harm, economic development, employment.



Gender equality, executive pay, tax gap, economic development.



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Impact Champions

CHR HANSEN

Over 3,000 products have been assessed to measure their contribution to the UN Sustainable Development Goals.

XYLEM

Continued progress towards 2025 goals. Aiming to save 16.5 billion cubic meters of water and provide clean water to 20 million underserved people.

SIEMENS GAMESA

Providing turbines for Hornsea Two offshore wind farm, which will provide clean energy for over 1 million British households.

RENOVA

Continued to develop a landmark project, the Yurihonjo Offshore Wind Farm, which will provide clean power to over 400,000 homes in Japan.

QUALYS

Helped multiple countries and organisations to remediate the vulnerabilities exposed by the Russian SolarWinds breach, one of the biggest cyber-attacks in history.

THULE

Worked on a series of new long-term environmental targets for 2030 in line with the Science Based Targets Initiative 1.5°C scenario.

Impact of a £1m investment

Our impact calculator uses a set of investment equivalents that can be compared directly to the benchmark. Investment equivalents are calculated independently by Impact Cubed.

Economic Development

£2,170

more income generated
per person in low
income countries

Social good

48

more people
given access to
healthcare

Diversity

1%

closer to UK
and EU gender
diversity targets

Carbon

234,355

miles driven
by fossil fuelled
cars avoided

Waste

2,866

bins of household
waste avoided

Water

18,195

bathtubs of
water saved

Covid-19 Heroes

ICON

Led the clinical trials for the first approved Covid-19 vaccine in the world (Pfizer), enrolling over 40,000 people.

MASIMO

Developed "MasimoSafetyNet", a remote monitoring device which allows physicians to monitor Covid patients from a safe distance.

GENUIT GROUP

Helped with ventilator shortfalls in the UK and the construction of Nightingale hospitals. A new UV filtration system prevents viruses spreading through ventilation systems.

SARTORIUS STEDIM BIOTECH

Products were used by developers of Covid-19 vaccines.

TECAN

The company's testing machines were used around the world to help test patients for Covid-19.

TRISTEL

Its specialist infection control and prevention solutions were used by hospitals across the world to fight against Covid-19.

Masimo: a Covid hero

A MedTech company which develops, manufactures and markets a variety of non-invasive monitoring technologies.

In October, Charles, Mark, Yannis and Ed flew virtually to Irvine, California, to visit the headquarters of Masimo – a building so futuristic it was used as the fictional technology hub for Tony Stark in the Iron Man films.

Kindly hosted by Masimo's Head of IR and VP of Business Development, Eli Kammerman, we were walked around the building as Eli held up a camera and provided a running commentary (even pausing for us to say "hello" to the security guards).

We saw the product room where Masimo is working to improve the quality of hospital care and to save patient lives. Masimo's impact comes from its medical technology platform. Its visionary founder and CEO, Dr Joe Kiani, invented modern day pulse oximetry technology. Masimo has spent the last 32 years bringing ever-higher-impact products to market that leverage its core patented signal extraction technology.

Eli demonstrated how Masimo has been on the Covid front line in the last year. Their R&D team never left their office, even at the peak of the crisis, and in a matter of weeks brought to market the Masimo SafetyNet solution for the remote monitoring of Covid patients and protection of nurses. This allowed nurses to monitor Covid

patients remotely, without having to put themselves at risk, while also allowing physicians to discharge Covid patients earlier, freeing up precious hospital capacity at the peak of the pandemic.

Masimo's incessant cycle of product iteration and innovation is ambitious when it comes to impact: they believe there are few problems they cannot solve. Among the most impactful products up is the Masimo Rainbow sensor: the first in the world to monitor haemoglobin saturation in the blood, allowing clinicians to know whether or not a patient really needs a blood transfusion. This will save hospitals, donors and patients the enormously high opportunity costs of unnecessary blood transfusions.

