



PUBLIC TRANSPARENCY REPORT

2023

Montanaro

Generated 15-12-2023

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2023 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented.

The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

For Montanaro Asset Management (“MAM” or “Montanaro”), being Responsible Investors means considering anything that may influence the long-term financial performance of our investments. Research supports our view that there is a positive correlation between how well a company manages issues in relation to ESG (Environmental, Social and Governance) and what we are ultimately concerned with: the long-term return for our clients. We believe that this approach will help to foster a more sustainable form of capitalism.

Responsible Investment forms an integral part of how we think, behave and invest. ESG was first included in our investment process over 15 years ago and today is firmly integrated within our approach. Every analyst at Montanaro is responsible for conducting ESG and impact analysis on the companies under their coverage. The result is that our investment decision makers “do” sustainability analysis.

All research is conducted in-house, including fundamental analysis and ESG research. We recognise that this is resource and time consuming, especially in SmallCap (small market capitalisation equity investments), where managers cannot rely on third-party research.

It is for this reason that we have a large team of sector specialist analysts. Our Analysts are trained to analyse a company's finances; ESG data; and qualitative aspects of a business, such as management and other aspects of ESG.

Every investment we make must adhere to our Ethical Exclusion Policy and pass our proprietary ESG Checklist, as part of our quality assessment to determine eligibility for our Funds. Alongside thorough ESG analysis of investee companies, our impact strategy (the Montanaro Better World Fund) incorporates this approach to invest in companies providing solutions to the world's major problems, as defined by the UN Sustainable Development Goals (UN SDGs).

We have made major responsible investment commitments as a company. Montanaro became a certified “B Corporation” in 2019, verified for meeting high standards of social and environmental performance, transparency, and accountability. This required an amendment to our Articles of Association to recognise the impact of our business on our stakeholders.

We have been signatories to the UK Stewardship Code since inception and were included in the first approved wave of signatories to the updated 2020 version of the Code.

MAM is a Living Wage accredited employer.

We have also committed that by 2030, Montanaro will have removed from the environment all the carbon it has emitted since its founding in 1991. In addition, we will have become carbon negative by 2030.

Across our investments, Montanaro has been awarded the "Label ISR", the Socially Responsible Investment (SRI) label by the French Ministry of Finance for two of our funds. We have also signed the Tobacco Free Portfolios Finance Pledge and have made Net Zero commitments for our financed emissions, in line with the Net Zero Asset Managers (NZAM) initiative.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

Most relevant responsible investment issue: Climate Action

Project Net Zero Carbon progress report:

During the year in question, notable progress has been made in the area of thematic engagement on Climate Action. Our portfolio climate target is two-fold and designed to ensure our portfolio emissions achieve Net Zero by 2050 at the latest.

We have used the Institutional Investors Group on Climate Change's (IIGCC) Paris Aligned Investment Initiative (PAII) in order to set an annual 7% emissions reduction target across our portfolios.

The 7% annual reduction target will apply across each of our in-scope portfolios. The 7% emission reduction year-on-year target is derived from the P2 model in the Intergovernmental Panel on Climate Change (IPCC) special report on global warming and aligned to a 1.5°C scenario. This equates to a 50% reduction in emissions by 2030, our interim target. We are also targeting for 100% of our Approved List to have Science Based Targets (SBTs) approved by 2040. Companies on our Approved List have passed all stages of our investment process.

Between 2019 and 2020 the Scope 1 and 2 emissions associated with our open-ended funds (in metric tonnes) reduced by 23.3%.

In addition, there was a further reduction of 24.6% between 2020 and 2021. We found that between 2020 and 2021 the number of companies with Science Based Targets initiative (SBTi) commitments had gone from 11 to 45 (5.5% of AUM to 22.3%). This had increased even further with 60 companies committed, representing 36.3% of in-scope AUM, at the end of 2022. We published this latest climate data in our annual "Project: Net Zero" Report in Q4 2022.

Project 2030 progress report:

During the reporting period, MAM announced that it was making its corporate climate change target more ambitious than ever.

Previously, MAM was targeting Net Zero Carbon across its operations by 2030. In March 2023, MAM announced that it would target carbon neutrality by 2030 and remove its historical emissions from the atmosphere, also by 2030. We will aim to reduce our operational carbon emissions by at least 50% from a 2019 baseline on an absolute basis. In addition, we have partnered with Danish carbon removal platform Klimate, to help us select verifiable carbon removal solutions.

Refinement of ESG analysis and incorporation:

- We are in the process of developing a new ESG Checklist
- We have introduced a numeric Impact Score for our impact strategies to improve our analysis of the contribution a company's products and services are making to the UN SDGs.

- We have expanded the sources of external ESG data Impact Cubed (EU SFDR and Principle Adverse Impacts, PAIs)

Stewardship activities with investees and/or with policymakers:

Glasgow Financial Alliance for Net Zero (“GFANZ”): We joined GFANZ in 2021 and we were invited onto one of the workstreams, the “Real Economy Transition Workstream”, which aimed to set the standards expected by the financial markets for how corporates report on their net zero transition plans. The workstreams changed at the end of last year and we were asked to apply.

We have since been asked to become a member of two workstreams:

- 1) Mainstream Transition Finance Workstream (a continuation of our previous workstream)
- 2) The Public Policy Workstream

Taskforce on Nature-related Financial Disclosures (TNFD): We participated in consultations regarding the beta releases of the TNFD framework. We eagerly await the publication of the framework (due in 2023). We hope that our contributions to the process will help make this science-based approach to measuring, reporting on, and protecting nature globally accessible to businesses of all sizes and useful across many industries.

Collaborative engagements:

Montanaro participates in collaborative engagements where we see a material benefit to the achievement of engagement aims and additional support to our commitment to the promotion of sustainable investment practice.

- CDP’s Non-Disclosure Campaign: we participated in this engagement project encouraging companies to disclose environmental data.

- Farm Animal Investment Risk and Return (FAIRR): we engaged alongside other investors in relation to ESG risks associated with animal agriculture.

Attainment of responsible investment certifications and/or awards:

B Corporation: In March 2023, we achieved B Corporation recertification.

“B Corps” are required to recertify every three years. Pleasingly our score increased from 82 to over 105, driven by an improvement in every category.

Label ISR: our approach to Responsible Investing has been recognised with the renewal of the French SRI label for two of our funds, the Montanaro Better World Fund and the Montanaro European Smaller Companies Fund. This label is certified by the French Finance Ministry for ESG and Sustainable funds.

Awards:

- Winners of “Best ESG Investment Fund” in the Impact Investment Manager category at the year’s ESG Investing Awards.

Section 3. Next steps

- What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

MAM has the following responsible investment priorities in the next two years:

Climate Action targets:

- We will continue to pursue our ambitious climate-related targets, for both our portfolio and operational emissions: Project Net Zero Carbon and Project 2030.

Collaborative engagements:

- We will continue to participate in collaborative engagements: with industry groups such as GFANZ; on policy topics such as biodiversity; and other related organisations.
- We are working to facilitate further collaboration with and between our investors, on important sustainability topics such as climate change, the energy transition and biodiversity.

Investment process improvements:

- As ever, we will monitor developments in the sustainable investment space closely. This is a fast developing part of the investment industry, with new regulation and improvements in the availability of data changing how investors should and can apply sustainability criteria to an investment process.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Cedric Durant des Aulnois

Position

Chief Executive Officer

Organisation's Name

Montanaro

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	03	2023

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 4,000,000,000.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 0.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>75%	0%
(B) Fixed income	0%	0%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	0%
(F) Hedge funds	0%	0%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	0%	0%
(J) Off-balance sheet	0%	0%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity 0%

(B) Active – quantitative 0%

(C) Active – fundamental >75%

(D) Other strategies 0%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity (1) 0%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

(1) Listed equity - active

(A) Yes, through internal staff

(B) Yes, through service providers

(C) Yes, through external managers

(D) We do not conduct stewardship

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

(1) Listed equity - active

(A) Yes, through internal staff	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

Percentage of your listed equity holdings over which you have the discretion to vote

(A) Listed equity – active

(11) >90 to <100%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors into your investment decisions?

(1) Yes, we incorporate ESG factors into our investment decisions

(2) No, we do not incorporate ESG factors into our investment decisions

(C) Listed equity - active - fundamental



ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone	0%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	>75%
(E) Thematic and integration	0%
(F) Screening and thematic	0%
(G) All three approaches combined	>10-50%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only 0%

(B) Negative screening only 0%

(C) A combination of screening approaches >75%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

(A) Yes, we market products and/or funds as ESG and/or sustainable

Provide the percentage of AUM that your ESG and/or sustainability-marketed products or funds represent:

>75%

- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.1	CORE	OO 18	OO 18.2	PUBLIC	Labelling and marketing	1

Do any of your ESG and/or sustainability-marketed products and/or funds hold formal ESG and/or RI certification(s) or label(s) awarded by a third party?

(A) Yes, our ESG and/or sustainability-marketed products and/or funds hold formal labels or certifications

Provide the percentage of AUM that your labelled and/or certified products and/or funds represent:

>75%

(B) No, our ESG and/or sustainability-marketed products and/or funds do not hold formal labels or certifications

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18.2	CORE	OO 18.1	N/A	PUBLIC	Labelling and marketing	1

Which ESG/RI certifications or labels do you hold?

- (A) Commodity type label (e.g. BCI)
- (B) GRESB
- (C) Austrian Ecolabel (UZ49)
- (D) B Corporation**
- (E) BREEAM
- (F) CBI Climate Bonds Standard
- (G) DDV-Nachhaltigkeitskodex-ESG-Strategie
- (H) DDV-Nachhaltigkeitskodex-ESG-Impact
- (I) EU Ecolabel
- (J) EU Green Bond Standard
- (K) Febelfin label (Belgium)
- (L) Finansol
- (M) FNG-Siegel Ecolabel (Germany, Austria and Switzerland)
- (N) Greenfin label (France)
- (O) Grüner Pfandbrief
- (P) ICMA Green Bond Principles
- (Q) ICMA Social Bonds Principles
- (R) ICMA Sustainability Bonds Principles
- (S) ICMA Sustainability-linked Bonds Principles
- (T) Kein Verstoß gegen Atomwaffensperrvertrag
- (U) Le label ISR (French government SRI label)**
- (V) Luxflag Climate Finance
- (W) Luxflag Environment
- (X) Luxflag ESG
- (Y) Luxflag Green Bond
- (Z) Luxflag Microfinance
- (AA) Luxflag Sustainable Insurance Products
- (AB) National stewardship code**

Specify:

UK FRC Stewardship Code

- (AC) Nordic Swan Ecolabel
- (AD) Other SRI label based on EUROSIF SRI Transparency Code (e.g. Novethic)
- (AE) People's Bank of China green bond guidelines
- (AF) RIAA (Australia)
- (AG) Towards Sustainability label (Belgium)
- (AH) Other

Specify:

CDP, LGPS Code of Transparency, Farm Animal Investment Risk and Return, Net Zero Asset Managers Initiative, Tobacco Free Portfolios Finance Pledge, Living Wage Accreditation.

SUMMARY OF REPORTING REQUIREMENTS

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here

Specify:

Guidelines on impact investing and our approach to the UN Sustainable Development Goals.

- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

We consider the following additional points as part of our ESG analysis: Water Intensity; Waste Intensity; Employee Turnover; Gender diversity in the workforce; Gender diversity in management; Gender Pay Gap; Equal Opportunities; The Corporate Tax Gap; Remuneration of the Executive; Capital allocation record; Board independence and ESG culture of the Board.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

- (A) Overall approach to responsible investment

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

- (B) Guidelines on environmental factors

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

- (C) Guidelines on social factors

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

- (D) Guidelines on governance factors

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

- (E) Guidelines on sustainability outcomes

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

- (F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

(H) Specific guidelines on other systematic sustainability issues

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

(J) Guidelines on exclusions

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

(L) Stewardship: Guidelines on engagement with investees

Add link:

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

(M) Stewardship: Guidelines on overall political engagement

Add link:

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

(O) Stewardship: Guidelines on (proxy) voting

Add link:

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-VOTING-POLICY-GUIDELINES-AND-PROCESS-2022.pdf>

(P) Other responsible investment aspects not listed here

Add link:

<https://montanaro.co.uk/sustainable-investing/>

(Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

A sustainable focus is central to how we invest. We believe that the best and most sustainable investment returns come from the highest quality businesses, run by the very best management teams. ESG forms part of our definition of a company's quality and as a consequence ESG is fully integrated into our investment process.

(B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors
- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme

Add link(s):

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-VOTING-POLICY-GUIDELINES-AND-PROCESS-2022.pdf>

- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment
 (B) Guidelines on environmental factors (7) 100%
 (C) Guidelines on social factors
 (D) Guidelines on governance factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change (1) for all of our AUM

(B) Specific guidelines on human rights (1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues (1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

The Board of Directors has overall responsibility for assuring processes and policies and assessing the overall effectiveness of our activities relating to responsible investment. Responsible Investment and ESG are Board level items, discussed at regular meetings of the Board. Members of the Investment Team sit on Montanaro's Board: Charles Montanaro (Chairman), Cedric Durant des Aulnois (CEO), Mark Rogers (Head of Investments) and George Cooke (Head of Fund Management).

- (C) Investment committee, or equivalent

Specify:

Oversight of Montanaro's Responsible Investment activities is provided by two Montanaro Committees: the Sustainability Committee and the Executive Committee.

- (D) Head of department, or equivalent

Specify department:

The Head of Sustainable Investment leads MAM's sustainable investment responsibilities, encompassing stewardship, impact investing, engagement, voting and reporting to clients.

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

(1) Board members, trustees, or equivalent

(2) Senior executive-level staff, investment committee, head of department, or equivalent

(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Stewardship: Guidelines on overall political engagement	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input type="checkbox"/>	<input checked="" type="checkbox"/>

(M) Stewardship: Guidelines on (proxy) voting

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

(A) Yes

Describe how you do this:

MAM's governance processes and structures ensures that any political engagement is aligned with our commitment to the principles of PRI.

The monitoring and application of Montanaro's Responsible Investment responsibility begins with our Board, which is led by our Executive Chairman and Founder Charles Montanaro. As part of our B Corporation certification, the Board has a legal requirement – enshrined in Montanaro's Articles of Association – to consider the impact of our business on all stakeholders.

The Board monitors Montanaro's approach to Responsible Investment, including company-level targets and responsibilities (e.g. ensuring we support the principles of the PRI; MAM's climate targets; other industry commitments) and those embedded within the services we provide to our clients (e.g. ESG and impact in the investment process). The Board also sets targets for the company to achieve, such as the attainment of B Corporation certification; becoming a signatory to the UK Stewardship Code; or maintaining our status as a PRI signatory.

The work involved in achieving and maintaining the responsibilities listed above fall on certain internal MAM Committees and teams, such as the Sustainability Committee and our ESG & Impact Analysts.

The Sustainability Committee has three main functions:

1. Ensure that Montanaro's ESG and sustainable investment approach remains fully integrated into our investment process and continues to develop and improve;
2. Review the ESG and impact analysis conducted by MAM's Investment Team, and review engagement and voting activity.
3. Oversee MAM's corporate stewardship responsibilities, such as our responsibilities as a B Corporation.

In conducting these functions, the Committee ensures that the political engagement conducted is aligned with the principles of the PRI and our own responsible investing and stewardship policies.

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

- Chief Executive Officer
- Head of Investments
- Head of Sustainable Investment
- Chairman of the Sustainability Committee

In addition, our investment team is trained and incentivised to deliver on our responsible investment policies. Within our investment team we have two ESG and Impact specialists.

(B) External investment managers, service providers, or other external partners or suppliers

Specify:

We make use of external service providers to aid our responsible investment research efforts. These include:

- MSCI
- Bloomberg
- ISS
- Impact Cubed

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Describe: (Voluntary)

Our commitment to sustainable investing is embedded in our organisation, job descriptions and staff remuneration. Analysts are appraised on the quality of their research and stock recommendations. This includes the quality of their ESG analysis and contribution to MAM's engagement and voting efforts. There is a specific section dedicated to ESG in Analyst appraisals. Annual appraisals directly influence variable remuneration.

In addition to our Analyst team, the Head of Sustainable Investment is appraised based on the quality of his leadership on ESG and sustainability matters. Our Impact & ESG Specialists have variable pay linked directly to work on ESG issues.

MAM's CEO has announced that corporate sustainability targets will influence a portion of all employees' variable pay.

(B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

(1) KPIs are linked to compensation

(2) KPIs are not linked to compensation as these roles do not have variable compensation

(3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

Sustainability targets influence a portion of all employees' variable pay.