Another new product hoping to gain FDA approval in 2021 is the world's first medical device solution for opioid abuse: the Masimo Opioid SafetyNet, which will allow physicians to monitor patients after discharge.

Just as exciting is Masimo's push to totally revamp, modernise, and improve the patient hospital ward with its Hospital Automation software suite. Masimo is a good example of the growing confluence between technology and healthcare. Its impact and growth opportunities are huge.

SECTION

4

Engagement & Voting

Engagement themes

Engagement forms a core part of how we seek to improve the impact of our companies. Engagement is conducted by members of our Investment Team and reviewed quarterly by our Sustainability Committee.

MAJOR ENGAGEMENT THEMES

Net Zero Carbon

The majority of engagements during the year focused on environmental issues as part of our long-term Net Zero Carbon Deep Dive.

Supply Chain Management & Labour Rights

We engaged with our companies to understand potential supply chain exposure to China's Xinjiang Province, following news about the persecution of the Uyghur Muslim community. This included **Solaredge**, who informed us that they worked with US suppliers due to concerns about labour practices in China; and **Melexis**, who audited their Chinese suppliers and found no exposure to this region.

Diversity

We spoke with several companies about how they are supporting diversity both at Board level and across the company. This included an engagement with **Xylem** to understand how it integrates diversity considerations into the running of its business. Xylem wants to achieve 50% gender parity among the Senior Leadership Team globally by 2025. They also want to have ethnic minorities accounting for 25% of the US workforce by 2025.

Plastics


We are encouraging our companies to reduce single-use plastics. A success in 2020 was **Santen**, which produces over 400 million bottles of its ophthalmic solutions each year. Following our engagement, the company announced that they would introduce eye-drop bottles made from recycled biomass materials as a direct result.

Animal Welfare

This year, we refined our Animal Testing policy to exclude companies that test on animals for regulatory purposes without a Replace, Reduce, Refine Policy (Three R Policy).

A difficult case

Following a three-year engagement that began two days after the Grenfell Tower fire, we sold **Kingspan**, the manufacturer of insulation products that can reduce the carbon footprint of buildings. During the Public Inquiry, new information came to light that indicated serious failings of governance. This led our Analyst to downgrade the company's ESG score and our Sustainability Committee to fail the company on positive impact grounds.



The most innovative idea we heard from our engagements was Xylem's energy saving 'Treasure Hunts'. Staff are incentivised to hunt for new ways to save energy and reduce costs, as the company seeks to meet ambitious sustainability goals by 2025.

Engagement Deep Dive

We engage with companies in the Better World Fund to encourage them to set and meet ambitious climate change related targets. In 2020, we published a report detailing the progress of our companies – *Project: Net Zero Carbon*.

KEY FINDINGS

The Science Based Targets Initiative

Pleasingly, some of our companies have signed up to the Science Based Targets Initiative which will verify their progress towards a defined goal. We find this attractive because these targets are publicly disclosed, aligned to the Paris Climate Agreement, and progress is externally assessed and verified.

The scope challenge

Some companies have focused on Scope 2 Emissions first, which they view as low hanging fruit. They now plan to focus on the challenging aspects of Scope 1 and Scope 3 Emissions. One company runs environmental "Treasure Hunts", encouraging staff to identify areas of energy waste.

Collaboration is needed

In some countries, companies require more support and leadership from government. Others need greater infrastructure investment so that they can switch to renewable energy providers. Certain teams are striving to make base-line calculations to include in sustainability reports, while some have already met initial targets and are now working towards more challenging goals.

What is clear is that companies cannot do this alone – there are lots of stakeholders on the path to Net Zero Carbon.

Net Zero Carbon

Montanaro Asset Management
is proud to join the
Net Zero Asset Managers
initiative as we target
Net Zero Carbon by 2030.

Voting

Voting is a vital part of our engagement with companies. We vote at all Annual General Meetings for the companies within the Better World Fund.