(B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="radio"/>	<input type="radio"/>

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

https://www.cdp.net/en/formatted_responses/responses?campaign_id=79520704&discloser_id=974230&locale=en&organization_name=Montanaro+Asset+Management+Limited&organization_number=58127&program=Investor&project_year=2022&redirect=https%3A%2F%2Fcdp.credit360.com%2Fsurveys%2F2022%2F6wz4wms4%2F215813&survey_id=78646008

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

<https://montanaro.co.uk/wp-content/uploads/SFDR-Website-Disclosures-Article-9-Montanaro-Better-World-Fund.pdf>

(B) Disclosures against the European Union's Taxonomy

Link to example of public disclosures

<https://montanaro.co.uk/wp-content/uploads/SFDR-Website-Disclosures-Article-9-Montanaro-Better-World-Fund.pdf>

(C) Disclosures against the CFA's ESG Disclosures Standard

(D) Disclosures against other international standards, frameworks or regulations

Specify:

Certification of the Label ISR

Link to example of public disclosures

<https://montanaro.co.uk/wp-content/uploads/montanaro-better-world-fundpdf.pdf>

(E) Disclosures against other international standards, frameworks or regulations

Specify:

Principle Adverse Impact Statement

Link to example of public disclosures

<https://montanaro.co.uk/wp-content/uploads/Principal-Adverse-Impact-Statement-2022.pdf>

(F) Disclosures against other international standards, frameworks or regulations

(G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

- (A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

<https://montanaro.co.uk/wp-content/uploads/MONTANARO-ESG-HANDBOOK-2023.pdf>

- (B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement
- (C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation

(C) We incorporate human rights–related risks and opportunities into our assessment of expected asset class risks and returns

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

(D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns

Select from dropdown list:

- (1) for all of our AUM subject to strategic asset allocation**
- (2) for a majority of our AUM subject to strategic asset allocation
- (3) for a minority of our AUM subject to strategic asset allocation

Specify: (Voluntary)

We consider the following additional points as part of our ESG analysis: Water Intensity; Waste Intensity; Employee Turnover; Gender diversity in the workforce; Gender diversity in management; Gender Pay Gap; Equal Opportunities; The Corporate Tax Gap; Remuneration of the Executive; Capital allocation record; Board independence and ESG culture of the Board.

- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(1) Listed equity

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 23	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation, or the external service providers or external managers acting on your behalf, prioritise the investees or other entities on which to focus its stewardship efforts?

MAM prioritises the investee companies on which to focus our stewardship efforts in a number of ways. Stewardship opportunities are typically identified via our ESG analysis and are discussed by the Investment Team and Sustainability Committee to consider the order of priorities.

For example, when supply chain management was identified as an area of common risk in 2018, the Sustainability Committee commissioned a Deep Dive engagement project, undertaken by our Investment Team, in order to better understand how our companies were managing supply chains.

Similarly, the systemic risk of climate change has led to a desire to better understand the steps our companies are taking to support the transition to a low carbon economy. In 2020, we launched "Project: Net Zero Carbon", a long-term engagement project designed to encourage companies to set and meet Net Zero Carbon targets.

We also attempt to prioritise ESG risks that companies may be facing that could be considered systemic. Following a number of site visits in recent years to factories and other industrial facilities, we noticed that companies were exposed to the negative externalities generated by single-use plastic.

This has led to engagements with businesses as we sought to understand how companies could reduce or limit their exposure to single-use plastic.

In addition, using certain external frameworks helps us identify stewardship priorities. An example is the UN Sustainable Development Goals (UN SDGs). The UN SDGs have aided the identification of sustainability risks associated with the Montanaro Better World Fund.

Priorities are also set together with our clients, for example a client may ask us to engage on a specific matter in relation to a single holding, or work with them on a broader issue such as that of climate change.

Typically, we are well aligned to the priorities of our clients, but there may be difference at the application level. For example, clients may specify that climate change is a priority for them – as it is for us – but we may have to point out that we cannot participate in initiatives such as ClimateAction 100+ as such campaigns do not cover smaller companies.

Our stewardship and engagement activity typically falls into one of the following categories:

1) Direct Company Engagements: a company-specific risk or issue has been identified on which we wish to engage. This may include an area of weakness identified in our ESG analysis or where we become aware of an incident or breach of our ESG policies or international norms (e.g.

the UN Global Compact). In the main, we consider this type of engagement to be “reactive” as we are responding to a particular event although we may also conduct fact finds on a company-specific basis.

2) Proxy Voting: voting is a vital part of our engagement with companies. This is why we attempt to vote at all Annual General Meetings for holdings within our Funds. We receive independent third-party corporate governance reports and voting recommendations from Institutional Investor Services (ISS) ahead of meetings, however, we use these for advice only; our analysts systematically review all resolutions ahead of shareholder meetings and we voice our concerns where required.

We aim to discuss any issues with management prior to voting against or abstaining. Our decisions are guided by our proprietary voting guidelines.

3) Deep Dive Research: we conduct thematic “Deep Dive” engagement projects on specific subjects to better understand how our companies are exposed to a particular issue or area of risk. We consider this type of engagement to be “proactive” as we are taking steps to understand more about a particular subject and the exposure of our investee companies to that risk before it can manifest.

4) Collaborative Engagements: we seek out collaborative engagement projects that offer a material benefit to the achievement of engagement aims. These projects can add additional support and aid in the promotion of sustainable investment practice.

5) Public Policy Advocacy: We are involved with groups that advocate for responsible stakeholder capitalism. These include the Glasgow Financial Alliance for Net Zero (GFANZ) and the B Corp Finance & Investment working group.

These approaches have been chosen because they are efficient; amplify our voice; and ensure that we stay abreast of changing market conditions. By carefully targeting our engagement efforts we are able to effect change, despite the modest size of our organisation.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis
- (C) Other
- (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

We seek out collaborative engagement projects that offer a material benefit to the achievement of engagement aims. These projects can add additional support and aid in the promotion of sustainable investment practice. The Sustainability Committee decides whether Montanaro will participate in a collaborative engagement. A member of the Committee, typically the Head of Sustainable Investment, will be responsible for liaising directly with the organisation leading the collaborative initiative. Analysts will be responsible for contacting the relevant companies that fall under their coverage, typically with the support of a member of the Sustainability Committee.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 25	PLUS	OO 5, OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Rank the channels that are most important for your organisation in achieving its stewardship objectives.

- (A) Internal resources, e.g. stewardship team, investment team, ESG team, or staff**
Select from the list:
 1
- (B) External investment managers, third-party operators and/or external property managers, if applicable**
Select from the list:
 5
- (C) External paid specialist stewardship services (e.g. engagement overlay services or, in private markets, sustainability consultants) excluding investment managers, real assets third-party operators, or external property managers**
Select from the list:
 3
- (D) Informal or unstructured collaborations with investors or other entities**
Select from the list:
 4
- (E) Formal collaborative engagements, e.g. PRI-coordinated collaborative engagements, Climate Action 100+, or similar**
Select from the list:
 2
- (F) We do not use any of these channels

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 26	PLUS	OO 8, OO 9, PGS 1	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation ensure that its policy on stewardship is implemented by the external service providers to which you have delegated stewardship activities?

(A) Example(s) of measures taken when selecting external service providers:

We receive independent corporate governance reports and voting recommendations from Institutional Investor Services (ISS) ahead of votable meetings. We use these for advice only and review every ISS voting recommendation before we submit our vote. An annual review is led by the Sustainability Committee. We review voting records to ensure that votes have been cast according to our policies and stated preferences (in instances where we have decided to vote against the ISS recommendation). We also arrange annual meetings with ISS to discuss their service offering to ensure that it remains cost-effective and we are utilising the full range of their services. Over the course of 2021, we found that the research notes from ISS have been detailed and informative. They are excellent at providing updates on company management and the governance structures in place at our investee companies. The voting suggestions are well-reasoned and, even where we choose not to vote in line with the ISS recommendations, their recommendations offer valuable points of discussion both internally in order to reach a voting decision and as topics for engagement with the companies in question. With this in mind, we remain satisfied with the service that ISS deliver and will continue to subscribe to the platform in 2022 and review the provision annually.

(B) Example(s) of measures taken when designing engagement mandates and/or consultancy agreements for external service providers:

(C) Example(s) of measures taken when monitoring the stewardship activities of external service providers:

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation’s stewardship activities linked to your investment decision making, and vice versa?

The integration of stewardship and investment is consistently applied across all Montanaro portfolios. We use our bespoke ESG checklist to analysis the ESG credentials of all potential investments. In completing this checklist, analysts are able to identify any weaknesses in the way a company manages material ESG risks. Conclusions from our ESG analysis are presented to the Investment Committee who discuss any issues with the analyst. The Committee will decide to continue with, or discard, a new idea based on the analyst's findings. Companies with a total ESG score of below 5 are flagged on the Checklist under “Review” meaning that engagement is required if we wish to invest in the company.

Our clients typically have long-term investment horizons (five years plus) and our approach to ESG reflects this long-term commitment. As a result, we are prepared to invest in a company with a weakness in its ESG profile so long as management express a willingness to engage with us and a desire to improve any areas of weakness. These checklists have led to engagements that have resulted in higher conviction in the investment case and also decisions to sell stocks, for example:

- Increased conviction: We added to our holding in a building materials manufacturer as we consider them to be ESG leaders.

This influences our view on the quality of the business. The products help to improve the resiliency and sustainability of the urban environment and the company try to differentiate themselves from their competitors through the sustainability of their products. In addition, we have spoken to the sustainability team on numerous occasions to determine the trajectory of their ambitious climate plans. This positive view of the ESG credentials of the business contributed to our decision to increase our position.

- Reduced conviction: We spoke to a company engaged in the development and manufacture of polymer product systems. MAM had several engagements with the company about its products, in particular focusing on the exposure to e-cigarette end markets. Although the business wasn't technically in breach of our Tobacco ban (it is not a tobacco producer or distributor), our engagement – led by our Analyst and overseen by MAM's Sustainability Committee – led us to conclude that the company should be sold from Portfolios as its product line is too closely linked to a sector of the economy that we do not wish to direct capital towards. The Sustainability Committee has the authority to determine such sales – and inform the Investment Team – of stocks that may have products/services that are too closely linked to the areas on MAM's "Banned List".

Analysts continue to update the ESG Checklists throughout the holding period as new information comes to light, for example after a set of results; the AGM; or an engagement.

The Sustainability Committee monitors the ESG scores of companies on our Approved List at quarterly meetings to understand how analysts are scoring companies.

Our ESG Checklists also help us to set ESG priorities. In particular, they allow us to identify risks common to many of our companies. When we identify such risks, our Head of Investments and Head of Sustainable Investment work with the team to explore the issue in greater detail via an engagement "Deep Dive".

The purpose of these Deep Dives is to engage with companies from across our Approved List and improve our understanding of a particular risk and the quality of our analysis.

Voting is another vital part of our how we exercise our stewardship responsibilities. It is a key shareholder responsibility which is why we vote at all AGMs. We receive independent third-party corporate governance reports and voting recommendations from Institutional Investor Services (ISS) ahead of meetings. These are used for advice only.

Our Analysts systematically review all resolutions ahead of shareholder meetings and we voice our concerns where required. We aim to discuss any issues with management prior to voting against or abstaining. As such, we consider ourselves as "active" shareholders rather than "activists".

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

During 2022 we conducted a total of 44 company engagements covering a range of issues. Some of these engagements were part of collaborative efforts and some formed part of our "Deep Dive" research projects. We also conducted 5 meetings with academics, charities, and research organisations to aid our stewardship efforts and help direct our ESG and sustainability work, particularly with regard to biodiversity and our Deep Dive project concerning ecological risks and opportunities. The majority of our engagements (34%) were regarding environmental issues and climate change in particular. This has decreased since 2021 when 47% of our engagements discussed environmental issues. The proportion of social engagements increased to 16% (compared to 9% in 2021). Corporate Governance engagements made up 27% of our company meetings (an increase on 25% in 2021) and 23% covered a combination of issues (an increase from 18% in 2021).

During 2023 we will continue with our net zero engagement project as well as our contribution to the development of the TNFD framework. We will also initiate further Deep Dives, particularly on sustainable urbanisation.

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

(A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases

(B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear

Select from the below list:

- (1) in all cases**
- (2) in a majority of cases
- (3) in a minority of cases
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

(A) We recall all securities for voting on all ballot items

- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

- (A) Yes, for all (proxy) votes

Add link(s):

<https://montanaro.co.uk/wp-content/uploads/Proxy-Voting-Summary-Report-2022.pdf>

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) **Within three months of the AGM/EGM**
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(3) for a minority of votes	(3) for a minority of votes
(B) Yes, we privately communicated the rationale to the company	(1) for all votes	(1) for all votes

(C) We did not publicly or privately communicate the rationale, or we did not track this information

o

o

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

o

o

(A) Yes, we publicly disclosed the rationale - Add link(s):

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 35	PLUS	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How does your organisation ensure vote confirmation, i.e. that your votes have been cast and counted correctly?

We receive independent third party corporate governance reports and voting recommendations from Institutional Investor Services (ISS) ahead of meetings, however we use these for advice only; our analysts systematically review all resolutions ahead of shareholder meetings and we voice our concerns where required. We aim to discuss any issues with management prior to voting against or abstaining. We apply the same voting decisions across all portfolios, unless a segregated mandate client has specified that a particular voting policy be applied. We keep a record of our voting rationale. We publish Voting Activity Summary Reports on our website We use ISS to process our proxy voting.

All voting activity is recorded in our Proxy Voting Log, and can also be reviewed on the ISS portal. The Sustainability Committee reviews voting activity for the quarter at each meeting, and we publish a summary of our voting statistics on our website. This includes the number of proposals where we voted either in favour, against or abstained on different subjects such as approving Remuneration policies, electing Directors, and approving capital increases.

The first step in our voting process is that our Administration Team will be notified of a new ballot. The votable shares are then checked between our two systems (ISS and Charles River) to ensure that there is no discrepancy. The Team will also check whether there is any shareblocking in place for the company in question.

The Administration Team will then circulate the ISS research note on the upcoming meeting to the Investment Team and, in some circumstances, members of the Compliance Team in line with our Conflicts of Interest Policy.

The relevant analyst for that company will review the ISS recommendations.

Then follows our discussion.

This will take place between Analysts and the Sustainability Team and references:

- the ISS research;
- the MAM Voting Guidelines;
- any previous engagement with the company;
- the analyst's knowledge of the business.

If an analyst wishes to vote against management's recommendations, they will contact the company to discuss the matter and find out if there are any mitigating circumstances which explain the proposal of the resolution.

When a decision has been reached, the Sustainability Team will send the final voting decision to the Administration Team for implementation. They will also provide a rationale for each item.

Two logs are kept in conjunction with voting activity. One by the Administration Team to record that the steps have been undertaken correctly and one by the Sustainability Team to record voting rationale and engagement as a result of the decision-making process.

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

(1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one	<input checked="" type="checkbox"/>
(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal	<input type="checkbox"/>
(C) Publicly engaging the entity, e.g. signing an open letter	<input checked="" type="checkbox"/>
(D) Voting against the re-election of one or more board directors	<input checked="" type="checkbox"/>

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting

(G) Litigation

(H) Other

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

'Sign-on' letters

We became part of a \$18 trillion investor coalition urging the FAO to set a roadmap to 1.5°C for the global food sector. The co-signed letter joined 33 investors, as well as the UN-convened Net-Zero Asset Owner Alliance (NZAOA), to ask that financially material risks presented by the global food system should be included alongside a decarbonisation plan. In response, on Wednesday the 9th of November at COP27, FAO Deputy Director, Zitouni Ould-Dada, confirmed work is underway to produce a roadmap for the Agriculture, Forestry and Other Land Use (AFOLU) sector to align with 1.5°C by 2050 and they are aiming for publication by COP28.

Policy consultations

We participated in the FCA's consultation regarding the Sustainability Disclosure Requirements (SDR) proposals. This is a proposed regulatory change in the UK. We submitted our response and hope our feedback will be taken into account. In addition, we participated in the development of the Taskforce on Nature-related Financial Disclosures (TNFD), a framework currently in development.

Government/regulator-backed working groups

We are involved with groups that advocate for responsible stakeholder capitalism. These include the Glasgow Financial Alliance for Net Zero (GFANZ) and the B Corp Finance & Investment working group.

- (D) We engaged policy makers on our own initiative
- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions**

Add link(s):

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

- (B) We publicly disclosed details of our engagements with policy makers**

Add link(s):

<https://montanaro.co.uk/wp-content/uploads/Montanaro-Asset-Management-Stewardship-Code-2021-FINAL.pdf>

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Engagement to discuss the company's approach to lowering emissions

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We conducted this engagement to discuss the company's approach to lowering emissions. The company is one of the largest recycling companies in North America and has strong sustainability credentials - its products use 95% recycled materials. The company is starting its journey to address carbon emissions. It is in the process of collecting data, identifying how to reduce emissions and putting a strategy together. The company has one of the highest carbon emissions intensities within one of our portfolios, according to MSCI data. The company was not aware of MSCI data and argued they reduced GHG emissions intensity by 33% in 2021 compared to 2020. They also told us that they plan to start measuring Scope 3 emissions soon. This will be published in its 2023 sustainability report. The company hasn't yet established specific targets, the goal is to make public targets by 2025. The SBTi framework will be considered for setting its own emissions reduction goals. It is currently working on how it can recover its used products from consumers when the end-of-life stage (>25 years) is reached. Thus, creating a circular business model.

(B) Example 2:

Title of stewardship activity:

Remuneration consultation

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We were asked to participate in a consultation with the Chairman of the Remuneration Committee and the HR Director. Shareholders were asked to vote on a new remuneration policy in January 2023 and the Board was keen to collect shareholder views prior to finalising its new policy. This is particularly important as the last policy that was proposed in 2020 received just 62% supporting votes. The company wishes to increase executive salaries and the variable pay opportunity. We discussed how pay had been considered in the context of the wider workforce and the reason behind the change in the Performance Share Plan (PSP) metrics from a 50:50 split between TSR and Earnings per Share (EPS) to 25% Total Shareholder Return (TSR) and 75% EPS. We also spoke about the introduction of ESG metrics to determine variable pay. We were pleased with the increased focus on EPS over TSR as an indicator and expressed our preference for simple pay structures. We heard about some of the ESG work being undertaken as part of the company's Delivering Value Responsibly campaign and how they hope to tie this to between 10-15% of variable remuneration by 2024. We have yet to finalise our decision on whether to support the new policy but feel that the CEO, is doing a good job and retaining him is in the interests of shareholders.