We seek to build strong working relationships with management teams and will always seek to engage before voting against a particular item. We evaluate governance risks as part of ESG analysis and seek to identify companies with the very best management teams. Voting against management is used as an escalation technique rather than a first port of call. Experience tells us that engagement can help lead to better voting outcomes.

We are signatories to the UK Stewardship Code 2020. Our Stewardship Report is available on our website.



SECTION

5

About Us



Sustainability at Montanaro

We expect high ESG standards from the companies in which we invest and as a certified "B Corp" we aim to practice what we preach.

Net Zero Carbon

Montanaro has a Net Zero Carbon target for 2030. Green Element is helping us to calculate our environmental footprint. In 2020, Montanaro emitted 26 tonnes of CO_{2e}, the majority of which came from Scope 2 emissions. We estimated the energy used by all of our employees as they worked from home.

Bees at 53 Threadneedle Street

We are located in one of the City's older buildings, just along from the Bank of England.

To support a city-wide biodiversity project, we have two beehives on our roof.

Each contains up to 50,000 honeybees.

Charities

Montanaro founded and supports Tribal Survival, a UK registered charity, which aims to promote the well-being of indigenous people across the world. In partnership with The Giving Department, Montanaro also provides support to local charities across London.

Sustainable Office

Our team is multi-cultural and comprises ten different nationalities.

We promote diversity, equality and sustainability throughout our business. Our recycling projects saved 1,750kg of CO₂ in 2020, half of our saving in 2019 as we worked from home.

City Harvest

City Harvest provides a simple solution: the charity collects high quality surplus food from the UK's leading retailers, wholesalers, restaurants and manufacturers to distribute to more than 350 community programmes that serve meals to vulnerable people in London. A Dunkirk spirit was needed as hundreds of volunteers rushed to help cope with increased demand during Covid-19. The charity provided almost 8 million meals in 2020 and Montanaro was proud to have provided funding for an additional van that will deliver almost half a million meals each year.



Our Team

FUND MANAGERS



Charles Montanaro
CO-FUND MANAGER



Mark Rogers
CO-FUND MANAGER

SUSTAINABILITY COMMITTEE



Christian Albuissou
CHAIRMAN



Ed Heaven
HEAD OF SUSTAINABLE
INVESTMENT



Kate Hewitt
ESG & IMPACT SPECIALIST



Nere Asumendi
SENIOR ANALYST



Cedric Durant des Aulnois
CHIEF EXECUTIVE OFFICER



Sarah Bridges
COMPLIANCE EXECUTIVE



Mark Rogers
HEAD OF INVESTMENTS



Rachel Herry
TRADE EXECUTION

About Us


Montanaro Asset Management (“MAM”) is a privately owned investment boutique, established in 1991 by Charles Montanaro, to invest exclusively in quoted global Small & MidCap equities. As we look forward to celebrating our 30th anniversary in 2021, we feel privileged to look after £4 billion on behalf of our clients.

Our mission is to be the “Gold Standard” of Small & MidCap investing. Our vision is to encourage quoted smaller companies around the world to support and embrace the Sustainability Revolution through active ownership and engagement.

With one of the largest specialist teams, we have the extensive resources needed to complete all research in-house. Our team is multi-lingual and multi-national, ensuring that we have the benefit of local contacts and knowledge that is so essential to detailed, thorough research and due diligence.

ESG has been an integral part of our investment process for almost two decades. We do not believe it can be outsourced. Through rigorous training and a consistently applied investment process, our Analysts conduct ESG and impact analysis on the companies under their coverage as part of fundamental analysis.

- > We introduced our first ethical restrictions in the 1990s.
- > ESG has been integrated into our investment process since the 2000s.
- > Montanaro became a certified B Corporation in 2019.
- > We are excited to continue our sustainable investment journey with the support of our clients.



Find out more about **The Better World Fund** >



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