(C) Example 3:

Title of stewardship activity:

Sharing our thoughts on positive impact

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland

(9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We were asked to contribute to the new double materiality assessment being undertaken by an Italian company specialising in brake systems for the automotive industry in order to assess how the company should view their impact on the planet and society. As part of the consultation, we were asked to rate a number of issues based on their importance to the company and to their stakeholders. The purpose is to shape the sustainability strategy. The new sustainability report is due to be published in 2023. We will review this and revert with feedback.

(D) Example 4:

Title of stewardship activity:

A recent scandal concerning the quality of care at a nursing home provider caused us to initiate a review of the sector

(1) Led by

(1) Internally led

(2) External service provider led

(3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

(1) Environmental factors

(2) Social factors

(3) Governance factors

(3) Asset class(es)

(1) Listed equity

(2) Fixed income

(3) Private equity

(4) Real estate

(5) Infrastructure

(6) Hedge funds

(7) Forestry

(8) Farmland

(9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

A recent scandal concerning the quality of care at a nursing home provider caused us to initiate a review of the sector. Our goal was to ensure that robust policies and procedures were followed to ensure that vulnerable residents are protected and well cared for. We went on a site visit to inspect one of the facilities first-hand and were favourably impressed by the culture of quality care.

(E) Example 5:

Title of stewardship activity:

Engagement to discuss the company's approach to lowering emissions

(1) Led by

(1) Internally led

(2) External service provider led

(3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

(1) Environmental factors

(2) Social factors

(3) Governance factors

- (3) Asset class(es)
 - (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

We engaged with a Danish company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. We wanted to understand how management proposed to reduce the company’s carbon emissions in light of recent growth: following recent growth carbon intensity has decreased, but absolute emissions have increased. We were happy to see that the company has GHG reduction targets that are verified by SBTi in line with a 1.5 degree scenario. It decided on a 42% reduction in Scope 1 and 2 emissions over the 10 year period to 2030 from a 2020 baseline. In addition to its Scope 1 and 2 targets, it aims to reduce absolute Scope 3 GHG emissions by 20% within the same timeframe. The company has been able to reduce its carbon intensity and have its targets verified by the SBTi over the last year. We are pleased with this progress but note that its targets refer to absolute emissions, which have increased. We are hopeful that the implementation of the “think climate naturally” programme will lead to overall emissions reductions in line with their 1.5°C aligned target and will continue to encourage the setting of a net zero goal to complement its existing efforts.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

- (A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

Our financed emissions are where we have the biggest impact. Our investment process manages environmental risks through the integration of climate data into our assessment of the quality of a business. We implement a specific climate related risk management process across all of our portfolios. This encompasses a qualitative and quantitative assessment that is applicable to assessing our portfolios’ exposure to climate-related risks and opportunities across both short and long time horizons. We have reviewed the resilience of the organisation’s strategy and have found that the dangers posed by unmitigated climate change will have a devastating impact on society at large, this includes the MAM business. We have sought to structure our portfolio to be well-positioned for a low carbon transition and align ourselves with a 1.5°C. This has informed our target setting.

- (B) Yes, beyond our standard planning horizon
- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

☉ (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

- **Transition Plan**

The MAM strategy for transitioning to a low-carbon economy has involved the exclusion of fossil fuel companies. MAM does not invest directly in fossil fuel companies across any of its investment portfolios (100% of AUM). In addition to this exclusion on ethical grounds, we include climate and environmental metrics into our ESG checklist. This must be completed for every company eligible for investment and will influence our view on a company's quality. Our approach helps to drive more accurate risk analysis, helping us to invest in those businesses capable and willing to manage their environmental footprint in a changing world.

- **Targets**

MAM has set net zero goals for our operations and investment portfolios.

We aim to reduce our financed emissions by 7% year-on-year to achieve a 50% reduction in emissions by 2030 (from a 2019 baseline) and net zero by 2050.

- **Actions**

We monitor the progress being made towards our targets by investee companies by updating our ESG checklists. This means that we can see if companies are reducing absolute emissions in line with the Paris Agreement. We also engage with our holdings to encourage appropriate climate action in line with the latest science.

So far, we have met our annual financed emissions reduction goals. We publish our progress in an annual report entitled "Project: Net Zero".

○ (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

(A) Coal

Describe your strategy:

We exclude fossil fuel companies from all of our portfolios

(B) Gas

Describe your strategy:

We exclude fossil fuel companies from all of our portfolios

(C) Oil

Describe your strategy:

We exclude fossil fuel companies from all of our portfolios

(D) Utilities

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(E) Cement

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(F) Steel

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(G) Aviation

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(H) Heavy duty road

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(I) Light duty road

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(J) Shipping

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(K) Aluminium

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(L) Agriculture, forestry, fishery

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(M) Chemicals

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(N) Construction and buildings

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(O) Textile and leather

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(P) Water

Describe your strategy:

Our Environmental Policy helps us to assess which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

(Q) Other

- (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario

(D) Yes, using other scenarios

Specify:

The PAII Net Zero Investment Framework (NZIF) was used to set an annual 7% emissions reduction target across our portfolios. The 7% annual reduction target will apply across each of our in-scope portfolios. The 7% emission reduction year-on-year target is derived from the P2 model in the IPCC special report on global warming and aligned to a 1.5°C scenario (and a 50% reduction in emissions by 2030).

- (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

(A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

To identify and assess climate risks, we utilise our Environmental Policy. The application of this policy to all current and potential holdings helps us to evaluate which companies are managing their environmental footprints well and those with material environmental risks or weaknesses.

We record the carbon intensity of companies across Scopes 1, 2 and 3 based on tonnes of carbon used per million US Dollars of sales generated. This allows us to compare the carbon intensity of companies across our Approved List as well as within a given sector or Portfolio.

In addition to the above, we also record the absolute carbon emissions associated with each company across all three scopes.

We will refer to two MSCI scores related to how well companies are managing the transition to a low carbon economy:

- **Low Carbon Transition Management:** this indicator measures how well a company manages risk and opportunities related to the Low Carbon Transition.

It combines Management assessments for the following key issues: Carbon Emission for all companies; Product Carbon Footprint; Financing Environmental Impact; Opportunities in Clean Tech; and Opportunities in Renewable Energy where available. Higher scores (on a scale of 0-10) indicate a greater capacity to manage risk.

- **Low Carbon Transition Score:** this is a company level score that measures a company's level of alignment to the Low Carbon Transition. Companies with higher Low Carbon Transition scores (on a scale of 0 - 10) are more aligned with the Low Carbon Transition compared to the companies with lower scores.

We assess environmental management culture (in accordance with UN Global Compact Principles 7-9); supply chain management; and the extent to which a company's products/services are a positive influence on the environment. We also record whether a company's operations are certified by a national or global standard (e.g. ISO 14001).

(2) Describe how this process is integrated into your overall risk management

The Policy referenced above is integrated into the MAM ESG Checklist, we use this methodology to score companies out of 10. We integrate our ESG scores into our view of a company's quality. Our approach helps to drive more accurate risk analysis, helping us to invest in those businesses capable and willing to manage their environmental footprint in a changing world.

(B) Yes, we have a process to manage climate-related risks

(1) Describe your process

Where we identify weaknesses in a company's approach to managing climate-related risks, we engage with companies to better understand their approach to environmental issues; improve areas of weakness; and encourage improved levels of data disclosure and reporting.

The Sustainability Committee monitors the ESG scores of companies on our Approved List at quarterly meetings to understand how Analysts are scoring companies. The Sustainability committee will also review the engagement log to see how well companies are responding to our requests for improvement.

Where companies fail to make the requisite improvements to their approach, we will consider divesting from the company due to a heightened exposure to climate-related risk without an appropriate strategy in place to manage said risks.

(2) Describe how this process is integrated into your overall risk management

Overall, our strategy combines:

- the identification of environmental risk using our ESG checklists prior to investment
- ongoing monitoring of environmental performance using company reporting and third party ESG data
- engagement to advocate for climate action.

- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and disclose?

- (A) Exposure to physical risk
- (B) Exposure to transition risk
- (C) Internal carbon price
- (D) Total carbon emissions**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://montanaro.co.uk/wp-content/uploads/Project-Net-Zero-Carbon-2022.pdf>
- (E) Weighted average carbon intensity**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://montanaro.co.uk/wp-content/uploads/Project-Net-Zero-Carbon-2022.pdf>
- (F) Avoided emissions
- (G) Implied Temperature Rise (ITR)
- (H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals
- (I) Proportion of assets or other business activities aligned with climate-related opportunities**
 - (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - **(3) Metric or variable used and disclosed, including methodology**
 - (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
 - <https://montanaro.co.uk/wp-content/uploads/2022-Impact-Report-Montanaro-Better-Word-Fund.pdf>
- (J) Other metrics or variables
 - (K) Our organisation did not use or disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

● (2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://montanaro.co.uk/wp-content/uploads/Project-Net-Zero-Carbon-2022.pdf>

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

● (2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://montanaro.co.uk/wp-content/uploads/Project-Net-Zero-Carbon-2022.pdf>

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

o (1) Metric disclosed

● (2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://montanaro.co.uk/wp-content/uploads/Project-Net-Zero-Carbon-2022.pdf>

o (D) Our organisation did not disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

● (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities

o (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives
- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48.1	PLUS	PGS 48	N/A	PUBLIC	Sustainability outcomes	1, 2

Why has your organisation taken action on specific sustainability outcomes connected to its investment activities?

- (A) We believe that taking action on sustainability outcomes is relevant to our financial risks and returns over both short- and long-term horizons
- (B) We believe that taking action on sustainability outcomes, although not yet relevant to our financial risks and returns, will become so over a long-time horizon
- (C) We have been requested to do so by our clients and/or beneficiaries
- (D) We want to prepare for and respond to legal and regulatory developments that are increasingly addressing sustainability outcomes
- (E) We want to protect our reputation, particularly in the event of negative sustainability outcomes connected to investments
- (F) We want to enhance our social licence-to-operate (i.e. the trust of beneficiaries, clients, and other stakeholders)
- (G) We believe that taking action on sustainability outcomes in parallel to financial return goals has merit in its own right
- (H) Other

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

(A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

We record and score companies on their human rights policies and practices.

Our approach is included in our Social Policy which is integrated into our ESG checklist and is undertaken for every company prior to investment. This allows us to analyse the potential exposure of a business to human rights risks, leading to more accurate risk analysis of investment opportunities. The areas that we focus on are influenced by and support the UN Global Compact.

We use MSCI, Bloomberg and company sourced data to measure and record how investee companies manage human rights risks. Where we identify weaknesses in a company's approach we will engage with companies— by doing so, we believe that we can help to encourage management teams to put appropriate systems in place.

If we become aware of a serious human rights failure at a company, we will consider divestment.

- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm
- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts
- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities
 - (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.1	PLUS	PGS 49	N/A	PUBLIC	Human rights	1, 2

During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?

(A) Workers

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(B) Communities

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(C) Customers and end-users

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(D) Other stakeholder groups

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

(A) Corporate disclosures

Provide further detail on how your organisation used these information sources:

We use company sourced data to measure and record how investee companies manage human rights risks.

(B) Media reports

Provide further detail on how your organisation used these information sources:

We use media reports to monitor how investee companies manage human rights risks.

(C) Reports and other information from NGOs and human rights institutions

Provide further detail on how your organisation used these information sources:

We use reports from organisations such as Amnesty International and Freedom House to monitor how investee companies manage human rights risks.

(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank

(E) Data provider scores or benchmarks

Provide further detail on how your organisation used these information sources:

We use MSCI, Bloomberg and ISS to measure and record how investee companies manage human rights risks.

- (F) Human rights violation alerts
- (G) Sell-side research
- (H) Investor networks or other investors
- (I) Information provided directly by affected stakeholders or their representatives
- (J) Social media analysis
- (K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

- (A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities
- (B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities
- (C) **No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year**

Explain why:

This was not an issue we encountered for any of our investee companies over the course of the reporting year and as a consequence this did not feature as a topic of our engagement.

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

(3) Active - fundamental

(A) Yes, our investment process incorporates material governance factors (1) for all of our AUM

(B) Yes, our investment process incorporates material environmental and social factors (1) for all of our AUM

(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period (1) for all of our AUM

(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion ○

(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors ○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

(3) Active - fundamental

(A) Yes, we have a formal process that includes scenario analyses

(1) for all of our AUM

(B) Yes, we have a formal process, but it does not include scenario analyses

(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion

o

(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies

o

(A) Yes, we have a formal process that includes scenario analysis - Specify: (Voluntary)

Our proprietary ESG checklists are kept up to date throughout to holding period of the company. Here is where we record the changing circumstances of the business and how well investee companies are managing ESG risks and opportunities. As trends evolve we review the implications this may have on the business and our investment case.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

(2) Active - fundamental

(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process

(1) in all cases

(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process

(1) in all cases

(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes

o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

(3) Active - fundamental

(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors (1) in all cases

(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors (1) in all cases

(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability (1) in all cases

(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors (1) in all cases

(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process ○

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

Our ESG checklist helps us to identify the highest quality companies by guiding us towards truly sustainable investment opportunities. The ESG score influences how we view the quality of a company, which in turn influences fundamental analysis and therefore the weighting of a company within our portfolios. An example of this is a company that we have assigned a low weighting within our portfolios. This is because we have identified governance risks that are reflected in the ESG score.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

(3) Active - fundamental

(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process

(1) for all of our AUM

(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process

(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors

o

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

(2) Active - fundamental

(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings

(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents

(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities

(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents

(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

o

PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 11	PLUS	OO 21	N/A	PUBLIC	Performance monitoring	1

Provide an example of how the incorporation of ESG factors in your listed equity valuation or portfolio construction affected the realised returns of those assets.

In our opinion, the two biggest drivers to the valuation of a stock are growth and quality. ESG is part of our definition of a company's quality and our analysis of ESG therefore directly influences the price we are prepared to pay for a company's shares.

- ESG influences our view on the quality of a business.

We assess the ESG credentials of every potential holding through analysis using our bespoke ESG checklist.

Our ESG checklist helps us to identify the highest quality companies by guiding us towards truly sustainable investment opportunities.

This checklist covers Ethics, Environmental, Social and Corporate Governance. Scores for each ESG area are weighted and then aggregated to produce a final ESG score out of 10. We weight Corporate Governance section of our checklist higher than Environmental and Social as we believe management are ultimately responsible for a company's approach to ESG.

The ESG score influences how we view the quality of a company, which in turn influences fundamental analysis and therefore whether we invest in a company and the weighting of a company within our portfolios. Conclusions from our ESG analysis are presented to the Investment Committee who discuss any issues with the Analyst. The Committee will decide to continue with, or discard, a new idea based on the Analyst's findings. Companies with a total ESG score of below 5 are flagged on the Checklist under "Review" (as shown above) meaning that engagement is required if we wish to invest in the company.

- Example

An example of this ESG analysis in action is a portfolio holding in a Danish supplier of bioscience based natural ingredients helping to improve human health and food production.

The company has received one of the highest ESG scores on the MAM Approved List (7.0) and is held in a number of portfolios. We consider the company to be ESG leaders, it has a clear sustainability strategy that focuses on reducing their environmental impact, promoting sustainable agriculture, and supporting human health and well-being. The company has set ambitious sustainability targets, such as reducing their greenhouse gas emissions by 50% by 2030 and has a detailed plan for achieving these targets. Towards the end of the year the share price popped as a reaction to takeover bid launched by another ingredients company. Both companies have evidenced their commitments and this is set to continue.

Indeed, ESG has featured prominently in the investor literature concerning the acquisition. This evidences the important role the management of ESG risks and pursuit of ESG opportunities plays in the delivery of financial returns.

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

- (A) Sustainability outcome #1
 - (1) Widely recognised frameworks used to guide action on this sustainability outcome
 - (1) The UN Sustainable Development Goals (SDGs) and targets
 - (2) The UNFCCC Paris Agreement
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
 - (2) Classification of sustainability outcome
 - (1) Environmental
 - (2) Social
 - (3) Governance-related
 - (4) Other

(3) Sustainability outcome name

We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(B) Sustainability outcome #2

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Living wage provision

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(C) Sustainability outcome #3

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(D) Sustainability outcome #4

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

Our Article 9 fund contributes to environmental objectives under the EU taxonomy regulation.

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

- (E) Sustainability outcome #5
- (F) Sustainability outcome #6
- (G) Sustainability outcome #7
- (H) Sustainability outcome #8
- (I) Sustainability outcome #9
- (J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	<p>We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.</p>	
(1) Target name	Net Zero Emissions	
(2) Baseline year	2019	
(3) Target to be met by	2050	
(4) Methodology	<p>PAII NZIF has been used to set an annual 7% emissions reduction target across our portfolios. The 7% annual reduction target will apply across each of our in-scope portfolios. The 7% emission reduction year-on-year target is derived from the P2 model in the IPCC special report on global warming and aligned to a 1.5°C scenario (and a 50% reduction in emissions by 2030). We will also aim for 50% of the designated AUM will have implemented a SBT by 2030 and 100% of AUM will be covered by 2040.</p> <p>Montanaro's operational emissions can be broken down into our Scope 1 emissions (direct emissions, such as the running of our office on Threadneedle Street, London), our Scope 2 emissions (electricity bought to heat and cool the office) and our upstream Scope 3 emissions (including business travel, hotel stays and IT suppliers).</p> <p>We have partnered with Klimate (the Danish Carbon Removal Platform), to provide access to high-quality, innovative, and verifiable carbon removal solutions, aligned with science. In this way, we will adopt a "portfolio-type" approach, where we will select a number of carbon removal projects and technologies. We are looking for exposure to innovative projects such as direct air capture; deep storage bio-oil; ocean kelp; and restorative tree-planting. All will be independently verified to ensure their integrity. The net sum of this project is that we have 1,381 tonnes of historical emissions to take into consideration; we seek to remove these emissions from the atmosphere while taking into account future emissions in our path to become carbon negative by 2030.</p>	
(5) Metric used (if relevant)	Metric tonnes of CO2e.	
(6) Absolute or intensity-based (if relevant)	(1) Absolute	

(7) Baseline level or amount (if relevant): 53,529 tonnes of financed emissions (in 2019) and 1,381 tonnes of historical operational emissions.

(8) Target level or amount (if relevant) 0

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) Do you also have a longer-term target for this? (2) No

(A2) Sustainability Outcome #1: Target details

(A2) Sustainability Outcome #1: We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.

(1) Target name

(2) Baseline year

(3) Target to be met by

(4) Methodology

(5) Metric used (if relevant)

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting

(10) Do you also have a longer-term target for this?

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3: We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.

(1) Target name UN SDG alignment

(2) Baseline year 2018

(3) Target to be met by 2030

(4) Methodology

In order to be eligible for investment in our impact strategies, companies must pass our impact analysis. This considers the environmental and social problems the products and services of the company are helping to solve. The company must also have at least 50% revenue alignment with one of our six Better World Themes.

These have been mapped against the UN SDGs.

Only companies that we believe are contributing to the achievement of the UN SDGs and the 2030 Agenda can be included in our impact portfolios.

We also apply negative screens via our Ethics Checklist that prohibit investment in: exploration & production fossil fuel companies; tobacco producers & distributors; alcohol producers & distributors; weapons manufacturers; gambling companies; adult entertainment; high interest rate lending companies; and animal testing (unless required by law for healthcare related companies).

We exclude from investment any company with 10% or more revenue exposure to these restricted business areas. A company will either “pass” or “fail” the Ethics Checklist.

(5) Metric used (if relevant) N/A

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant): N/A

(8) Target level or amount (if relevant) 100% of AUM managed under our impact strategies.

(9) Percentage of total AUM covered in your baseline year for target setting 20%

(10) Do you also have a longer-term target for this? (2) No

(C2) Sustainability Outcome #3: Target details

(C2) Sustainability Outcome #3: We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.

(1) Target name

(2) Baseline year

(3) Target to be met by

(4) Methodology

(5) Metric used (if relevant)

(6) Absolute or intensity-based (if relevant)

(7) Baseline level or amount (if relevant):

(8) Target level or amount (if relevant)

(9) Percentage of total AUM covered in your baseline year for target setting

(10) Do you also have a longer-term target for this?

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
NZAM 1	PLUS	NZAM, SO 3	SO 3.1, SO 3.2	PUBLIC	Focus: Setting net-zero targets	General

Select the relevant asset class breakdown for your organisation to report on your net-zero targets.

- (A) PRI's standard asset class breakdown
- (B) Asset class breakdown as per the NZAOA's Target Setting Protocol

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	N/A	PUBLIC	Focus: Setting net-zero targets	General

Provide details of your nearest-term net-zero targets per asset class.

- (A) PRI asset class breakdown
 - Listed equity

Target details

(A) PRI asset class breakdown: Listed equity

(1) Baseline year	2019
(2) Target to be met by	2050
(3) Emissions included in target	(1) Scope 1 (2) Scope 2
(4) Methodology	We have used the PAII in order to set an annual 7% emissions reduction target across our portfolios. The 7% annual reduction target will apply across each of our in-scope portfolios. The 7% emission reduction year-on-year target is derived from the P2 model in the IPCC special report on global warming and aligned to a 1.5°C scenario. This also equates to a 50% reduction in emissions by 2030.
(5) Metric used	(2) Absolute: MtCO ₂ e
(6) Baseline amount	53,529
(7) Current amount (if different from baseline amount)	39,979
(8) Targeted reduction with respect to baseline	100%
(9) Percentage of total AUM covered in your baseline year for target setting	70%
(10) If coverage is below 100% for this asset class, explain why	Our NZAM target covers 70% of our assets under management (AUM). Our target covers Montanaro's open ended funds (both Ireland and UK domiciled). We are working with the asset owners of our segregated accounts to understand their own approaches to net zero carbon. We also manage two Investment Trusts and a net zero carbon commitment is something that is being discussed by the respective Investment Trust Boards.
<input type="checkbox"/> Fixed income <input type="checkbox"/> Private equity <input type="checkbox"/> Real estate <input type="checkbox"/> Infrastructure <input type="checkbox"/> Hedge funds <input type="checkbox"/> Forestry <input type="checkbox"/> Farmland <input type="checkbox"/> Other	

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1:

We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.

Target name:

Net Zero Emissions

Does your organisation track progress against your nearest-term sustainability outcome targets?

(1) Yes

(C1) Sustainability outcome #3:

(C1) Sustainability outcome #3:

We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.

Target name:

UN SDG alignment

Does your organisation track progress against your nearest-term sustainability outcome targets?

(1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.
(1) Target name	Net Zero Emissions
(2) Target to be met by	2050
(3) Metric used (if relevant)	Metric tonnes of CO2e.
(4) Current level or amount (if relevant)	39,979.1
(5) Other qualitative or quantitative progress	66 companies on our Approved List have committed to targets that align with the SBTi.
(6) Methodology for tracking progress	We record our absolute financed emissions and the number of companies that have committed to SBTi on a quarterly basis to monitor progress.

(C1) Sustainability Outcome #3: Target details

(C1) Sustainability Outcome #3:	We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.
(1) Target name	UN SDG alignment
(2) Target to be met by	2030

(3) Metric used (if relevant)	N/A
(4) Current level or amount (if relevant)	100% of our Impact AUM is aligned with the achievement of the UN SDGs.
(5) Other qualitative or quantitative progress	N/A
(6) Methodology for tracking progress	In order to be eligible for investment in our impact strategies, companies must pass our impact analysis. This considers the environmental and social problems the products and services of the company are helping to solve. The company must also have at least 50% revenue alignment with one of our six Better World Themes. These have been mapped against the UN SDGs. The impact checklists that are filled in to assess the contribution of a company to sustainable development are maintained throughout the holding period to ensure that the impact case remains aligned to the UN SDGs.

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets
 - Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers
- (C) Stewardship: engagement with policy makers
 - Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (D) Stewardship: engagement with other key stakeholders
- (E) Capital allocation
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

One of the key strategies we employ to drive progress towards our sustainability outcomes is through the active use of stewardship with our investees.

- Why Stewardship Matters:

Engagement forms a key part of our long-term approach, allowing us to identify and manage risks within our portfolios, fulfil our stewardship responsibilities and consider other stakeholders (a duty of all B Corps). Engagement is used as a tool to better understand a company's impact, leading to better investment decisions.

- How We Use Stewardship to Drive Progress on Sustainability Outcomes:

1. Engagement and Advocacy: We engage directly with our investees to encourage them to adopt ambitious sustainability goals, including net zero emissions targets in line with the latest climate science. Through dialogues, we advocate for the integration of sustainability practices into their business strategies.
2. Voting and Proxy Actions: We exercise our voting rights and proxy actions to influence investees' decisions on sustainability matters. This can include voting for board members who prioritise sustainability or supporting shareholder resolutions that call for greater transparency.

3. Collaboration and Partnerships: We actively seek opportunities for collaboration and partnerships with our investees and other stakeholders. This can involve joint initiatives to reduce carbon emissions, invest in renewable energy, or support projects aligned with the UN SDGs.
4. Reporting and Transparency: We emphasize the importance of transparent reporting on sustainability metrics. We encourage investees to disclose their progress towards sustainability goals and to adopt industry best practices in reporting, which enhances accountability and transparency.
5. Public Policy Advocacy: We are involved with groups that advocate for responsible stakeholder capitalism. These include the Glasgow Financial Alliance for Net Zero (GFANZ) and the B Corp Finance & Investment working group.

Expected Outcomes:

Our stewardship activities are expected to result in tangible progress on sustainability outcomes, including:

1. Net Zero Ambitions: By engaging with investees to set ambitious net zero emissions targets, we anticipate reduced carbon footprints across our investment portfolios. This contributes to the global effort to mitigate climate change.
2. UN SDGs Support: Through collaboration and partnerships, we aim to direct investee resources and efforts towards projects that align with the UN SDGs. This includes investments in renewable energy, sustainable housing, and clean water access, among others.
3. Risk Reduction: Our proactive approach to addressing sustainability risks helps prevent and mitigate potential negative outcomes. This, in turn, enhances the resilience of our investment portfolio and safeguards our clients' assets.

In summary, our MAM uses stewardship and engagement as a proactive and strategic approach to drive progress on sustainability outcomes.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example

During 2022 we conducted a total of 44 company engagements covering a range of issues. Some of these engagements were part of collaborative efforts and some formed part of our “Deep Dive” research projects. We also conducted 5 meetings with academics, charities, and research organisations to aid our stewardship efforts and help direct our ESG and sustainability work, particularly with regard to biodiversity and our Deep Dive project concerning ecological risks and opportunities.

The majority of our engagements (34%) were regarding environmental issues and climate change in particular. This has decreased since 2021 when 47% of our engagements discussed environmental issues. The proportion of social engagements increased to 16% (compared to 9% in 2021).

Corporate Governance engagements made up 27% of our company meetings (an increase on 25% in 2021) and 23% covered a combination of issues (an increase from 18% in 2021).

As part of our engagement efforts in support of climate action, we recently had a meeting with a leading manufacturer of innovative water management solutions. The company provides drainage products and services that deliver solutions for the most persistent and challenging water problems. However, it's worth noting that within our investment portfolio, this company registers one of the highest carbon footprints.

In light of this concern, we scheduled a discussion to delve into their strategy for reducing greenhouse gas emissions (GHGs) and any recent shifts in their approach. During the conversation, the company informed us of their commitment to pursuing science based targets (SBTs), which align with our preferred approach. Their ambitious goal is to slash GHG emissions by 42% by the year 2032.

This target closely aligns with the global objective of limiting the maximum temperature increase to 1.5°C.

Additionally, the company has made a commitment to establish these SBTs by April 2022, and they are currently in the process of seeking third-party validation for their proposed targets. We anticipate that these targets will receive approval in 2023, just in time for the release of their upcoming sustainability report.

Our commitment to stewardship is exemplified through our engagement and proxy voting activities.

In 2022, we participated in a crucial consultation regarding remuneration with a prominent UK-based company specialising in unique products and services. The company sought our insights on their proposed remuneration policy, recognising the importance of gathering shareholder perspectives, especially in light of the modest 62% support received for their 2020 policy proposal.

The primary focus of our discussion centred on the company's intentions to increase executive salaries and the variable pay opportunities.

We engaged in a thoughtful conversation concerning the company's approach to compensation in the broader context of its workforce and the rationale behind shifting the Performance Share Plan (PSP) metrics from a 50:50 split between Total Shareholder Return (TSR) and Earnings Per Share (EPS) to a distribution of 25% TSR and 75% EPS. Furthermore, we explored the incorporation of ESG metrics into the determination of variable pay.

We expressed our satisfaction with the increased emphasis on EPS as an indicator and conveyed our preference for straightforward and transparent pay structures. During the consultation, we also gained insights into the company's ongoing ESG initiatives within its "Delivering Value Responsibly" campaign. Notably, we learned of the Remuneration Committee's ambition to link these efforts to a significant portion, between 10-15%, of variable remuneration by the year 2024.

In light of our constructive consultation and the incorporation of feedback into the policy, we decided to lend our support to the shareholder resolution regarding the pay policy at the AGM. This effort reflects our commitment to responsible stewardship and our dedication to ensuring that remuneration practices align with both shareholder interests and sustainable business principles.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2:

Living wage provision

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3:

We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4:

Our Article 9 fund contributes to environmental objectives under the EU taxonomy regulation.

(1) Describe your approach

(2) Stewardship tools or activities used

(3) Example

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

- (A) We prioritise the most strategically important companies in our portfolio.
- (B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.
Describe how you do this:

Over the reporting period we set our engagement priorities by performing comparison exercises using MSCI data. For example, when deciding which companies to engage with on climate related issues, we recorded the carbon intensity of portfolio holdings using Scope 1 and 2 emissions (tonnes of CO2e) per million sales in USD. This meant that we were able to normalise the carbon emissions from each company so the comparison could be performed regardless of sectors, geographies and size of the businesses. We then selected our engagement targets by choosing the most carbon intense companies across a number of portfolios, according to the MSCI database.

Select from the list:

- 1
- 2
- 3
- 4

- (C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.
- (D) Other

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach	We are involved with groups that advocate for responsible stakeholder capitalism. These include the GFANZ and the B Corp Finance & Investment working group.
(2) Engagement tools or activities used	(1) We participated in 'sign-on' letters (2) We responded to policy consultations (3) We provided technical input via government- or regulator-backed working groups

(3) Example(s) of policies engaged on

GFANZ comprises a series of workstreams, each with a specific remit designed to improve the pace of the transition to a net zero economy. These workstreams are made up of financial firms and asset owners from across the globe who come together roughly once a month to discuss their specific agendas and goals. Each workstream has a Lead, often from a very large financial firm. Together, the Leads form the Principles Group. The Principles Group report into the Co-Chairs, Mark Carney and Michael Bloomberg. Through the chairs, GFANZ reports periodically to the G20's Financial Stability Board. This connects us to the very top of net zero policy making globally.

We joined GFANZ in 2021 and we were invited onto one of the workstreams, the "Real Economy Transition Workstream", which aims to set the standards expected by the financial markets for how corporates report on their net zero transition plans.

We have since been asked to become a member of two other workstreams:

1) Mainstream Transition Finance Workstream (a continuation of our previous workstream)

2) The Public Policy Workstream

Our presence helps to ensure that we:

- have a good understanding of how the sustainability / net zero market is developing
- understand the challenges involved in transition planning: data issues; diverging frameworks; regulatory changes
- interact with some of our asset owner clients
- have access to policy makers and governments

Our role in this group is to contribute ideas and add to the debate. Our work has been included in a couple of GFANZ reports.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

We have set net zero goals for our portfolios. We want to achieve net zero financed emissions by 2050 and have all investee companies committed to the SBTi by 2040. In addition, by 2030, Montanaro Asset Management will be carbon negative and will have removed from the environment all the carbon it has emitted since its founding in 1991. We believe we are the first UK Asset Manager to commit to these ambitious targets.

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Living wage provision

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(D) Sustainability Outcome #3:

(D) Sustainability Outcome #3: We use investment themes mapped to the UN SDGs as part of the impact investment process. This influences our Better World Fund portfolio and other impact strategies.

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(E) Sustainability Outcome #4:

(E) Sustainability Outcome #4: Our Article 9 fund contributes to environmental objectives under the EU taxonomy regulation.

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

(1) Name of the initiative	CDP Non-Disclosure Campaign
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	We participate in the CDP's Non-Disclosure Campaign to engage with companies to disclose environmental data. In 2022, we joined 260 financial institutions representing nearly US\$30 trillion in assets to request that companies continue to submit corporate environmental data.

(B) Initiative #2

(1) Name of the initiative	Farm Animal Investment Risk and Return (FAIRR)
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	We are signatories to two of their collaborative engagement initiatives that concern our investee companies. The first concerns the environmental risks associated with aquaculture and the second involves labour risks in the meat production sector. We have been involved with both of these campaigns for a number of years.

(C) Initiative #3

(1) Name of the initiative	Long-term Investors in People's Health
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	We have joined the working group and participate in collective engagements as well as sharing our experience of direct engagements with our investee companies to provide helpful case studies for other signatories. This builds on the work of the Healthy Markets Initiative, that we have been involved with for a number of years, to expand the scope of the collaboration and cover more health related engagement topics.

(D) Initiative #4

(1) Name of the initiative	NZAM
(2) Indicate how your organisation contributed to this collaborative initiative	(I) Other
(3) Provide further detail on your participation in this collaborative initiative	The NZAM is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C. We have published our emissions reduction targets for our portfolios and used this to encourage investee companies to set ambitious and credible reduction goals that are aligned with the Paris Agreement. We publish our progress on an annual basis and in our net zero engagement project report.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
 - (H) We did not verify the information submitted in our PRI report this reporting year

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy
 - Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (C) Listed equity
 - Select from dropdown list:
 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 5	PLUS	CBM 1	N/A	PUBLIC	Internal audit	6

Provide details of the internal audit process regarding the information submitted in your PRI report.

To ensure the credibility of our submissions to PRI Reporting Framework, all responses have been subject to internal review. This included a review of our disclosed Responsible Investment processes and data. The review process has been overseen by senior executive-level staff including the CEO and Head of Sustainable Investment at MAM.

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent**
 - Sections of PRI report reviewed
 - (1) the entire report**
 - (2) selected sections of the report
 - (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year